Hot Rolled Products
Analyst Site Visit
Port Kembla

Noel Cornish
22 November 2005
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Port Kembla Steelworks
Overview

• Fully integrated plant with steel making capacity of 5.1mtpa. Optimal unit size.

• Situated on 800 hectares and employing 3,600 people.

• Amongst world’s most technically advanced, low cost producers of quality carbon steel products.

• Excellent technical and operational skills and experience.

• Focus on:
  - Safety  - Productivity
  - Community  - Costs
  - Environment  - Flexibility
Raw Material Feed

- **Iron Ore:**
  - approximately 7.6mtpa
  - indicative mix – 20% lump, 60% fines and 20% pellets
  - principally sourced from BHP Billiton. Other suppliers include OneSteel, Savage River, IOC (RIO) and CVRD
  - annual pricing review

- **Coal:**
  - approximately 3.3mtpa (2.8mtpa coking coal and 0.5mtpa PCI coal)
  - sourced principally from local BHP Billiton Illawarra mines
  - long term contract
  - typically annual pricing review

- **Scrap:**
  - approximately 1.0 mtpa
  - 50% sourced externally

- **Limestone**
Port Kembla Steelworks Productivity

- **Employees (Port Kembla Steelworks)**
- **Productivity (Tonnes per person per year)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5,000</td>
<td>6,000</td>
</tr>
<tr>
<td>2001</td>
<td>4,500</td>
<td>6,500</td>
</tr>
<tr>
<td>2002</td>
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<td>7,000</td>
</tr>
<tr>
<td>2003</td>
<td>3,500</td>
<td>7,500</td>
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<tr>
<td>2004</td>
<td>3,000</td>
<td>8,000</td>
</tr>
<tr>
<td>2005</td>
<td>2,500</td>
<td>8,500</td>
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</table>
Port Kembla Steelworks Delivery Performance (all products)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
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<tbody>
<tr>
<td>99/00</td>
<td>93</td>
</tr>
<tr>
<td>00/01</td>
<td>91</td>
</tr>
<tr>
<td>01/02</td>
<td>92</td>
</tr>
<tr>
<td>02/03</td>
<td>95</td>
</tr>
<tr>
<td>03/04</td>
<td>94</td>
</tr>
<tr>
<td>04/05</td>
<td>97</td>
</tr>
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</table>
Port Kembla Steelworks – FY2005 Product Flow (Indicative)

Port Kembla Steelworks
5.1mt slab p.a.

- Export Slab: 20%
- Hot Strip Mill: 50%
- Plate Mill: 10%
- C&BP Australia (Western Port): 20%
  - Export HRC: 10%
  - Domestic HRC: 30%
  - C & BP Australia (Springhill): 60%

* “C&BP Australia” is Coated and Building Products Australia
Major Sources of Competition

**Australia**
- Direct Imports (approx. 20% of market)
  - HRC
  - Plate
- Indirect Imports
  - Fabricated Structures
  - Manufactured goods & components, eg. cars
- Intermaterial
  - Reinforced concrete construction

**Export**
- Slabs
  - Brazil
  - Russia
  - Ukraine
- HRC
  - Japan
  - Korea
  - China
- Plate
  - Japan
  - Korea
  - Indonesia
  - China
Establishing brand recognition. For example, the introduction of:
### Historical Data

<table>
<thead>
<tr>
<th>FISCAL YEARS</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raw Steel (mt) (1)</strong></td>
<td>4.8</td>
<td>4.9</td>
<td>4.8</td>
<td>4.8</td>
<td>5.0</td>
<td>5.1</td>
<td>5.1</td>
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<tr>
<td><strong>Capex (A$m) (1)</strong></td>
<td>77</td>
<td>38</td>
<td>47</td>
<td>80</td>
<td>83</td>
<td>65</td>
<td>139</td>
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<tr>
<td><strong>Sales Volumes ('000 tonnes) (1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Domestic</td>
<td>853</td>
<td>813</td>
<td>762</td>
<td>807</td>
<td>877</td>
<td>981</td>
<td>1,050</td>
</tr>
<tr>
<td>- Export</td>
<td>1,633</td>
<td>1,297</td>
<td>1,604</td>
<td>1,365</td>
<td>1,567</td>
<td>1,504</td>
<td>1,377</td>
</tr>
<tr>
<td>- Internal</td>
<td>2,340</td>
<td>2,565</td>
<td>2,404</td>
<td>2,324</td>
<td>2,609</td>
<td>2,560</td>
<td>2,495</td>
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<tr>
<td>Total</td>
<td>4,826</td>
<td>4,675</td>
<td>4,770</td>
<td>4,496</td>
<td>5,053</td>
<td>5,045</td>
<td>4,922</td>
</tr>
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**Note:** (1) Excludes North Star BlueScope Steel
## Significant Capital Expenditure

<table>
<thead>
<tr>
<th>Commissioning Date</th>
<th>Project</th>
<th>Capex (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1992 - 1996</td>
<td>No. 6 Blast Furnace</td>
<td>478</td>
</tr>
<tr>
<td>1995 - 2000</td>
<td>5mtpa Project</td>
<td>91</td>
</tr>
<tr>
<td>1996 - 2000</td>
<td>Coke Side Emission Control</td>
<td>90</td>
</tr>
<tr>
<td>2001 - 2003</td>
<td>Sinter Plant Emission</td>
<td>94</td>
</tr>
<tr>
<td>2005 – 2007</td>
<td>Hot Strip Mill Expansion</td>
<td>100</td>
</tr>
<tr>
<td>2006 - 2008</td>
<td>BF No. 5 Reline (project not approved)</td>
<td>300 (estimate)</td>
</tr>
</tbody>
</table>
Support for our community

