



Joint Venture with Jinan Iron
& Steel Co. Ltd

A major growth platform for Bisalloy

Who we are

- ✓ Australia's only manufacturer of high-strength structural, wear-resistant quenched and tempered ("Q&T") steel plate.
- ✓ 'Bisplate' Q&T brand has strong market recognition in Australia and many parts of Asia.
- ✓ Strong distribution network across Australia, and South-East Asia.
- ✓ JV in the Peoples Republic of China for production, sales & distribution of Q&T.
- ✓ Customer base diversified across the mining, construction, general fabrication and defence sectors.
- ✓ Highly efficient manufacturer with growth potential domestically, regionally and in niche products, such as armour and structural applications.

Bisalloy Steel Group

Bisalloy Steels

Bisalloy Steels

- Australia's only manufacturer of high strength structural and wear resistant Q&T steel plate (Bisplate®) for Australian and international markets
- Purpose built facility at Unanderra, NSW

Bisalloy Asia

Bisalloy Asia

- Distribution in Thailand and Indonesia via majority ownership in local companies – 85% in Thailand and 60% in Indonesia.
- Joint Venture in Peoples Republic of China for production, sales & distribution of Q&T.

What we do

- World class, continuous flow processing plant in Unanderra, NSW with capacity of around 65,000 tonnes per annum.
- Raw material, in the form of steel plate (i.e. “greenfeed”), sourced from multiple steel mills domestically and overseas.
- Greenfeed heated and rapidly cooled to alter grain structure of steel plate to achieve desired physical properties.
- Product quality and cost competitive output highly dependent on:
 - IP associated with greenfeed and production processes
 - Reliability and suitability of the continuous processing equipment
 - Quality and experience of the management and workforce
- Q&T products sold under the Bisplate® brand through network of distributors across Australia and New Zealand, subsidiaries in Indonesia and Thailand and agents elsewhere in the world.

Joint Venture with Jinan - overview

- July 2011, Bisalloy enters a 50:50 Cooperative Joint venture with Jinan Iron & Steel Co. Ltd for a 10 year term.
- JV for the production, sale and distribution of Q&T steel plate into China & other international markets.
- Estimated Chinese Q&T market ~1 million tpa in wear and structural applications.
- Bisalloy to contribute US\$1 million in capital and licence its Q&T intellectual property (IP) and brand name to JV to produce Q&T plate at Jinan's internationally competitive production facility in Shandong Province, PRC.
- The high quality product manufactured through JV to be marketed under respected Bisplate brand.
- RedBridge Grant Samuel have undertaken a review of the Chinese Q&T market and concluded that the entry of Bisplate will be beneficial to both Q&T customers in China and the JV partners.

JV will initially have the capacity to produce 150,000 tonnes of product annually – more than double Bisalloy's current capacity and at a significantly reduced cost

Major Growth Platform for Bisalloy

- JV initially focused on import replacement in China, but with up to 30% of JV capacity available for Bisalloy to market outside of China.
- Gives Bisalloy increased access to dynamic global markets without the risk of significant capital expenditure.
- Combination of IP, strong brand & proven product performance, coupled with Jinan's state of the art manufacturing capabilities, presents Bisalloy with a unique growth opportunity.
- Bisalloy already has successful distribution businesses in Indonesia and Thailand and the potential to substantially grow its distribution network in the Asia-Pacific region.
- Low manufacturing cost base to compete with international Q&T producers.
- Brings Bisalloy closer to customer base producing products destined for the Australian market, but being manufactured outside Australia.

Likely to generate significant improvement in shareholder returns in the short term

Joint Venture & Bisalloy Production

- Jinan has total heat treatment capacity of 370,000 tonnes per annum, and at least 150,000 tonnes per annum will initially be made available to the JV.
- Jinan's heat treatment facilities include new, world class German designed Q&T production line that will be immediately available to the JV.
- Capital cost for new Q&T line of around US\$90m.
- Q&T production will be at an internationally competitive cost.
- Bisalloy will continue to manufacture Q&T steel plate at its plant in Unanderra, NSW with a maximum production capacity of 65,000 tonnes per annum. This plant is currently operating at between 45% and 55% of capacity.

By combining Bisalloy's proven manufacturing technology and expertise with Jinan's world class production facilities, the JV will produce Bisplate of the same quality and technical properties as is currently produced in Australia.

