New Zealand Steel
Analyst Site Visit

Ross Murray
President
New Zealand Steel & Pacific Islands
5 - 6 June 2008

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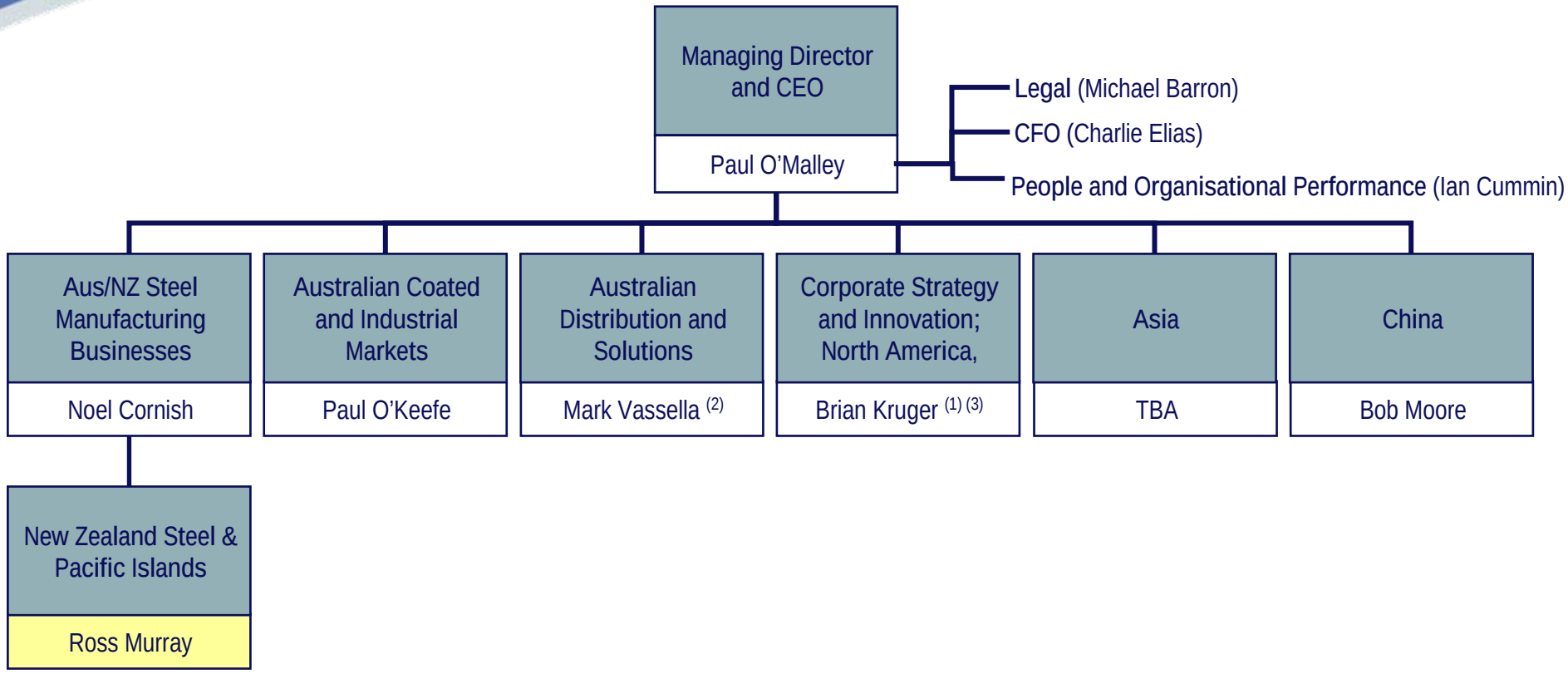
Presentation

- Introduction
  - Safety Message
  - Organisation
- Safety
- Environment & Sustainability
- History
- Blueprint
- Operations & Financials
- Marketing & Sales
- Summary

BlueScope business structure



Note:
(1) Mark Vassella will be succeeding Brian Kruger as President of the North American businesses
(2) Mark Vassella's current responsibilities – TBA
(3) Corporate Strategy and innovation - TBA

New Zealand Steel & Pacific Islands

Ross Murray
President
New Zealand Steel
& Pacific Islands

Gary Hook Vice President NZ & PI Building Markets	**Anthony Burg** Vice President Finance	**Martin Hacon** Vice President Mining & Co-Product Businesses	**Tony Wright** Vice President Human Resources & External Affairs	**Norm Clark** Vice President Engineering Services & Environment	**Bob Pullein** Vice President Operations	**Scott Fuller** Vice President Marketing & Sales

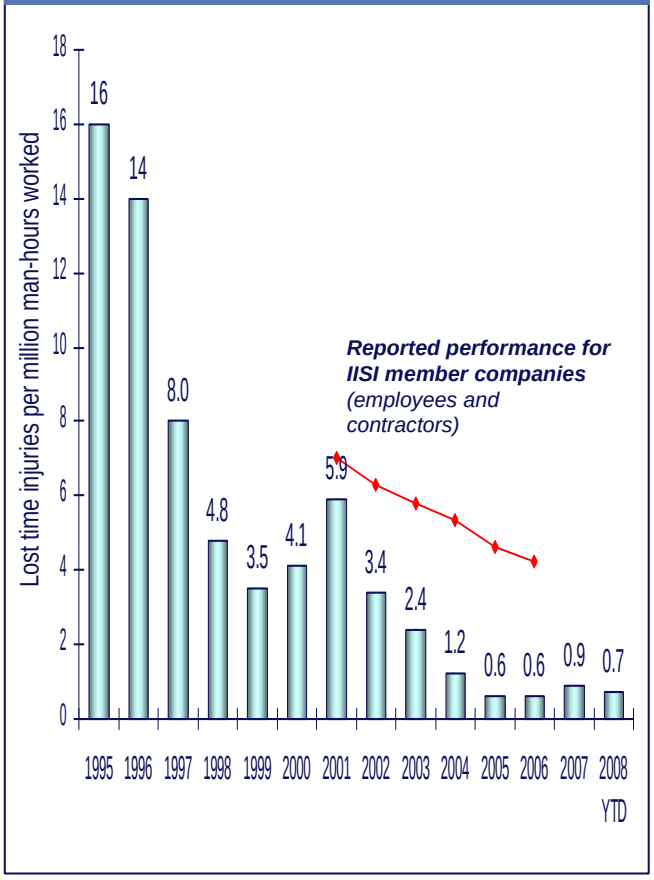




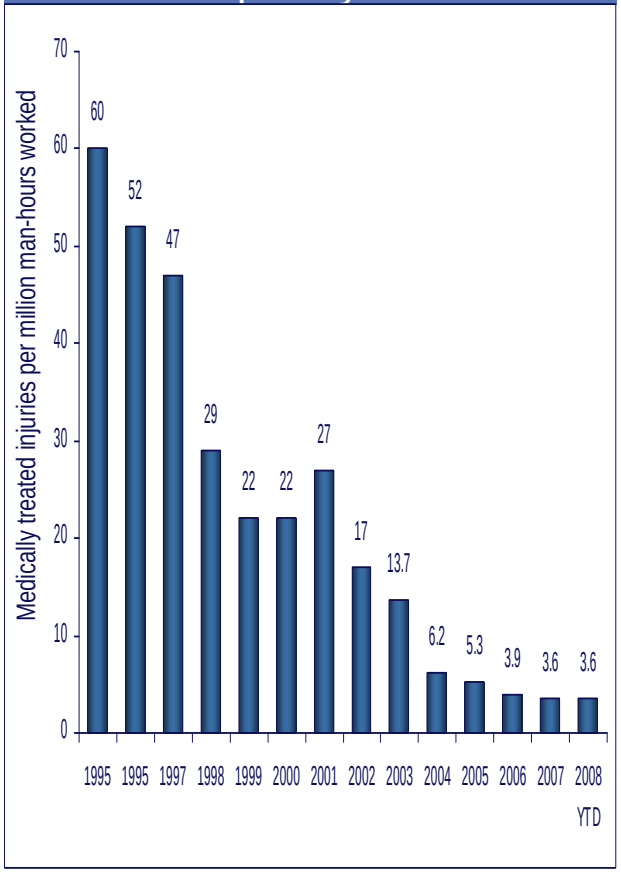


Safety

Lost Time Injury Frequency Rate



Medically Treated Injury Frequency Rate



Highlights

- Site-wide open access safety and operational incident reporting system implemented 2007
- Alcohol and other drugs testing regime implemented site-wide in 2007
- Five BlueScope Steel Codes of Practice implemented
- Capital works of $13m invested in hazard elimination between 2005 - 2008
- Site security upgraded in 2007
- National award for Safety and Injury Prevention in the work place and community in general

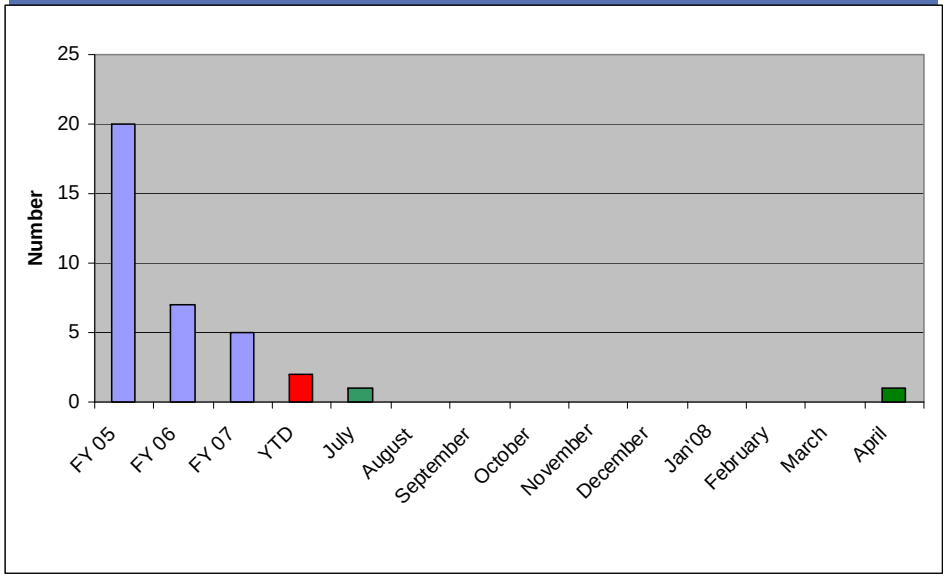
Mission : Relentlessly reduce workplace injury

