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ONESTEEL ANNOUNCES LONG TERM EXPORT IRON ORE SALES AGREEMENT

OneSteel Limited Managing Director and Chief Executive Officer Geoff Plummer today announced the signing of a 10-year export iron ore sales agreement involving in excess of six million tonnes of iron ore with Rizhao Steel, based in China's Shandong Province.

The sales agreement is the first long-term contract to be signed for the iron ore exports that have been made available through Project Magnet, OneSteel's \$385 million investment in commercialising its magnetite iron ore resources in South Australia's South Middleback Ranges. OneSteel will sell approximately 40 million tonnes of hematite lump and fines over a 10-year period.

Geoff Plummer said: "The signing of this contract represents another significant milestone for Project Magnet following the recent loading of the first Cape-size vessel at Whyalla. We welcome Rizhao Steel as a valued long-term customer and commend BHP Billiton's expertise as OneSteel's export ore marketing agent in finding quality buyers for OneSteel's iron ore exports."

The agreement commences on 1 July 2007 based on current international benchmark pricing and utilising Whyalla's newly-commissioned Cape-size vessel capability. The sales agreement between OneSteel and Rizhao includes a freight component for mutually agreed forward periods. OneSteel will arrange and provide shipping.

OneSteel will announce details of further export iron ore contracts as they are signed.

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