Jinan – a strong partner for Bisalloy

- Jinan is a subsidiary of the Shandong Iron & Steel Group. The Shandong Group is one of China's top 10 steel producers and expects to produce around 40million tonnes of raw steel in 2011.
- Jinan listed on the Shanghai Stock Exchange in 2004 (SSE:600022), current market capitalisation of ¥14.42 billion (A\$2.1 billion).
- Jinan has 10 subsidiaries which are involved in the manufacture and distribution of steel materials, construction materials & metal material as well as industrial investment.
- Jinan management have forecast production of around 9.5 million tonnes of raw steel in 2011.
- Jinan's modern plant can produce low alloy steel to Bisalloy's exacting specifications and have been a greenfeed plate supplier to Bisalloy since 2006.
- The strengthening relationship arising from the JV will see future greenfeed supplies from Jinan on highly favoured customer basis.

Risk Management

- Bisalloy owns the trademark rights to “Bisplate” in China and is only licensing these to the JV.
- Jinan is a trusted partner of 5 years to Bisalloy.
- Separate licence agreements established for Bisalloy IP and trademarks.
- The JV only responsible for Q&T plate production that meets the Bisplate specification.

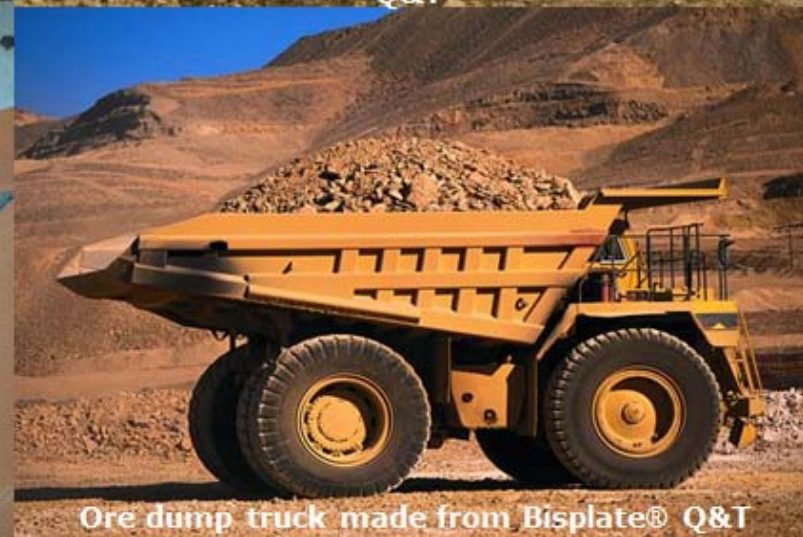
Australian Growth initiatives

- Growth in resources demand will underpin both maintenance and new capital equipment requirements.
- Targeted initiatives to build presence and secure market share growth in domestic markets proving successful.
- Stock holding strategy being rolled out will significantly improve delivery times to customers.
- Roll-out to market of increased range of wear grade plate which eliminates gap in product portfolio.
- Specialist sales team set-up to develop opportunities for armour plate.
- Increase exposure to structural applications through inclusion in AS4100 - 1998 Steel Structures standard.
- Source greenfeed both domestically and internationally to maximise opportunities from global steel pricing while reducing risk from single dominant supply relationship.

FY11 Guidance

- EBITDA before FX of between \$7.5m and \$7.9m for FY2011.
- An improvement of over 30% against the equivalent EBITDA in FY2010.
- Continued strengthening of the Australian dollar provides challenges in both maintaining our export markets and by causing the domestic quench and tempered steel market to become more attractive to overseas producers.
- Notwithstanding these challenges, Bisalloy's competitive position means our solid momentum in FY2011 should translate into another substantial earnings improvement in FY2012.
- Reduction in net working capital and tight control over capital expenditure means the Group expects borrowings to be in the \$16m range at 30 June 2011, compared to \$19.6m at 31 December 2010.

Our business model



Performance drivers

Australian processing operation is volume and margin driven:

- Largest component of cost is raw materials (approx. 80% of total cost at historical volumes).
- Simple variable cost structure (freight, energy, overtime).
- Modest fixed cost base. Less than 80 full-time employees.
- Movement of the A\$ impacts both competitors pricing and greenfeed input costs.

Asian distribution businesses also driven by volumes and margins, however:

- Distribution cost structure, low fixed cost base.
- No processing activity, therefore minimum variable cost other than cost of product.