Core Elements : Felt Leadership, employee engagement, training, accountability

- *Includes Contractor performance from 2004*

Environmental

Non-compliance



Key Issue

- Climate Change and New Zealand Government's proposed Emissions Trading Scheme (ETS)

Highlights

- Clean and Green initiative – continued landscaping industrial site and key riparian zones in NZS farmland. Future work planned for both Glenbrook and Taharoa as mitigation measures for consented activities.
- Environmental Management System – ISO14001 certification for 3 operating sites since 2003; accountability driven to plants.
- Zero Waste initiative – Investigating further options for waste diversion, including material recovery for internal and external use and segregation of materials for recycling.
- Monitoring systems and measurement – Rigorous environmental monitoring (~1300 measurements taken monthly) with new resource consents implemented recently on 2 sites
- Community focus – support local environmental initiatives with schools and landcare group
- Capital focus –new fish pass on Taharoa mine water supply dam.
- Energy – Greenhouse Gas Inventory and Worlds Best Practice Study completed by Hatch in 2007.
- Energy improvement plans in place

Proposed Emissions Trading Scheme

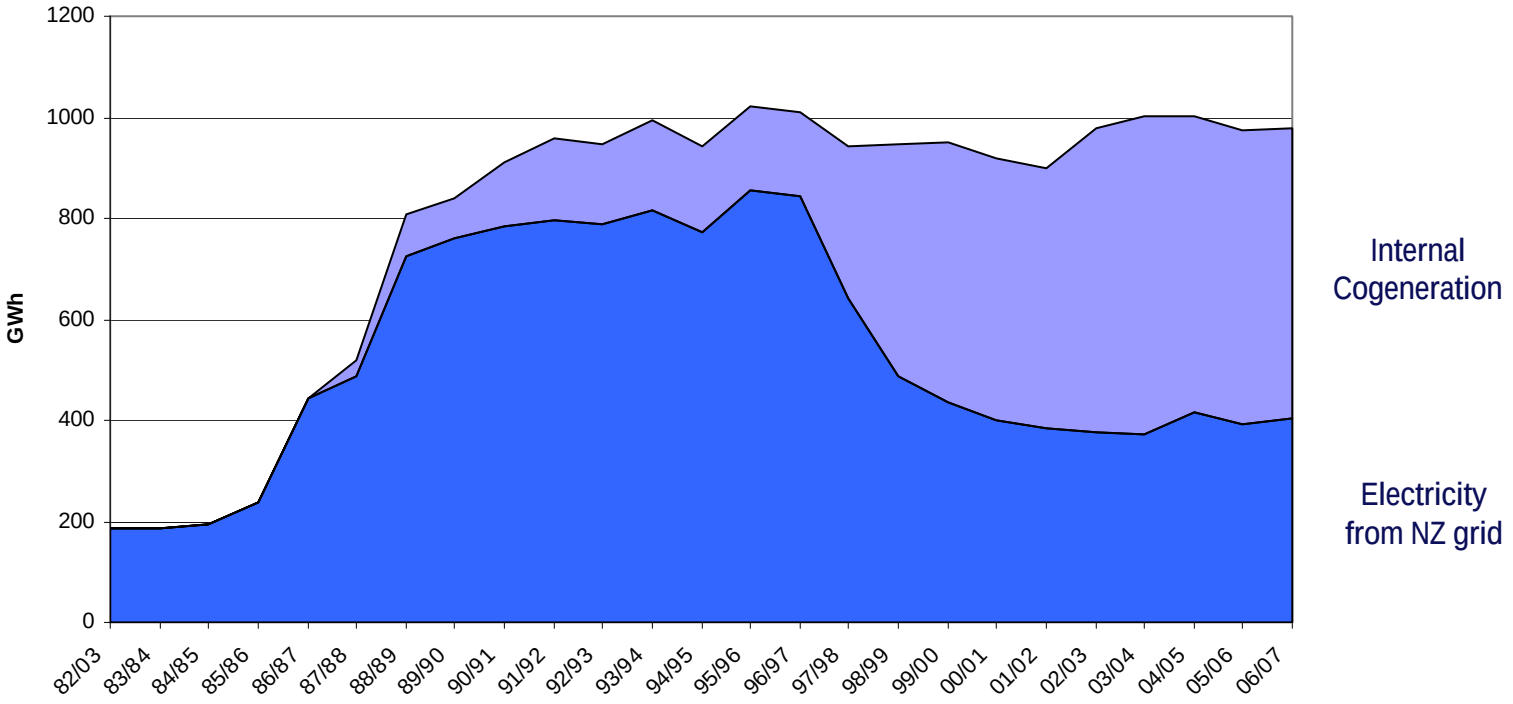
Proposed New Zealand Government Emission Trading Scheme

- All gasses and eventually all sectors
- Steel sector in scheme from December 2010
- 90% free credits (2005 base) to 2018
- Zero credits by 2030 (rate of credit removal for trade exposed industry tested in 5 yearly rests from 2018)

New Zealand Steel

- New Zealand Steel is seeking to be excluded from the Scheme or granted 100% free credits

New Zealand Steel and sustainability – benefits of cogeneration



- $200 million already spent to reduce energy demand.
  - 60% of our New Zealand operations electricity needs produced on-site by co-generation from captured process gasses since mid ’90’s

New Zealand Steel's history

The beginning of an era (1950s - 1960s)

- New Zealand Steel Investigating Company set up by the New Zealand government
- New Zealand Steel Limited formed as a private company
- Commenced commercial operations using imported steel coil with a Galvanising Line in 1968

Pioneering new technology (1970s)

- Pioneering Iron and Steel making facilities commissioned based on local ironsand and coal
- Hollow Sections Plant commissioned

Expansion during turbulent times (1980s)

- Commissioned a Continuous Slab Caster, Hot Mill, Cold Mill and Paint Line commissioned
- New Zealand government acquired 90% shareholding following a capital reconstruction
- Acquired by Equiticorp on the eve of the 1987 stock market crash
- Acquired by Helenus Corporation (Fisher & Paykel, Steel & Tube, ANZ Bank and BHP)

Consolidation and operational stability (1990s)

- BHP takes a controlling interest and forecasts closure of steelmaking facilities by 2007

A "boutique steel mill" creating shareholder value (2000s)

- New Zealand Steel reports its first ESVA positive annual result 30 June 2004
- Positioned to realise the competitive advantage of our unique process and abundant natural resources
- Achieving new records in safety, production, quality, environment and financial performance

Today

- Integrated mill with 625,000 tonnes of steel making capacity with metal coating, painting, hollow sections, plate and structural beam facilities
- Mastered a unique direct reduction process based on local ironsands
- Ownership of ironsand resource
- Captured a niche market position as New Zealand's only producer of value added flat products
- Continued focus on operational efficiencies and reliability improvements
- Educated and engaged workforce
- Enviable safety, environmental and community record
- The single largest employment site in New Zealand with exports worth more than $300m and total economic contribution to New Zealand of nearly $2b (2007).
- Playing an important role in BlueScope Steel's portfolio

New Zealand Steel & Pacific Island Blueprint

8 BLUEPRINT BASICS	CORE OBJECTIVES BUSINESS PERFORMANCE
1. INCREASE CUSTOMER AND MARKET FOCUS	• Satisfy our customers' quality, delivery and cost expectations profitably throughout the business cycle • Partner with our customers and others to grow the domestic market • Continue customer and product profitability initiatives • Promote and influence the sustainable use and manufacture of steel vs alternative materials to market and government
2. IMPROVE PRODUCTIVITY YEAR ON YEAR	• Improve equipment reliability • Improve process capability to meet specifications and minimise the cost of product losses • Focus on improving cost control • Adopt Lean tools and processes to improve productivity
3. OPTIMISE RETURN ON CAPITAL	• Optimise capital requirements – fixed and working • Review low returning businesses to determine "go/no go position" • Support the development of NZS(A), Pacific Islands and Steltech businesses • Increase coated steel capacity via manufacturing excellence initiatives and brownfield growth
	CAPABILITY ENHANCEMENT
4. BUILD AN INTEGRATED OPERATING SYSTEM	• Adopt and apply authorised systems that contribute to business efficiency • Comply with internal and external standards, policies and procedures • Benchmark processes and skills to identify and address technology and performance gaps
5. DEVELOP ORGANISATION CAPABILITIES	• Develop a competitive advantage through engaged employees • Develop high performance teams
	STEWARDSHIP
6. SAFETY	• Operate safety at the highest standards, ensuring acceptable risk to Personnel, Plant and Community
7. SUSTAINABILITY	• Deliver environmental performance within regulatory limits and position ourselves to meet evolving community expectations • Implement cost effective Zero Waste initiatives
8. SHAREHOLDER VALUE	• Develop alternative business models for Taharoa or disposal of asset • Finalise assessment of downstream Vanadium businesses • Appraise commercialisation options for Titania business

KEY INITIATIVES

- NZ Steel has a unique iron making process based around its significant low cost iron sand resources, producing a wide range of quality steel products and high value co-products servicing complex and competitive domestic and export markets
- The NZ Steel Blueprint provides focus as we operate, maintain, develop and improve the performance of New Zealand, Australian and Pacific Island assets on behalf of BlueScope Steel shareholders
- Safety (Zero Harm) is a core value and our No. 1 priority. We believe we have a responsibility to address the environmental impacts of our operations, including those relating to Climate Change and our objective is to continuously improve our environmental footprint.