- $500,000 in sponsorships
- Support 26 Illawarra organisations
- $80,000 in donations towards charities, schools, sport, employees and their families
- $100,000 to Wollongong University scholarships
- $300,000 towards new regional headquarters for SES
- $50,000 support to Australian Historic Flying Centre
- Donated materials to Alkira Lodge, FutureWorld, WCC (bus shelters) and several local schools
Blast Furnace No. 5 Reline

- Study progressing
- Decision on work scope FY2006

History – BF No. 5
- Built in 1972
- Previous reline took place 1991
- Currently produces approximately 2.6mtpa of hot metal

Scope of work
- Extend to replacement / upgrade of associated equipment items not covered in 1991 reline
- Unlikely result in material increase in capacity
- Take approximately 90-100 days
- Cost approximately $300m (bulk in FY2007 and FY2008) (2005$)

Video
• Safety & Environment – No LTI’s or serious incidents
• On budget ($100 million)
• On schedule for Q1 FY 06/07 Start-up
• 99% of equipment on site
• Software Factory Acceptance Test (FAT) currently in progress
• Refractory installation commenced
• Operator/maintenance training commenced
• No significant HSM outage required to commission furnace
• Photos of furnace taken on 7 November 2005 (attached)
Furnace casing looking from charge end
Furnace discharge end showing extractor equipment
Insight into BlueScope’s Capital Approval Process

Front End Loading Impact on Asset / Project Value
Insight into BlueScope’s Capital Approval Process (cont.)

Road Map

Concept Phase
- Develop Agreed Strategy
  - Business Unit Investment Idea
  - Develop Concept Identify options
    - BS.LCAP-01-05 OR Investment Process Manual
  - Develop Options, Select Preferred Option
  - Develop Preferred Option, Prepare Submission
    - BS.LCAP-02-05 OR Investment Process Manual

Pre-feasibility Phase
- Review Submission Documents
  - Peer Review (Independent or Business) (Technical)
  - Business Tollgate: Project via/2
  - Authorisation Tollgate (Authorisation or Rejection)

Feasibility Phase
- Develop and Commission Project
  - BS.LCAP-02-05
  - Handover and Project Close-Out Review
    - BS.LCAP-01-09

Approval Phase
- Review and Assist

Execute Phase
- Monitor Against Project Performance Targets
  - CDM - PCOR Tollgate

Operate Phase
- Business Project KPI Review
  - Business Tollgate Review Approved?

Divisional Business Planning
- Check against Business Plan/Strategy (e.g., BlueScope Steel Industrial Markets, Aust B & M, etc.)

Capital Development Services
- Review, Assist and Feedback as Required
- Peer Review (Independent or Business) (Technical)

Business Tollgate
- Does the project concept fit agreed strategy?
- Business Tollgate Project via/2?
- Port Kembla Steelworks is a large consumer of fresh water.
- We are actively implementing Sydney Water's "Every Drop Counts" program.
- Fresh water consumption has dropped from 5.5 to 2.7KL/tonne per slab over the last decade.
- Over the next few months, Sydney water will commence supplying 20Megalitres/day of tertiary treated effluent, replacing fresh dam water.
- Studying other options including the use of more salt water, additional on-site recirculation, more treated effluent.
- A long range goal of "Zero Dam Water".
Supporting Information
Coke Making / Sintering Process
Blast Furnace – Iron Making Process

Raw materials (iron ore, coal [coke] and limestone are fed into the top of the blast furnace.

Hot air and gas is fed into the blast furnace through the tuyeres.

Coke and gases burn to create temperatures up to 2200°C; iron melts out of the iron ore and reacts with carbon in the coke while limestone (flux) melts also and forms slag.

Molten iron and slag fall to the furnace bottom (hearth) where they are drained out through one of three tapholes into a torpedo ladle.

- Feed:
  - Iron Ore 7.6mtpa
  - Coking Coal 2.8mtpa
  - Coal for Pulverised Coal Injection 0.5mtpa
  - Limestone

- 2 Blast Furnaces

Torpedo car – iron to BOS

Molten slag to by-products processing.
Steelmaking Process

**Basic Oxygen Steelmaking (BOS)**

- Scrap steel (approx. 45t)
- Molten iron (250t)

- 3 x 280t BOS furnaces

- Oxygen blowing

*Annual Scrap Usage (indicative) 1mtpa (approximately 50% sourced externally)*

- 5.1Mtpa
Continuous Slab Casters

5.1 Mtpa

Max. width = 2200mm

Max. length = 12.5m

Max. thickness = 300mm
HRC Process

Hot Strip Mill
2.4 Mtpa

Product flow

Slabs ex Slab Casters
480tph @ 1225°C

Roughing-Reversing Mill
300mm – 25mm

Six Stand Finishing Mill
min. gauge 1.48mm

Coil box
0.3 Mtpa
Commissioned 1963
5mm-180mm thick x
1200mm-3400mm wide

Plate Process

Shearing, stencilling, shot blasting, prime painting & inspection

Product flow
Hot Rolled Products
Analyst Site Visit
Port Kembla

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