

ASX RELEASE

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SALE OF PIPING SYSTEMS BUSINESS

(ASX:OST) OneSteel Limited today announced that it has entered into an agreement with US based McJunkin Red Man Holding Corporation (MRC) to sell its Piping Systems business for A\$67 million, which together with the sale of related property investments is expected to result in total proceeds for OneSteel of approximately A\$100 million.

Today's announcement follows comments made by the company at its Annual General Meeting held last month that it was undertaking a review of its Australian steel business product portfolio and facilities footprint.

OneSteel's Managing Director and Chief Executive Officer, Mr Geoff Plummer said: "Our Piping Systems business has been enjoying favourable market conditions and performing well, but it has become an increasingly specialised area of distribution and is outside our integrated focus for the Australian steel business. We anticipate the business will be a good fit with MRC, one of the world's leading pipe, valve and fitting distributors."

Completion of the sale of the Piping Systems business to MRC is expected during the first quarter of the 2012 calendar year.

"We are also continuing to progress other selective steel business divestments and property sales and will provide a further update at our half year results announcement in February," Mr Plummer said.

Today's announcement, together with the good progress in initiatives being undertaken to improve the earnings of the steel business, as well as the company's expectation of receiving an advance of \$64 million under the Government's Steel Transformation Plan early in 2012, further underpins the Chairman's statement made at last month's AGM that there is nothing before the Board that would see the Board consider raising further debt or equity, or that puts the company in a position of having concern with its borrowing covenants.

ENDS

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Further information about OneSteel Limited can be accessed via the website www.onesteel.com