Operations – New Zealand

Glenbrook

- Iron and Steel production
- Hot and Cold Rolling Mills
- Dual Pot Metal Coating Line
- Paint Line
- Plate Line
- Hollow sections plant

Waikato North Head Mine

- Concentrated iron sand slurry pumped to Glenbrook

Taharoa Mine

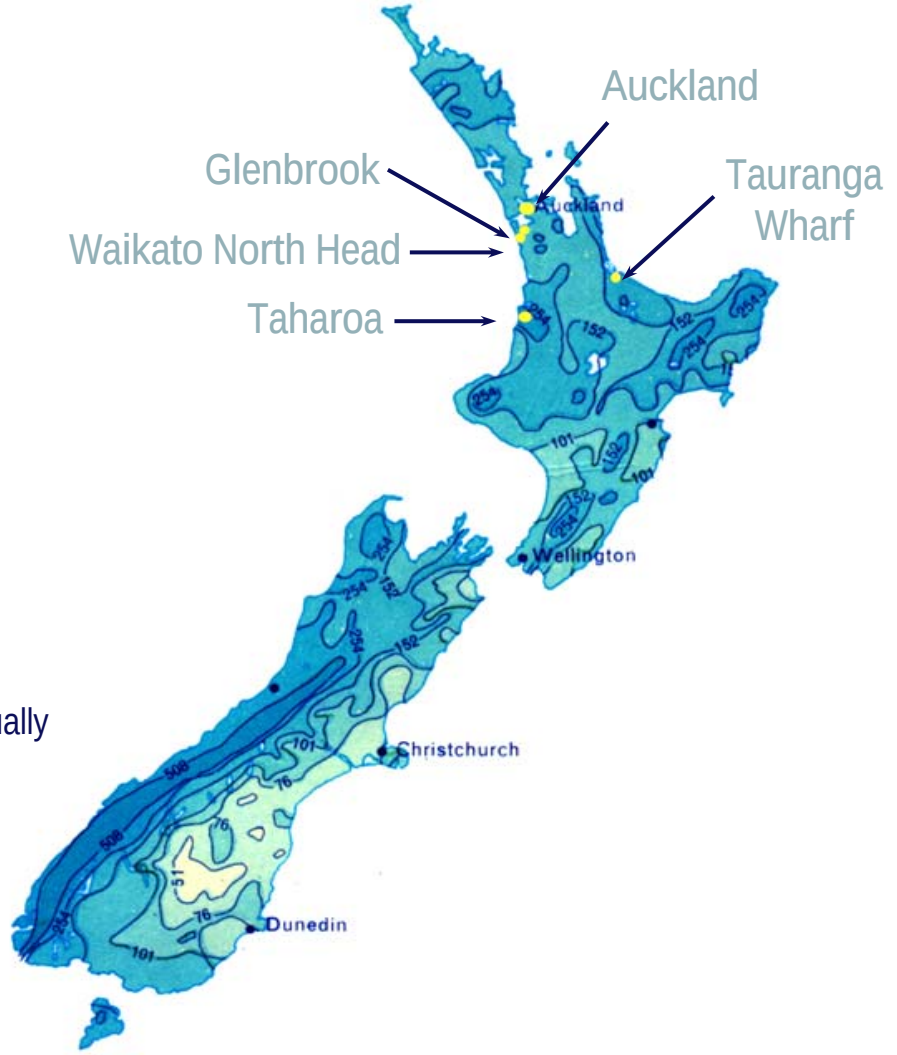
- Approximately 1mt concentrated iron sand shipped to Asia annually

Auckland

- Structural Beam plant

Tauranga Wharf

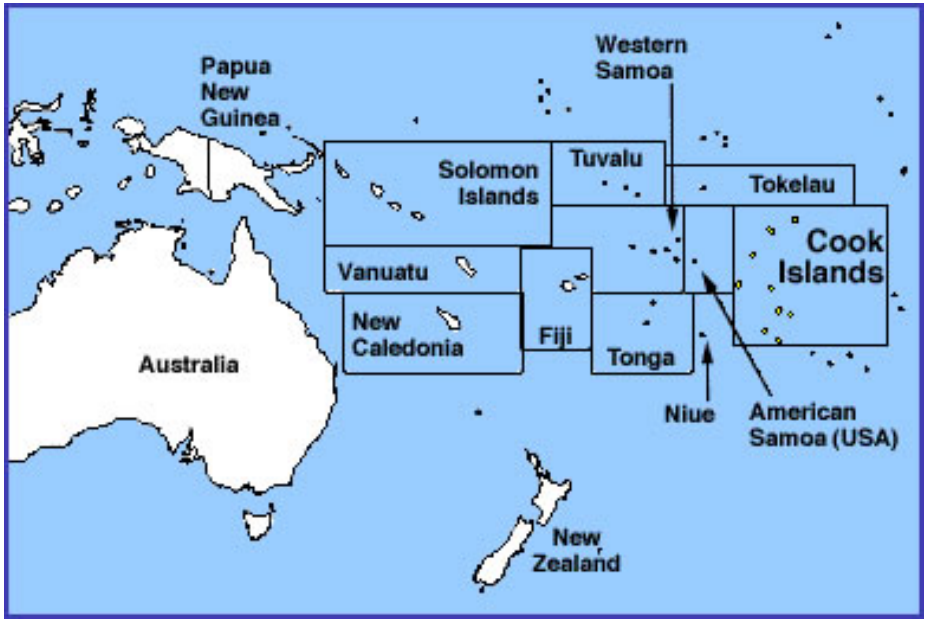
- Deep sea export facilities



Operations – Pacific Islands & Australia

Fiji

- Components business
  - Roll formed roofing and cladding products plus accessories
  - Operate in two locations, Suva and Lautoka
  - FY07 sales of 4,500t
- PEB capability including in-house design, engineering, structural steel supply and fabrication
  - Capacity of 1,500t per annum
- Total FY07 sales of 5,500t
- Business materially impacted by November 2006 coup



New Caledonia

- Components business
- FY07 sales of 5,700t

Vanuatu

- Components business
- FY07 sales of 570t

Australia

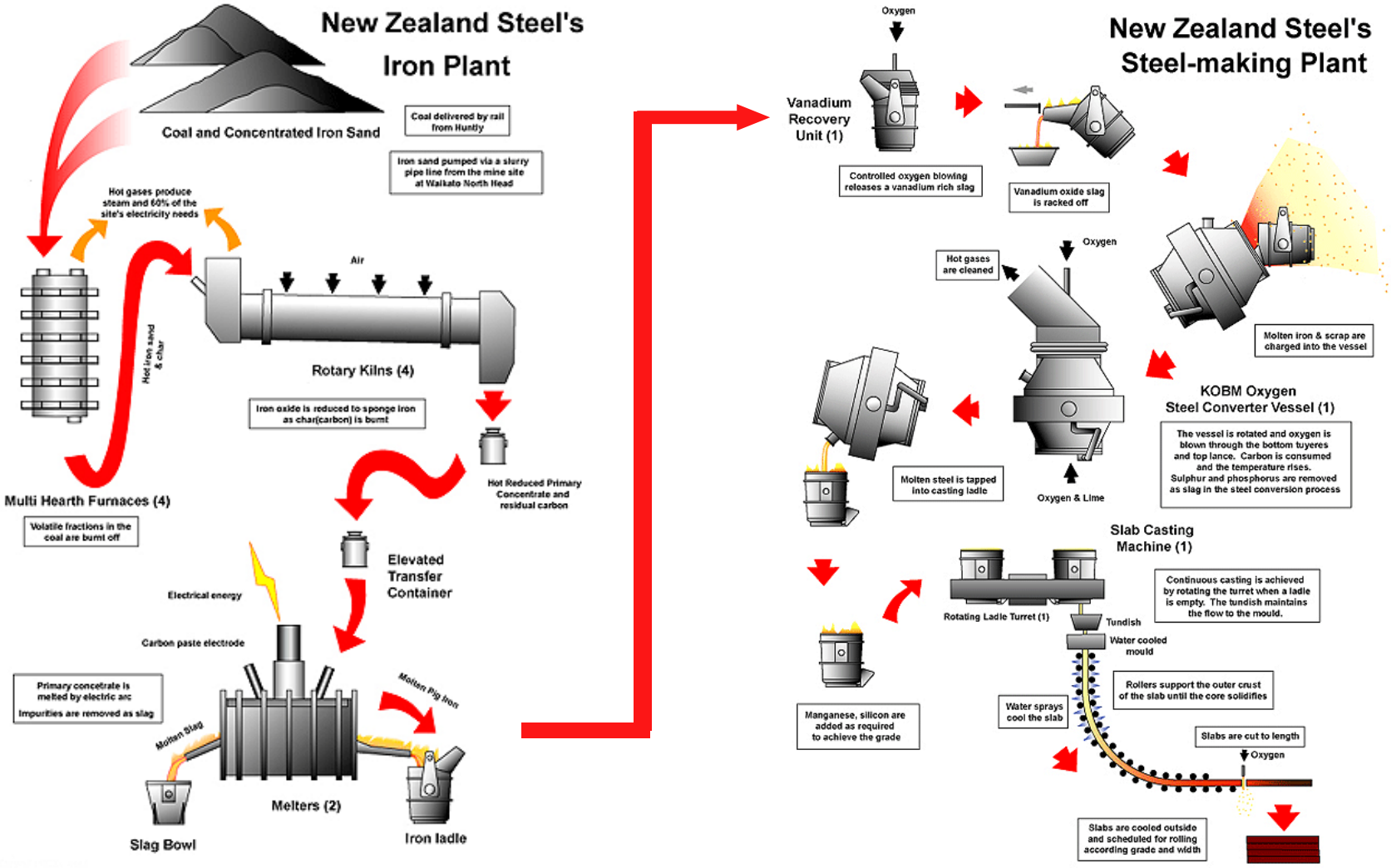
- New Zealand Steel (Australia)
  - Sales of between 80-200ktpa
  - Complementary to Australian business
  - Next best margin for New Zealand Steel after domestic and helps combat other imports into Australian market

Production Process

Attached link takes you to full New Zealand Steel Production Process

http://www.bluescopesteel.com/index.cfm?objectid=4C8AE684-F795-D7AC-0477497D4DD97727

Unique direct reduction process



Raw materials

Iron Sand Concentrate (Waikato North Head Mine)

- Iron sand mined and concentrated on site - 58.5% Fe
- 13mt of contained product in probable reserves and 13mt of contained product in proven reserves
- Additional 591mt of inferred resource
- Concentrate is slurry pumped 18km underground to Glenbrook

Coal

- Thermal coal predominantly from Solid Energy
- Approximately 0.8mt transported by rail to Glenbrook each year
- Historically had long term contract with Solid Energy. Currently in negotiation for a new contract but have concerns re Solid wanting to move way from previous arrangements (including pricing). Currently contract expires 30 June 2008. Considering range of options. Will update market when final details are available.
- Importing approximately 60ktpa Indonesian coal

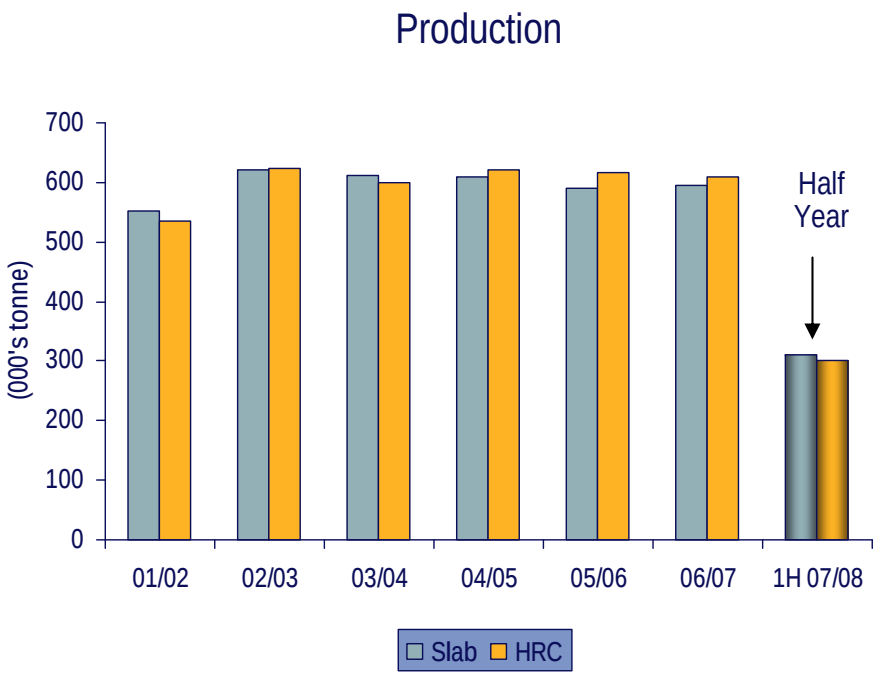
Lime (McDonalds Lime - 28% NZS owned)

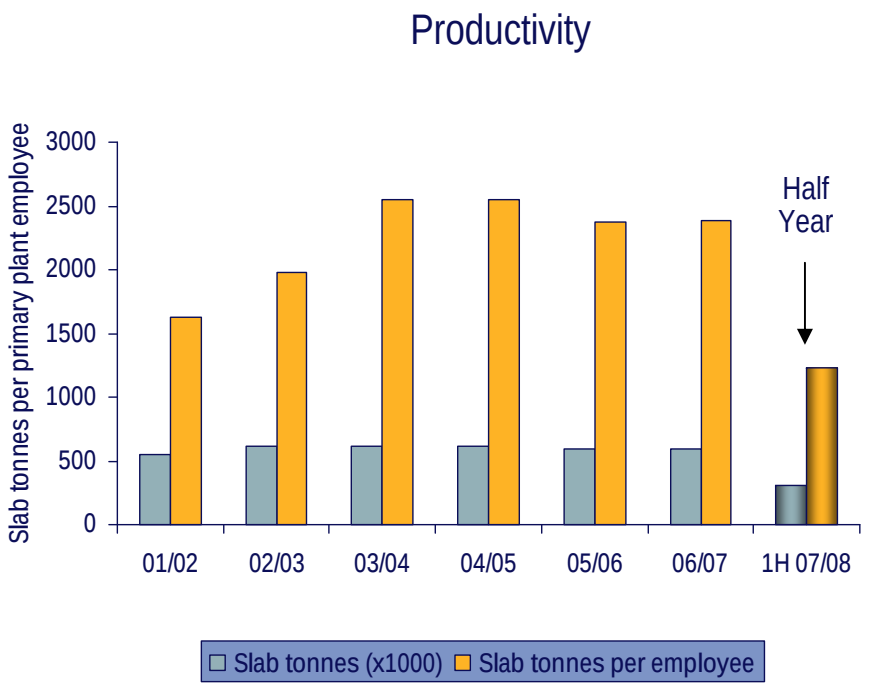
- 34ktpa lime (oxide and chip) quarried and processed at Otorohanga
- Railed and trucked to Glenbrook

Export Iron Sand Concentrate (Taharoa Mine)

- Iron sand mined and concentrated on site - 57% Fe
- 9mt of contained product in probable reserves and 22mt of contained product in proven reserves
- Approximately 1mt of concentrate is slurry pumped to a buoy 2.5km offshore to a dedicated slurry vessel and shipped to China and Japan annually

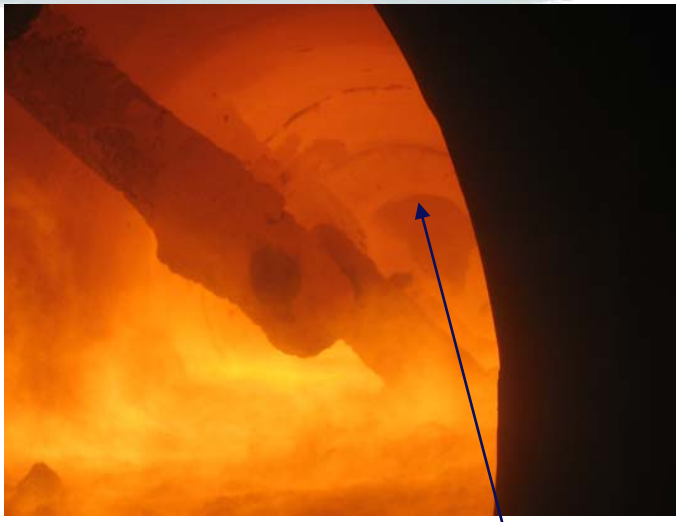
Steelmaking production & productivity



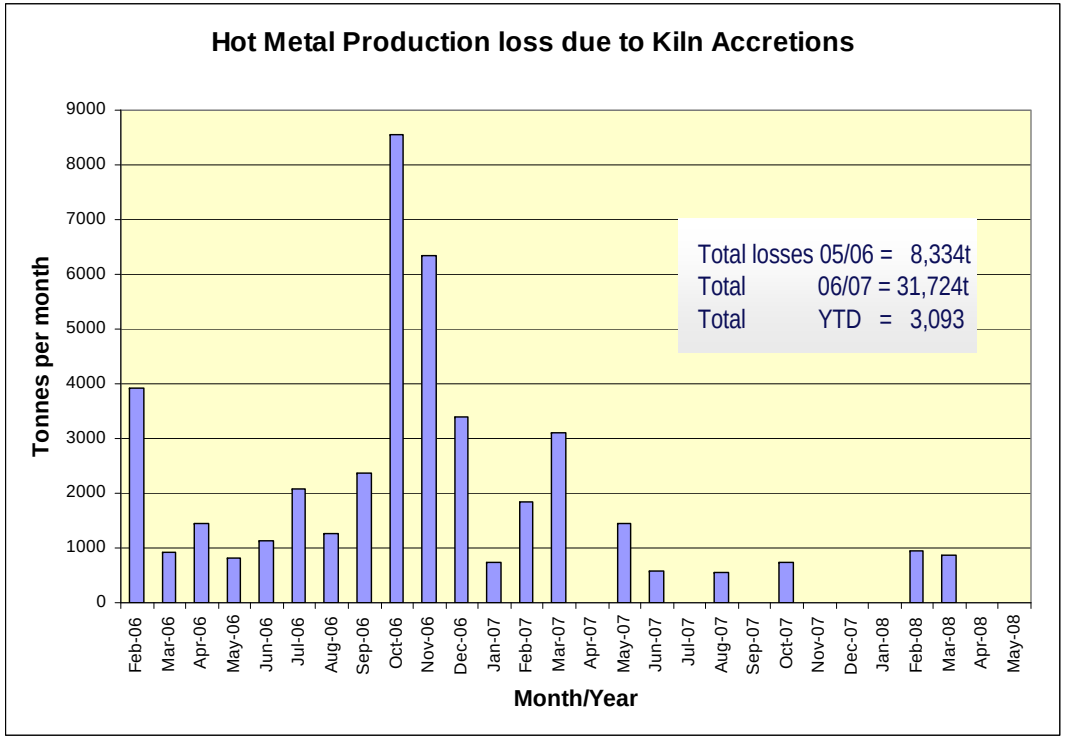


Ironmaking – resolution of Kiln accretion issues

- Accretion growth on the kiln lining damages refractories, blocks discharge system and disturbs process gas flows
- Resolved by improved control of silica levels in ironsand feed at minesite



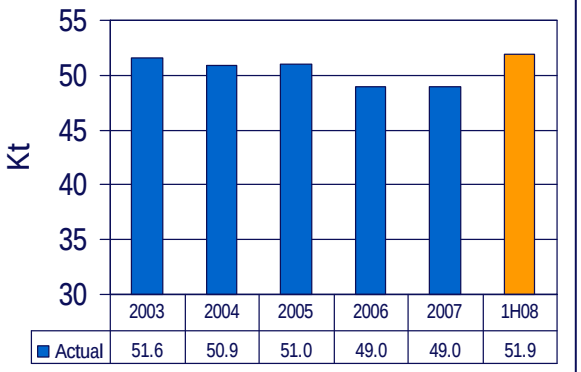
Typical accretion ring



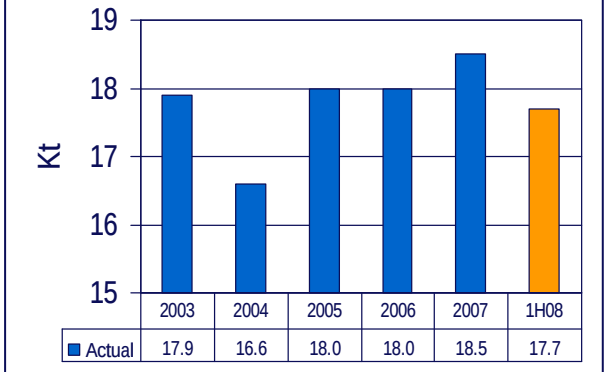
Rotary kiln

Production (monthly)

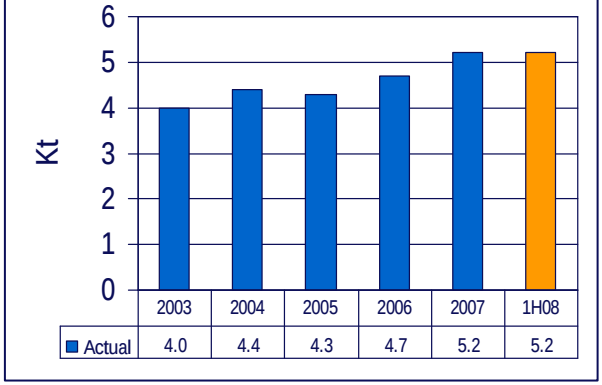
Slab Caster



Metal Coating Line



Paintline



Slab

- Improved preventative maintenance strategies have increased reliability
- Accretion formation in rotary kilns has reduced since Attritioner installed at Waikato North Head

Metal Coating Line

- Reliability focus
- Benefits of the furnace upgrade realised
- Reduced market demand late in 1H08

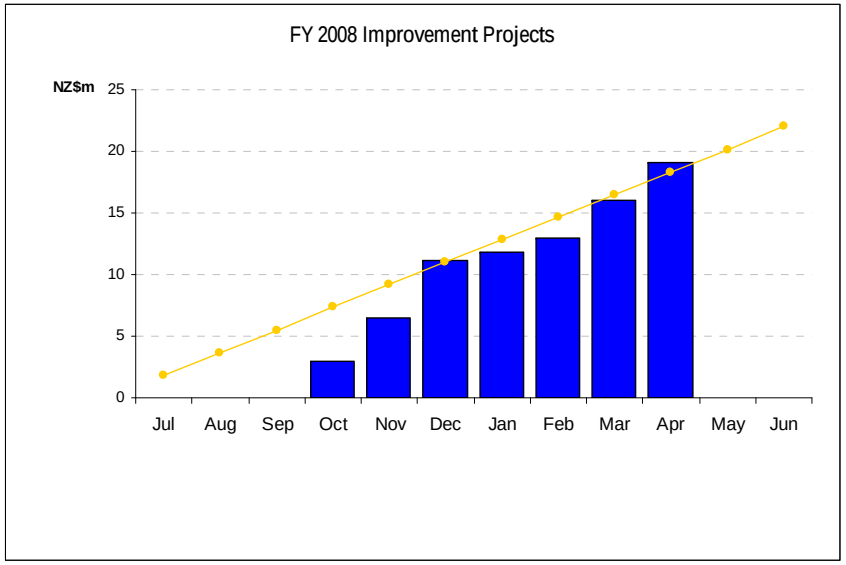
Paintline

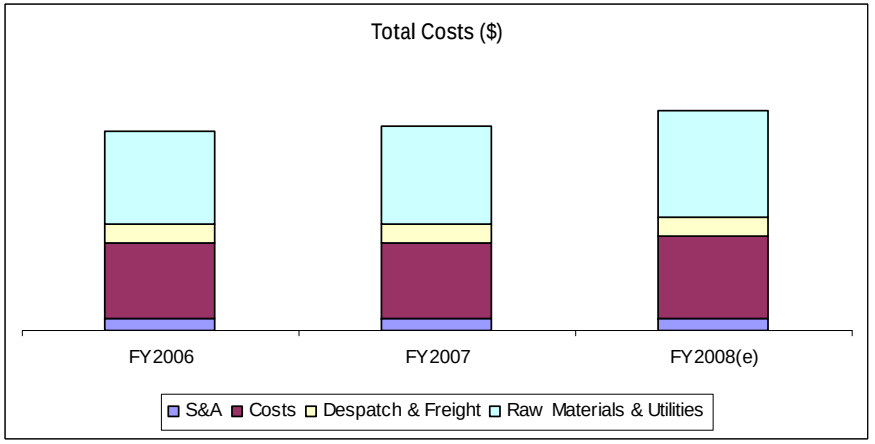
- Benefits of capital investment in oven replacement realised
- Improvement project to increase line speed under way
- Delivery performance key driver for the unit

Relentless cost control

Examples of 2008 improvement projects include:

- Introduction of universal primer
- Reduction of breakouts
- Procurement savings
- Additional attritioner benefits
- Additional slab production
- Additional scrap and vanadium sales
- Inventory reduction (held coil reduction)





Capital

Average capital invested 1998 – 2008 approximately A$23m per annum

Commissioned	Project	Capex (A$m)
1998	Melter 1 Reline	$24.0m
2002	Melter 2 Reline	$15.5m
2004 – 2005	Metal Coating Line Upgrade Paint Line Upgrade SAP ERP	$14.0m $3.0m $12.0m
2006	HSM Computer Upgrade Waikato North Head Tailings System Upgrade Primary Operations Plant & Equipment Rolling Mills Plant Upgrade	$8.0m $2.0m $8.0m $6.0m
2007	6 Hi Shape Control Attritioner	$3.0m $3.0m
2008	Metal Coating Line Drive Upgrade Tapping Floor Automation (complete June 2010)	$4.5m $11.0m

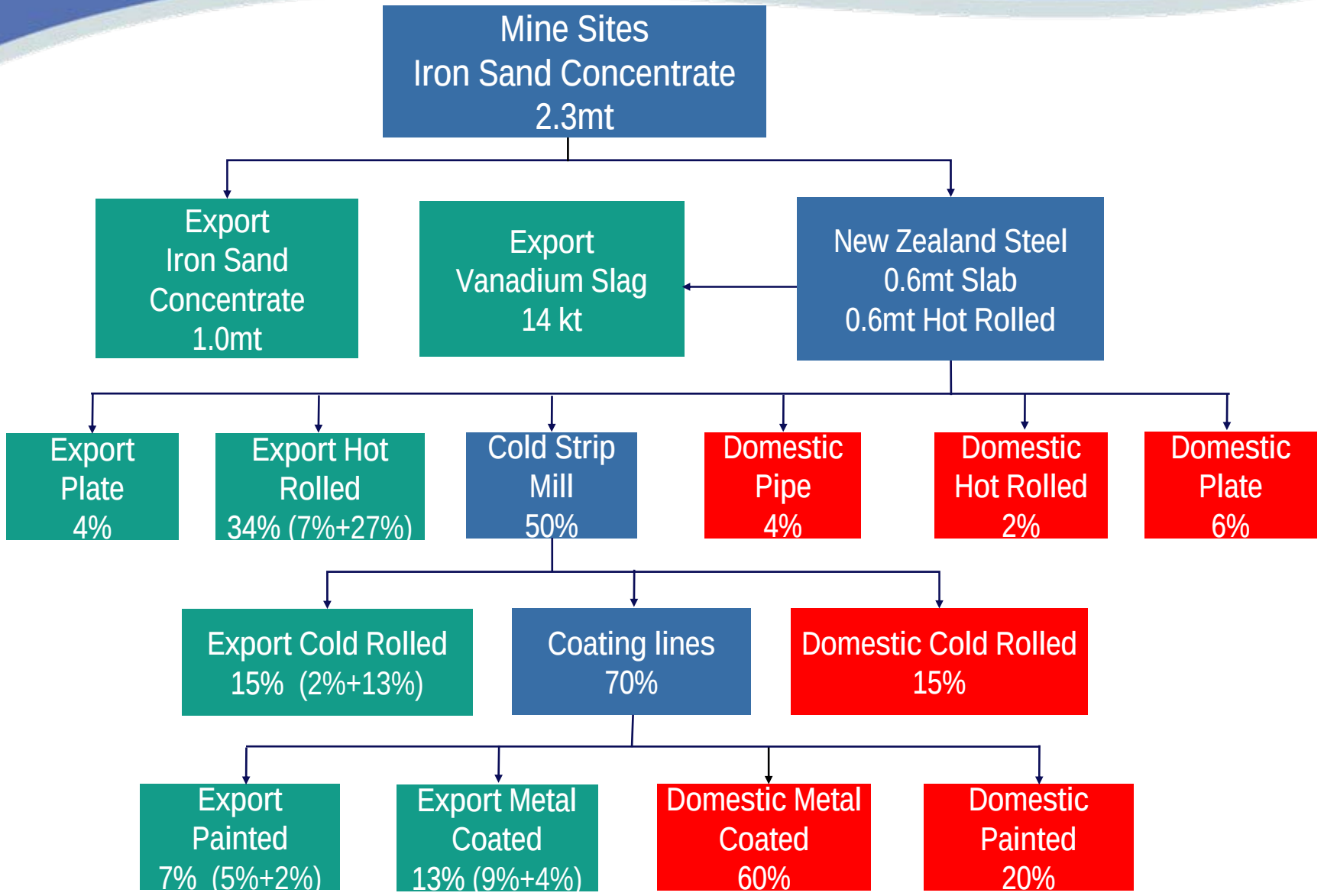
Financial Performance – NZ & Pacific Steel Products

Fiscal Year	2000	2001	2002[1]	2003	2004	2005[2]	2006	2007			2008
								1H	2H	FY	1H
Raw Steel (kt)	555	602	552	620	611	610	589	293	301	594	312
Sales Revenue $A	495	501	497	567	581	746	709	364	364	728	341
EBITDA $A	80	76	45	87	98	217	132	56	63	119	59
EBIT $A	49	46	13	49	62	189	105	42	48	90	44
Capital Expenditure $A	6	14	23	23	23	36	55	21	18	40	9
External Sales Volume (kt)											
Regional Domestic*	202	254	260	267	272	315	278	162	140	302	144
Export	373	298	284	205	239	276	300	121	140	261	132
Total	575	552	544	472	511	591	578	283	280	563	276

1. 2002 included Melter Reline
2. 2005 includes 2 kiln shuts and steel plant shut