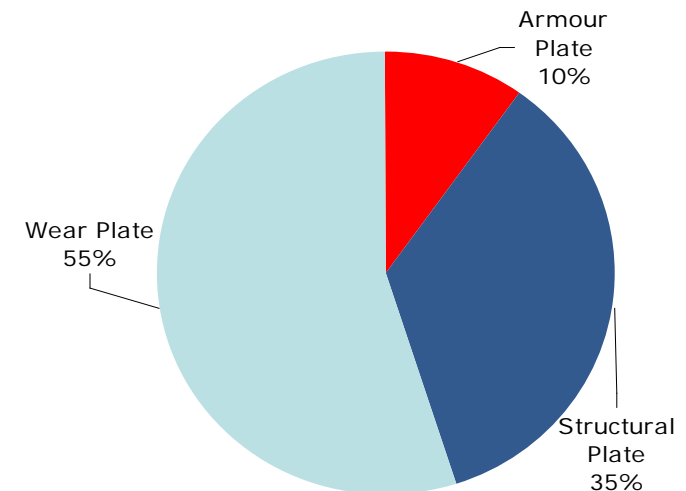
Product mix

Products diversified across industries and applications.

KEY PRODUCTS

- **Wear plate** – Bisplate 400, 450, 500 for mining applications such as dump trucks and dragline buckets
- **Structural plate** – Bisplate 60, 70, 80, 80PV for applications such as booms on cranes and other light weight/high strength applications
- **Armour plate** – Bisplate HHA, HTA, UHTA, HIA Class 1 & 2 for applications such as armoured personnel carriers

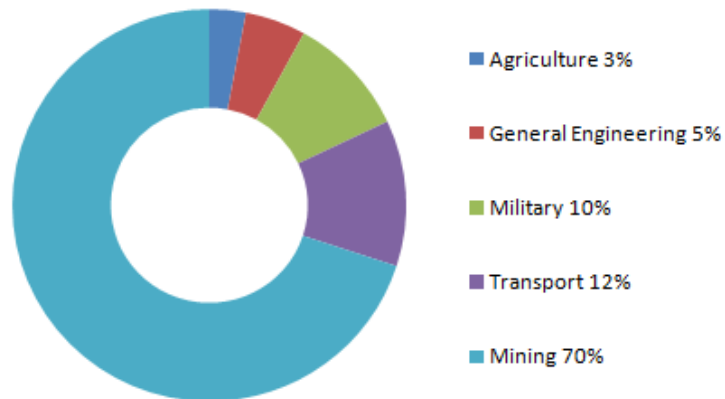
PRODUCT BY TONNES*



* Historically

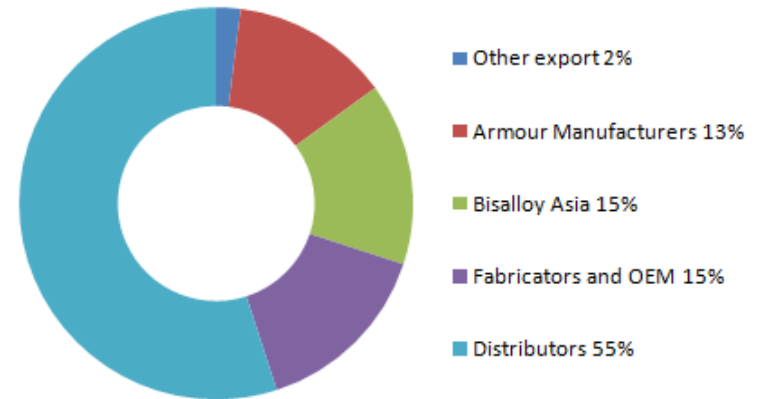
Marketing mix

Industry Sectors



- * Leveraged to the resource sector
- * Armour plate for military applications
- * Exposure to high growth Asian markets including Indonesia and Thailand.

