

ASX RELEASE

2 November 2011

EARNINGS UPDATE

(ASX:OST) OneSteel announced today that its earnings for the first half of the 2012 financial year are expected to be adversely impacted by the recent severe fall in iron ore prices and the rapid run up in the Australian dollar.

OneSteel intends to provide an update on trading conditions at its Annual General Meeting (AGM) on 21 November 2011, however, the company has revised down its earnings expectations for November and December due to the recent collapse in iron ore prices, which are now around 30% below their levels three weeks ago of approximately \$170 per tonne (62% Fe), and the impact of the increase in the Australian dollar over the same period. OneSteel now expects Net Profit After Tax for the first half will be in the range of \$55 million to \$75 million (excluding transaction costs and stamp duty in relation to the acquisition of WPG Resources' iron ore assets of approximately \$20 million). Further information on the outlook for the company's businesses over the remainder of this financial year will be provided at the AGM.

ENDS

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

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of OneSteel and certain plans and objectives of the management of OneSteel. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of OneSteel, which may cause the actual results or performance of OneSteel to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, the cyclical nature of the steel industry, the level of activity in the Australian construction, manufacturing, mining, agricultural and automotive industries and, to a lesser extent, the same industries in Asia and New Zealand, mining activity in the Americas, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, OneSteel's relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect OneSteel's business, including environmental laws and operational risk. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements.