

16 October 2007

ONESTEEL ANNOUNCES LONG-TERM EXPORT IRON ORE SALES AGREEMENT

OneSteel Limited Managing Director and Chief Executive Officer Geoff Plummer today announced the signing of another long-term export iron ore sales agreement. The agreement involves in excess of six million tonnes of iron ore with Tangshan Guofeng Iron and Steel ("Guofeng"), based in China's Hebei Province.

The sales agreement is the fourth long-term contract to be signed for the iron ore exports that have been made available through Project Magnet, OneSteel's \$395 million investment in commercialising its magnetite iron ore resources in South Australia's South Middleback Ranges. The four long-term export contracts cover more than 23 million tonnes of the approximately 40 million tonnes of hematite lump and fines that OneSteel will sell over a 10-year period.

Geoff Plummer said: "The signing of this fourth contract with Guofeng further secures OneSteel's position as a long term supplier of iron ore to China and represents another key milestone for Project Magnet. Guofeng is a significant Chinese steel producer and we are very pleased to have them as a long-term customer. I would also like to thank our marketing agent - BHP Billiton – for its excellent support and for introducing OneSteel to Guofeng."

The sales agreement between OneSteel and Guofeng will commence on 1 November 2007 and has a term exceeding nine years. The agreement is based on international benchmark pricing and includes a freight component for mutually-agreed forward periods.

OneSteel will arrange and provide shipping. Iron ore for export to Guofeng will be loaded onto Cape-size vessels using Whyalla's transshipping facility that was commissioned earlier this year. The transshipping facility has now loaded 10 Cape-size vessels.

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