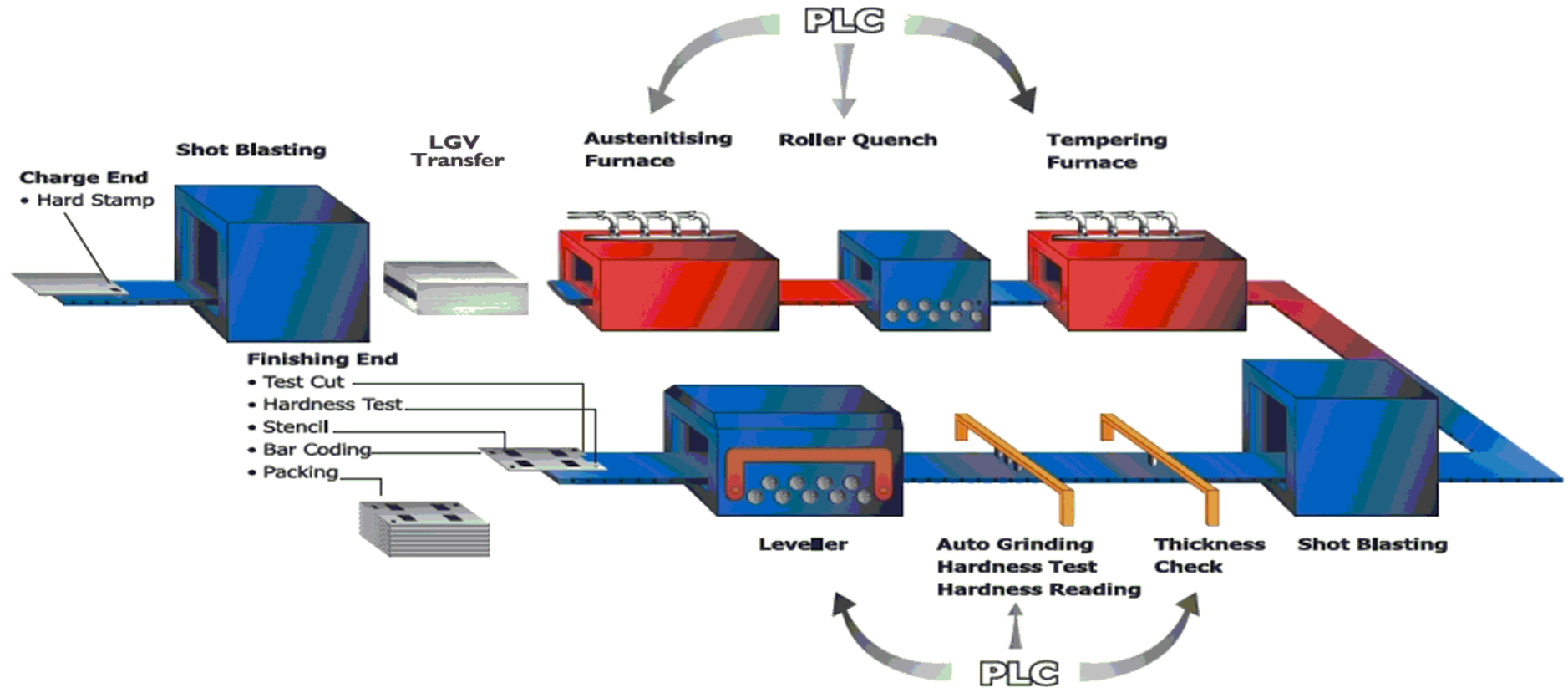
Customer Groups



- * Domestic customers 70%
- * Exports 30% - including Bisalloy Asia and international armour manufacturers

- historical average

Bisplate® Process Flow



Long term benefits from BIS's Q&T intellectual property & proven product performance

Corporate

Share Price (52 week range):

10 cents to 20 cents

Currently around 16 cents

Market Capitalisation:

\$34 million

Average daily volume:

86,520

Shares on issue:

216,455,965

Substantial Shareholders:

Anchorage and Mr. P Cave 19.72%

Balron Nominees & Associates 18.18%

RBC Dexia Investor Services 12.01%

Prospect Custodian Ltd 7.55%

Total 57.46%

Disclaimer

This presentation is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase shares in Bisalloy Steel Group Limited ("the Company"). This presentation does not form the basis of any contract or commitment.

You should not rely on the information or opinions contained in this presentation. It does not take into consideration your investment objectives, financial situation or particular needs. Any decision to purchase or subscribe for shares in the Company should only be made after seeking appropriate financial advice.

The Company, its affiliates and their respective directors, officers, employees, agents and advisers:

- *do not make and have not made any representation or warranty, express or implied, as to the fairness, accuracy, completeness, currency or reliability of the information contained in this presentation, including any forward looking information; and*
- *to the maximum extent permitted by law, disclaim any liability whatsoever (including, without limitation any liability arising from fault or negligence) for any loss or damage arising from any use of this presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this presentation.*

Contact

Robert Terpening

Managing Director

+61 2 4272 0444

David MacLaughlin

Company Secretary/CFO

Further information can be obtained from our web site:

www.bisalloy.com.au

