Bisalloy Steel Group Limited

16 November 2010

Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

AGM Presentations

In accordance with the ASX Listing Rules and the *Corporations Act 2001*, attached are the presentations to be given at today's Annual General Meeting.

Regards

David MacLaughlin
Company Secretary

CHAIRMAN'S ADDRESS

Welcome to the 2010 Annual General Meeting of the Bisalloy Steel Group.

I am pleased to report that the Group is in a vastly different and improved position to that which I outlined to you 12 months ago. At that time we were facing suppressed demand while burdened with high inventory and with debt levels which restricted our ability to respond to the changing market conditions.

As discussed at last year's AGM, during August 2009 the Group raised $4.9m of equity capital through an unconditional placement of ordinary shares to existing institutional investors and a new sophisticated investor. These funds were used for working capital and to reduce outstanding debt. A placement was judged to be the most appropriate method to raise funds in a relatively short timeframe and in a cost effective manner.

By 31 December 2009, Group borrowings had been reduced from $36.2m at 30 June 2009 to $24.7m. They were subsequently reduced by a further $6.6m to $18.1 at 30 June 2010. This is a significant achievement, but a continuing reduction in debt remains a key objective of the Group. Assuming markets remain relatively stable, the Board believes the Group's improved trading performance should enable the company to reduce its net debt in a timely manner and in due course allow for a return to dividend disbursements, without a further dilution of shareholders' equity.

We were fortunate in continuing to receive on-going support from our bankers, GE Capital, in a difficult financial environment. We are pleased to have extended our relationship with the restructure of the finance facility to a facility limit of $32 million and lower annual costs through to October 2012. This has provided stability in our finance requirements as the facility is now more closely aligned with the Group's current operating requirements.

Our Managing Director, Mr. Robert Terpening, will provide a more detailed overview of the Groups operational performance but I take this opportunity to thank all our employees for their efforts and commitment to Bisalloy during what was an extremely difficult year. I would further like to acknowledge the continued support of our shareholders during this period of volatility. I assure you that the Board and management remain focused on the long term interests of shareholders and on how best to utilise our resources to deliver increased shareholder returns in the short and long term.

The Board's expectations for the 2011 financial year have been tempered by the current slowdown in the domestic and global steel markets. While trading conditions in the first half of the 2011 financial year will not be as strong as experienced during the second half of 2010, the trading performance will still be significantly stronger than that experienced during the same period in the 2010 financial year. The outlook for the second half of 2011 will be determined by a stabilising of the current market volatility and the level of growth in demand for steel in our markets.

I will now invite the Managing Director to comment on the Bisalloy Steel Group results and performance.

MANAGING DIRECTOR'S ADDRESS

Thank you Mr. Chairman.

Ladies and gentlemen, I am pleased to have the opportunity to brief shareholders on the operational performance and future opportunities for the Bisalloy Steel Group.

A key focus of the Group continues to be a policy of zero harm and regardless of any other challenges the Group faced during the year, we maintained this as a fundamental objective. In Australia, a single lost time injury was recorded, and while comparable to the prior year, is still an outcome that is unacceptable to management and the Board. Efforts to identify and eliminate risks before an incident occurs have been increased. Active involvement in refining the policies and practices that support our OH&S goals are an ongoing KPI for all managers and teams.

Our businesses in Indonesia and Thailand have had another year without recording a Lost Time Injury. Neither business has recorded a LTI in the six years since the Group wide safety program was introduced. We aim to have uniform processes and systems across all Group operations and apply Group standards where local standards are either lower or not specified.

The 2010 financial year was a reverse image of 2009, with two very different trading halves. The first half continued the cycle of destocking and depressed margins as higher priced inventory was cleared from the system following the Global Financial Crisis. As a result the Group booked an operating loss of almost $1m for the half year to 31 December 2009, but signs of a gradual recovery were apparent, and continued into the second half. Demand for our product and the margins achieved continued to improve, which resulted in the Group delivering a full year operating profit of $4.2m, before interest charges.

Management maintained its focus on reducing working capital during the year and this contributed to a net cash inflow from operations of almost $14m for the financial year. This provided a substantial contribution to the reduction in debt that was referenced earlier by the Chairman. While working capital requirements will grow as the Groups markets recover, any such increases will continue to be tightly managed.

I will now turn to the individual operations.

The Australian processing plant at Unanderra, south of Sydney, has a highly automated, continuous flow production process which requires minimal human intervention. This system is the key to Bisalloy Steels' low cost, high yield production capabilities and allows for rapid changes to production levels in response to changing market demands. Following the investments made over recent years, the plant has the capability to increase its output to around 65,000 tonnes with no significant further capital investment and relatively minor labour increases.

The Australian market for quench and tempered steel has become more competitive as overseas producers seek to find new markets for their surplus production capacity as their own domestic demand remains weak. The stronger Australian dollar supports the moves from these overseas competitors. To successfully respond to the challenges from these imported products, it is important that the Group's Australian operation strive for the lowest possible production cost and secure competitively priced steel plate for input into our heat treatment process. The stronger Australian dollar has in this case assisted us in securing competitively priced greenfeed plate from overseas mills and it is expected that at least 50% of our greenfeed will need to be sourced from non-traditional suppliers during the 2011 financial year.

We also continue to seek new opportunities for quench and tempered steel by developing new grades for mining and defence applications. The Group is also actively engaged with Standards Australia and the Australia Steel Institute to have quench and tempered structural grades included in the AS 4100 Australian Steel Structures code. This initiative has tangible design benefits as well as promoting an alternative that is environmentally competitive over standard steel grades.

The development of export markets is more difficult when the Australian dollar is performing strongly, however we continue to build strong and productive relationships in our selected markets and exports remain an important part of our growth strategy.

Having developed an international reputation for the supply of protective armour plate products, Bisalloy continues its development of new products and we have now allocated additional resources to accelerate the expansion of our armour customer base globally.

Our joint venture businesses in Indonesia and Thailand are primarily distribution businesses selling a range of wear related products in addition to Bisplate quench and tempered steel. They have both remained profitable during 2010, although they were not immune from the global slowdown. The Indonesian market has recovered more quickly as the local resource industry ramps up its capacity. Our operations have expanded to new regional locations, such as Kalimantan, to better service these customers. The Thai market has a greater reliance on original equipment manufacturing, predominantly for export, and as such suffered more from the global slow down. The recent political unrest in the country did not directly impact our personnel or operations, but did contribute to delaying a general recovery in the local markets. Both these businesses remain an important channel for the supply of Bisplate quench and tempered steel produced at our Australian operation into these developing markets. They are also potential springboards into neighbouring countries including Laos and Vietnam.

While the current business focus is on maximising market share in the geographic markets in which we operate, the work that has been undertaken to develop supply chain routes out of North Asia has presented a number of business opportunities which management will explore as part of the medium term strategic growth framework, formalised by the Board during the early part of 2010.

Bisalloy has now streamlined its operations and has a tightly managed and focused business that is better structured to react to changing market conditions. This clearly defined market focus, supported by efficient processing operations and an experienced, dedicated workforce will allow the Group to deliver improved shareholder returns.

In conclusion, I thank the Board for its support during this difficult year and thank all Bisalloy Steel Group employees for their contribution and commitment during what has been a challenging business environment.