



27 December 2006

ONESTEEL ANNOUNCES AWARD OF MINING CONTRACT TO LEIGHTON CONTRACTORS' MINING DIVISION

OneSteel Limited Managing Director and Chief Executive Officer Geoff Plummer today announced the award of a five-year contract to the mining division of Leighton Contractors. The contract, which is worth in excess of \$300 million, covers the contract mining operations and other related services at OneSteel's iron ore mines in the South Middleback Ranges. The iron ore will be used at OneSteel's Whyalla Steelworks, 60 kilometres south west of Whyalla in South Australia, and also sold externally.

Under OneSteel's major growth initiative, Project Magnet, OneSteel will increase the production rate of magnetite and hematite iron ore in the South Middleback Ranges to over nine million tonnes per annum by mid next year. The magnetite iron ore will be processed on site at a new plant owned and operated by OneSteel.

Geoff Plummer said: "The awarding of this contract represents another significant milestone for Project Magnet. In converting the Whyalla Steelworks to magnetite feed, the project extends the longevity of the Steelworks, brings significant environmental benefits to the community and underpins the competitive advantage of OneSteel's iron ore resources. The project also releases our hematite ore deposit for external sale, generating a further source of revenue and profit for the company."

The new contract will see HWE Mining (now part of Leighton Contractors) continue to manage the contract mining operations in the South Middleback Ranges, extending a nine-year relationship.

The contract was awarded after a rigorous tendering process. "HWE Mining's offer was the most competitive and we are pleased that we can continue to work with a group that shares our safety-driven, high performance culture," said Geoff Plummer.

For further information contact:

Marion Williams, Manager, Investor Relations & Media,
OneSteel Limited, Level 40, 259 George Street, Sydney
Telephone: (02) 9239 6637 Mobile: 0402 206 212
Email: williamsms@onesteel.com