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AUSTRALIAN TUBE MILLS RESTRUCTURE

Australian Tube Mills (ATM - a joint venture between OneSteel Limited and Smorgon Steel Group Limited) announced today that it is restructuring its pipe and tube operations. ATM will become a wholly owned subsidiary of OneSteel from the 20th August as part of the completion of the OneSteel and Smorgon merger.

The restructuring follows a review of its operations, which commenced in March 2007, and OneSteel expects that it will provide \$10 million to \$20 million per annum of net synergy benefits. The benefits form part of the forecast \$70 million of net synergies as identified by OneSteel as part of the OneSteel and Smorgon merger. The cost of the ATM restructure falls within the \$35 million forecast for the first year of restructuring associated with the merger.

The restructuring is being undertaken to build a long-term sustainable pipe and tube business. The new business will provide improved customer service and a much more competitive cost position.

There is significant overcapacity at ATM which when combined with increasing levels of imports of pipe and tube related products into Australia require a refocusing of the operations to reduce costs. The reconfiguration of the mills provides the lowest cost option while still servicing customer requirements.

As part of the restructuring, two of the three mills and the hot dipped galvanising facility at the Newcastle ATM site will discontinue production. The tonnes will be transferred to the ATM Acacia Ridge facility in Brisbane and the ATM Somerton facility in Melbourne.

In total, there will be a net reduction of approximately 180 positions across the business with reductions in employees in Newcastle, and increases at Acacia Ridge and Somerton.

A comprehensive program encompassing redundancy and outplacement support services, providing job search assistance, placement services and financial advice is in place.

The restructuring will be completed in the 2007/08 financial year.

For further information, please contact:

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