* Includes Pacific Island external sales, but excludes inter-company sales

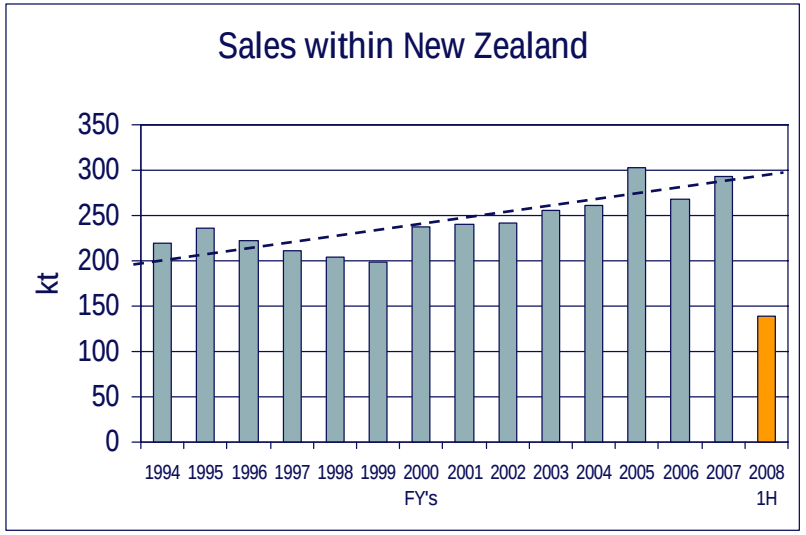
Nominal product flow



NOTE: (External % + Internal %)

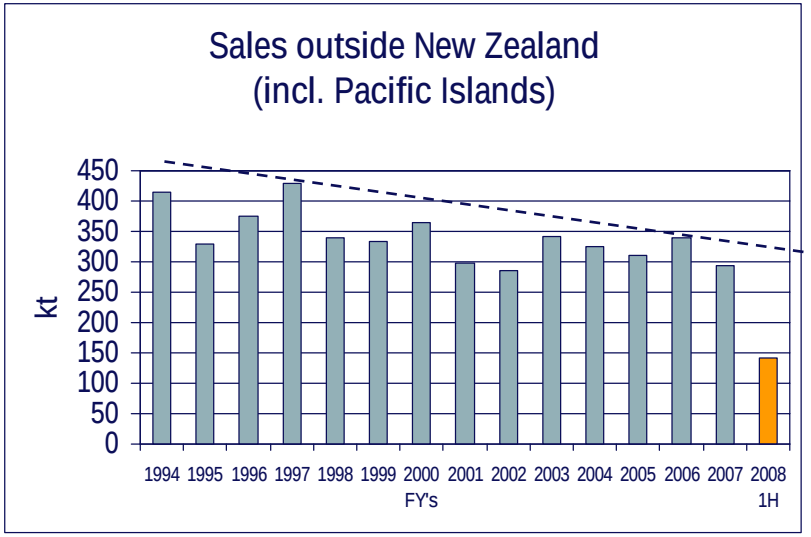
Market – New Zealand sales vs export sales

Growing the NZ market



- New Zealand market has softened in 1H FY08 vs 1H FY07 largely due to
  - Strength of NZD affecting manufacturers
  - Weaker coated market residential

Reducing dependence on Deep Sea Exports



- Export despatches in 1H FY08 in line with 1H FY07

Represents external and intercompany sales from Glenbrook, New Zealand

Domestic market structure is unique

Value Proposition

- Short lead times
- Stock lock in's
- Small order size
- Delivery reliability
- Brands and Quality
- Technical back up

Major Competitors

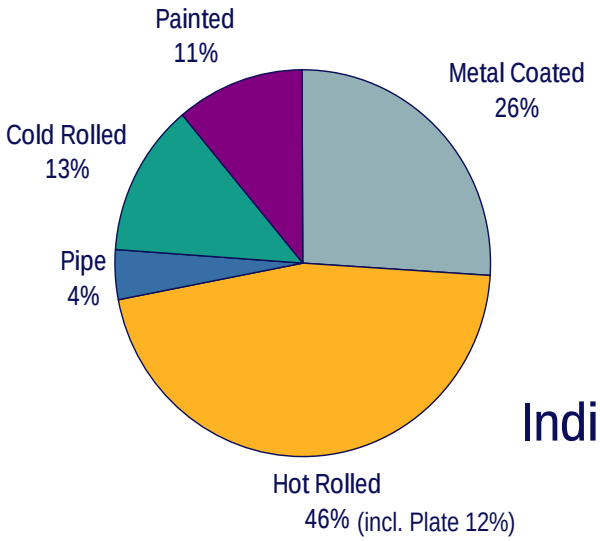
- Pacific Coil Coaters – prepainted steel and largest customer at 40ktpa
- Australian Tube Mills - hollow sections
- OneSteel – structural beams
- Steel importers – coated products

Top 4 Domestic Customers = 80%

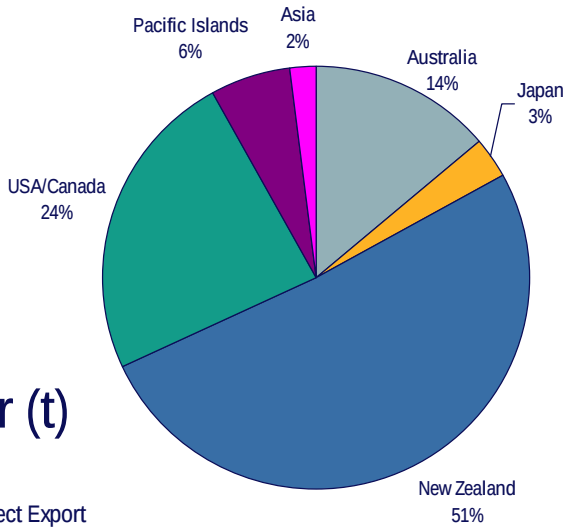
- Fletcher Building
- Steel & Tube
- Metalcraft
- Vulcan

New Zealand Steel - product distribution (1H08)

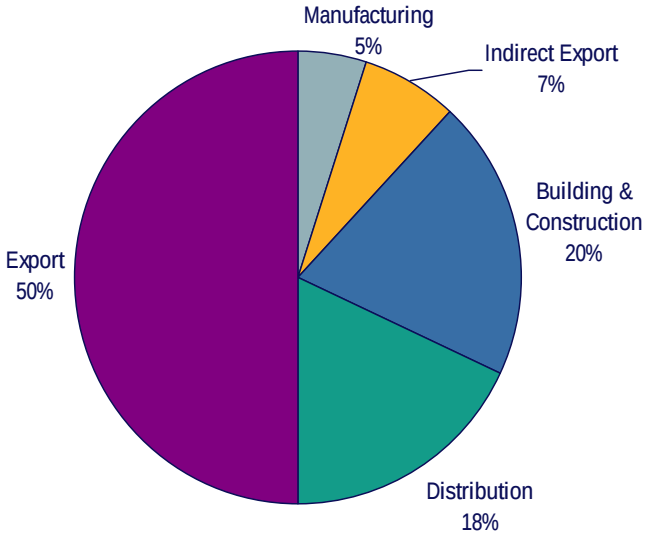
Indicative Product Mix (t)



Indicative Sales by Country (t)



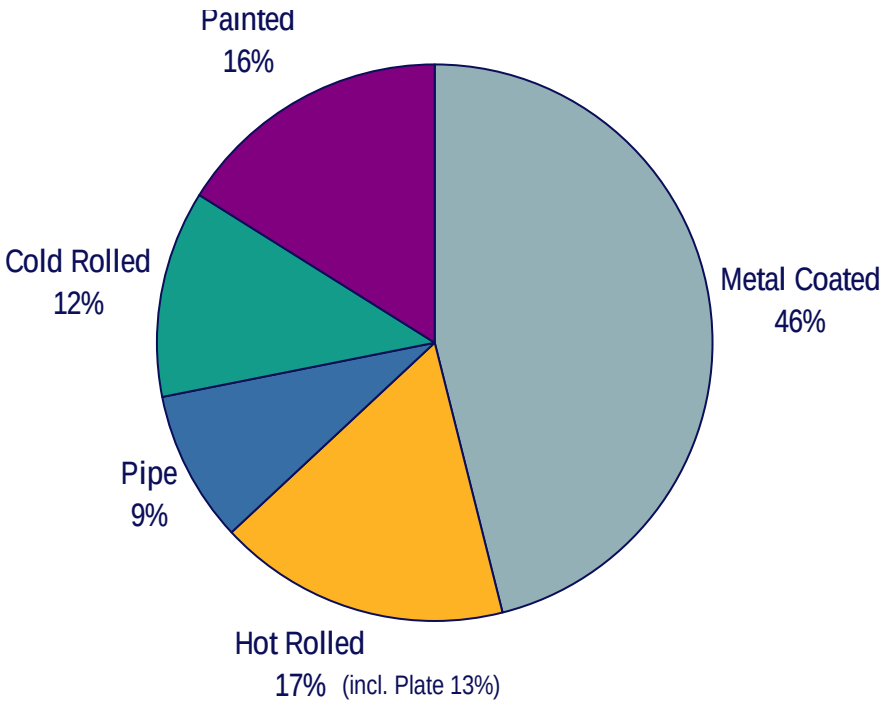
Indicative Sales by Sector (t)



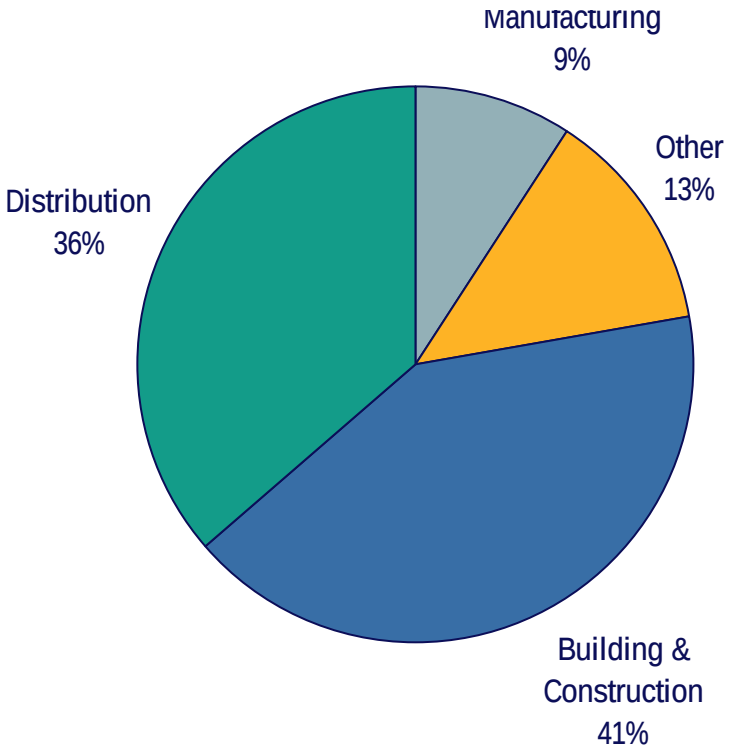
* External & Internal sales

New Zealand Steel - domestic sales (1H08)

