

MEDIA RELEASE

OneSteel To Invest Over \$20 million in Newcastle Production Facilities

20 September 2007

OneSteel Managing Director and Chief Executive Office Geoff Plummer today announced investments in excess of \$20 million at two of its production facilities in Newcastle. The investments will take OneSteel's technology in rail wheels and wire rope to world's best practice, allowing OneSteel to continue to meet customer requirements in these rapidly growing niche markets.

One investment redevelops and upgrades the wheel plant at the Waratah steel mill to enhance its position as a major supplier of rail wheels both domestically and internationally. The new technology will upgrade the Waratah plant's capability to satisfy the developing requirements of the premium end of the market. The \$14 million investment will also improve safety and increase efficiency, so lowering the overall cost base. By increasing manufacturing capacity by 21,000 wheels to 105,000 wheels per annum, OneSteel will be able to maintain its existing share in this growing global business with a very high degree of sustainability and market differentiation.

The expanded capacity will also enable OneSteel to continue to cater for the domestic market and increase international sales, and specifically move some existing customers to its differentiated product, the premium heavy haul wheel, in which the Waratah plant is the world benchmark.

OneSteel also plans to install a plastic injection and rewinding facility at its wire rope plant at a cost of around \$8 million. The facility will allow for the production of fully plastic injected ropes up to 95 millimetres in diameter. As a result, OneSteel will be able to supply a full suite of mining ropes to the Australian and international markets. This will strengthen OneSteel's position as a preferred supplier to some of the world's largest mining companies, and capitalise on the increased demand for Australian and international coal and minerals.

The investment builds on OneSteel's 150-tonne capacity closing machine that manufactures 6- and 8-strand rope for the mining industry. This enabled OneSteel to grow its open cut mining rope business and expand domestic market share in dragline rope. Globally, modern open-cut mining operations are increasingly using fully plastic injected rope in face shovel machines to improve rope life and reduce wear and maintenance.

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