

25 October 2007

Kim-Ly Nguyen  
Senior Adviser  
Issuers (Sydney)  
ASX Limited  
PO Box H224  
Australia Square NSW 1215

Dear Kim-Ly

In reference to your letter dated 24 October 2007, we offer the following responses:

- 1) **Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?**

No.

OneSteel will be releasing to ASIC a statutory financial report for the Smorgon Steel Group Limited on 25 October. At the same time that OneSteel releases the statutory report, it will also be releasing to the ASX 'pro-forma statements' for the aggregated OneSteel and Smorgon business, as if the aggregated business were operating for the 12 months ending 30 June 2007.

OneSteel completed the merger transaction with Smorgon Steel Group Limited on 20 August 2007. OneSteel's usual practice is to provide an update to the market on its outlook at its Annual General Meeting. OneSteel is undertaking the necessary analysis to allow this to occur at this year's AGM on 19 November 2007.

The profile of the 2007-08 earnings is expected to be skewed towards the second half of the year.

The most recent public statement regarding market conditions and outlook was filed with the ASX on 18 October 2007 and stated:

- "Overall level of domestic activity and demand expected to be at similar levels.
- International steel market and prices expected to remain volatile, particularly given the current market conditions and FX rate."

- 2) **If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?**

Not applicable.

- 3) **Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the half-year ended 31 December 2007 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.**

Not applicable. Earnings for these periods are not comparable due to the completion of the Smorgon Steel Group merger on 20 August 2007.

- 4) **Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?**

No.

- 5) **Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.**

Confirmed.

Yours sincerely

A handwritten signature in cursive script, appearing to read "John Krenich".

**John Krenich  
Company Secretary**