Indicative Product Mix (t)

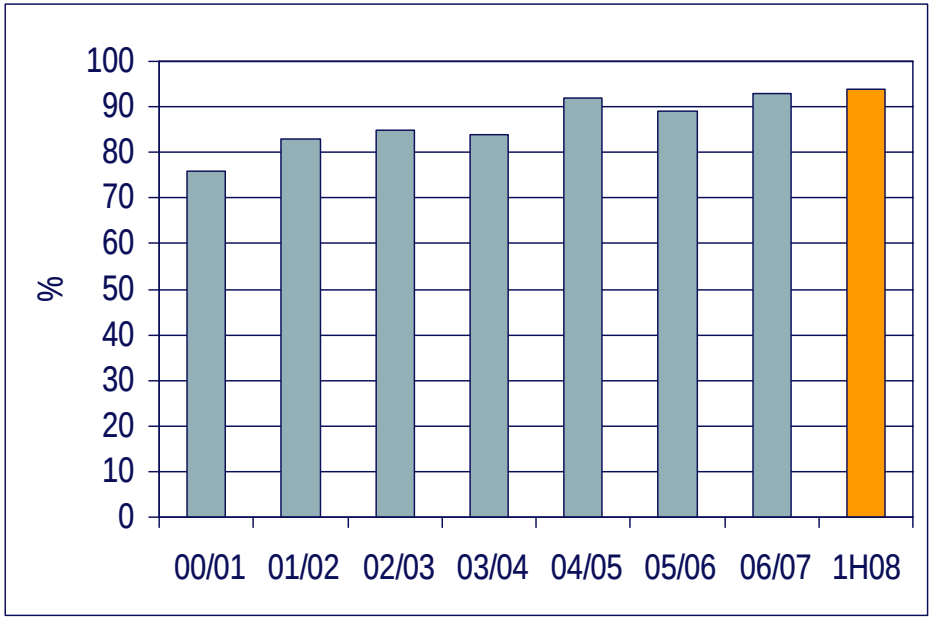


Indicative Sales by Sector (t)



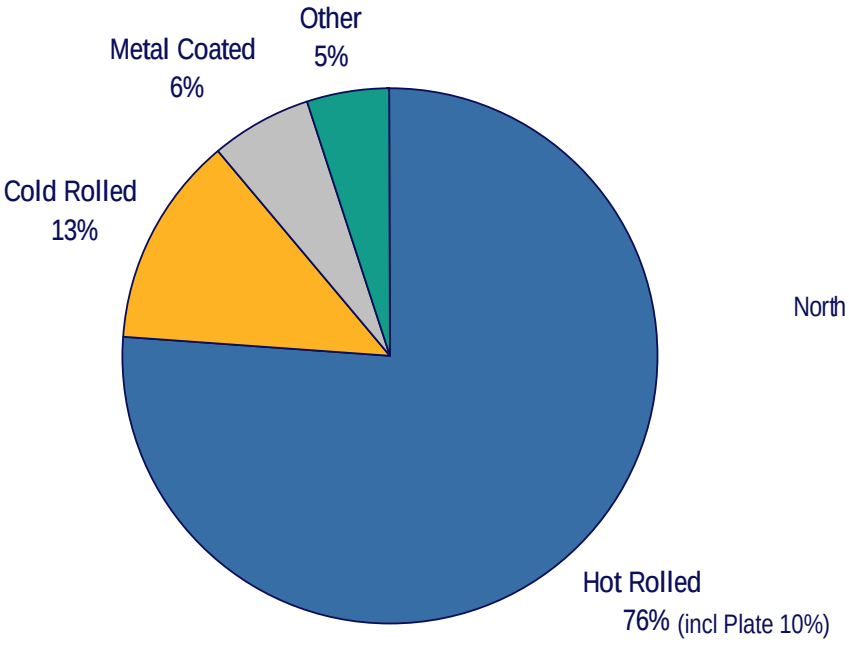
* External & Internal sales

New Zealand domestic delivery performance

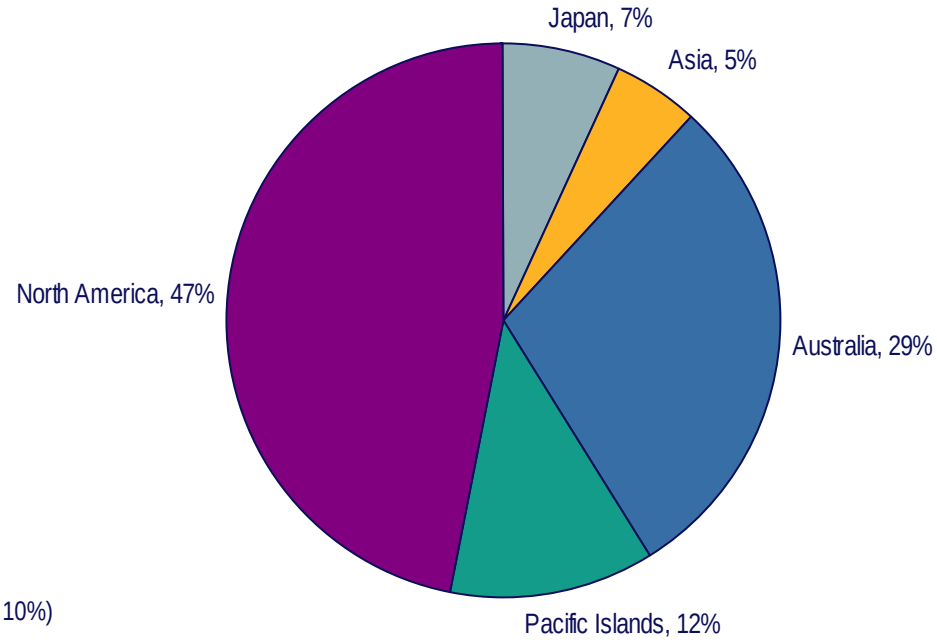


New Zealand Steel - export sales (1H08)

Indicative Product Mix (t)



Indicative Sales by Region (t)

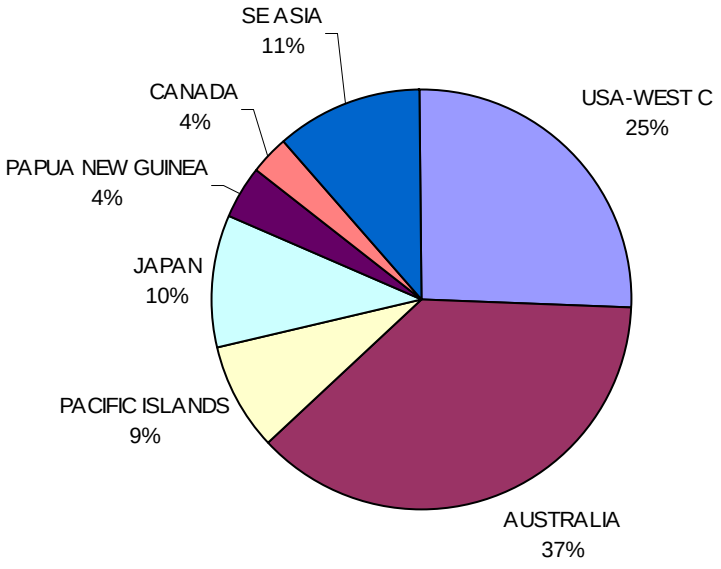


* External & Internal sales

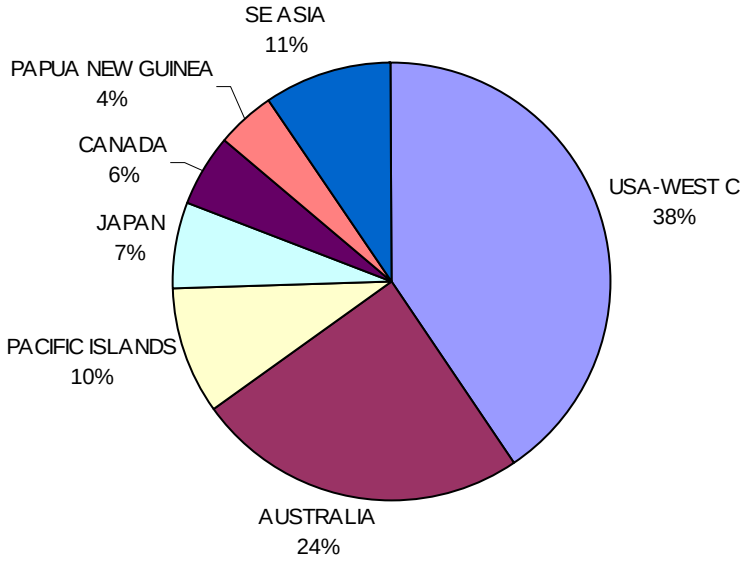
Export sales geographic mix changed

- Optimising return of available export volumes has resulted in increasing importance of USA market
- Winner of 2007 AMCHAM Exporter of the Year award.

