



ACN 128 988 732
Level 29 Waterfront Place
1 Eagle Street
Brisbane QLD 4000 Australia

GPO Box 1142
Brisbane QLD 4001

Tel: +61 7 3123 4472
Fax: +65 6268 2447
Web: www.cnsteel.com.au

China Steel Australia (ASX:CNH)

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China Steel announces temporary cessation of production at its Linyi plant

The local authority in Linyi has imposed power supply rationing to heavy industry which is expected to be in place until very early February 2011. The move is to cope with the shortage of power currently being encountered by the city and also to ensure the domestic power supply for the region until the Chinese New Year. As such, the Linyi plant has temporarily ceased production and expects to resume production immediately following the Chinese new year.

The Company does not expect that this temporary plant shutdown will materially affect its projected FY10/11 results as the plant, as previously advised, has been running at full capacity and the Company expects to resume full capacity following the Chinese new year.

China Steel is an enterprise with a licence to manufacture steel and iron in China. The Brisbane-based company produces both nickel pig iron (NPI) and merchant pig iron (MPI) at its plant near the city of Linyi in China's Shandong Province.

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For further information:

Chen Lidong
Chief Executive Officer
China Steel Australia Limited
Ph: +61 (0) 7 3123 4472
Ph: +65 6266 5967

Andrew Crook
Crook Publicity
0419 788 431