Export Total Volume By Regions FY2002

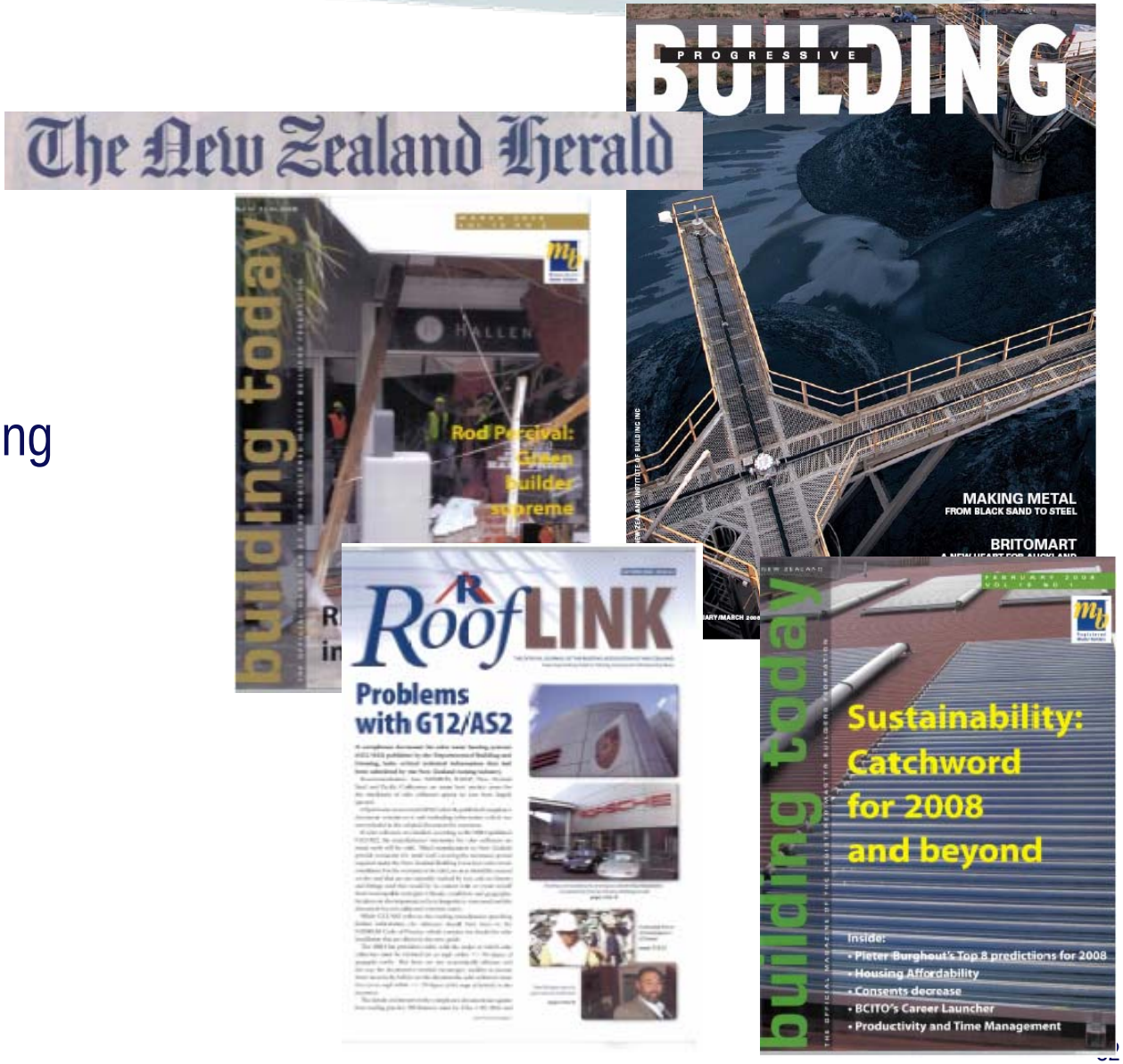


Export Total Volume By Regions FY2007



Steel sustainability – telling the story

- The New Zealand Herald
- Progressive Building
- Building Today
- RoofLink
- SCOPE
- SteelTalk



Steel sustainability & market share

- Low waste
- 100% recyclable
- High strength to weight ratio
- Sensitive to building occupants
- Non combustible

AXXIS™ STEEL FOR FRAMING

PROTECTING YOUR FUTURE

NATIONAL ASTHMA COUNCIL AUSTRALIA • ASTHMA & RESPIRATORY FOUNDATION NZ •

SENSITIVE CHOICE

SUPPORTING ASTHMA CARE

Steel sustainability & market share

- Launch COLORSTEEL® CP Antibacterial
- Merchandising display stands
- Brand/product/channel print advertising
- Home Ideas Centre permanent display

Non steel revenue streams

Iron Sand

- Iron sand successfully repositioned as a blast furnace feed in niche markets (Sales 06/07 year 730kt, H1 07/08 year 418kt)
- Contracts with China and Japan

Scrap

- Record iron production leading to surplus plate iron – high grade scrap
- Record scrap prices makes searching for buried scrap attractive (Sales 06/07 year 80kt, H1 07/08 year 52kt)

Slag

- Sold as road base by SteelServ

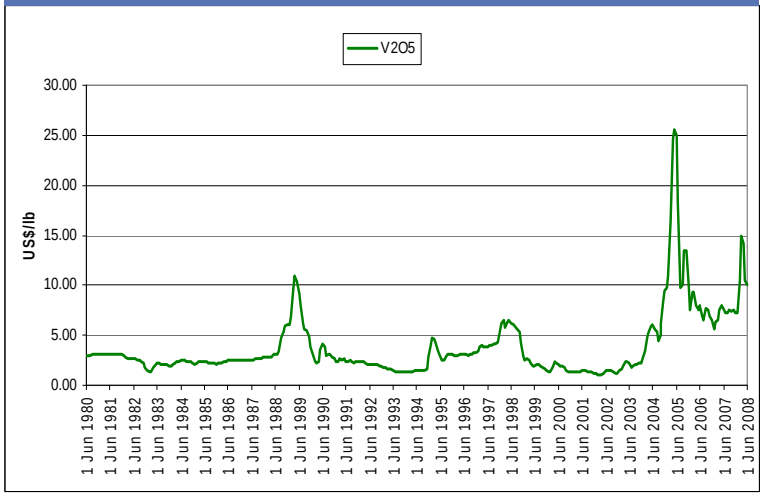
Vanadium Slag

- Strong international demand (Sales 06/07 year 14.5kt, H1 07/08 year 7.5kt)

Non steel revenue streams - Vanadium Slag

- What is vanadium?
  - Vanadium in its pure form is a metal
  - It is present in the NZS ore body as an oxide within the individual grains of Titanomagnetite ironsand. It is extracted in slag form from the Hot Metal (Liquid iron)
- What is it used for?
  - >90% of the worlds Vanadium is added to steel as a strengthening alloy
  - the fuel cell industry is a small but growing market
- Buoyant world prices following industry consolidation
- Record iron production leading to increased volumes

Historical global market prices



Major customers are located in Europe, China and the USA

New Zealand Steel mineral opportunities

Overview

- The abundant iron sand resource at New Zealand Steel (“NZS”) has become an increasingly more valuable asset to BlueScope Steel.
- A number of projects are being studied or considered.
- However, final approval will be subject to a satisfactory conclusion being reached with the New Zealand Government on their proposed emissions trading legislation

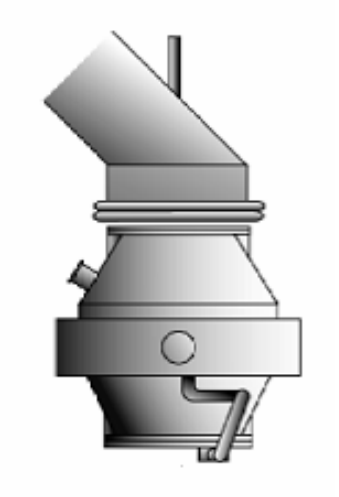
Specific project opportunities

- The specific projects being studied or considered are:
  - Vanadium Converter Project – Increases the quality and quantity of vanadium slag recovered from the existing hot metal supply. Also increases slab make thereby reducing slab unit cost and increasing revenue and overall plant utilisation
    Feasibility stage
  - Taharoa Development or asset sale – The development case increases the quantity and quality of iron sands concentrate
    Feasibility stage
  - Titania Project – Reprocesses tailings from the Waikato North Head mine extracting ilmenite for smelting into Titania slag and producing additional hot metal further increasing plant utilisation
    Prefeasibility stage
  - Iron Make Project – Installation of new direct reduced iron technology to fully utilise the latent capacity of the existing melters. Significant benefits include additional vanadium extraction, lower slab unit costs and cost effective pig iron manufacture
    Prefeasibility stage
  - Vanadium Pentoxide Option – Value adds to vanadium slag production through the conversion to Vanadium flake
    Concept stage
  - Taharoa Pig Iron Option – Value adds to increased iron sand production at Taharoa in the medium term utilising emerging technology to meet a growing market demand for pig iron / ferrous scrap.
    Concept stage

Vanadium Converter Project

Vanadium Converter

Liquid Iron



Recovery of slag containing V_2O_5 increased from 15ktpa to 30ktpa

V_2O_5 content in slag increased by approx 7%. Net V_20_5 increased from approx 2ktpa to 5ktpa

Increases HRC production by 5% (30ktpa)

Reduces slab cost as a result of reduced fluxes, increased scrap and increased throughput

Taharoa Iron Sands – expansion or sale

- Taharoa is located approx. 300km south of Auckland
- Titanomagnetic iron sands
- Mine is leased from the local Maori owners – 70 year lease from 1972
- Resources:
  - Proven – 75mt
  - Probable – 112 mt
  - Total inferred indicated and measured – 660mt
- Current options
  - Mining – floating dredge
  - Concentration – via gravity based and magnetic separation techniques
  - Dewater and stockpile
  - Shiploading – slurry pipes to ship, which is moored approx. 2.5km offshore
  - Ship – NZS charters the vessel
- Current chemical analysis of the titanomagnetic concentrate

  Fe 56.8% V_2O_3 0.45% T_iO_2 7.7%

Summary

- Continued focus on safety, environment and community
- Specific Blueprint focus on
  - Customers, market share and sustainable steel
  - Productivity and capability
  - System and organisationl capability
  - Optimisation Projects
    - Vanadium Converter
    - Taharoa Iron Sands
- Focus on domestic market growth, New Zealand Steel & Pacific Islands profitability and increased contribution to BlueScope Steel portfolio

New Zealand Steel
Analyst Site Visit

Ross Murray
President
New Zealand Steel & Pacific Islands
5 - 6 June 2008