

## ASX RELEASE

10 May 2011

### EARNINGS GUIDANCE

(ASX:OST) OneSteel Limited today announced that while there is still a relatively high level of uncertainty around key factors impacting OneSteel's earnings, including the foreign exchange rate, domestic and international prices and demand for steel, and steelmaking inputs, the company expects second half Net Profit After Tax (NPAT) to be broadly in line with statutory NPAT for the first half of the 2011 financial year of \$116 million.

Prior to today's announcement, OneSteel was expecting NPAT for the 2011 financial year to be around \$270 million, which is broadly equivalent to statutory NPAT for the previous financial year plus the contribution from the recently acquired Moly-Cop mining consumables business. Today's revision is due primarily to the impact of the rapid appreciation of the Australian dollar, including an adverse impact on domestic steel margins and volumes and on iron ore Australian dollar revenue. In addition, iron ore operations have been affected by adverse weather through the second half which is now expected to impact shipments and the proportion of medium grade ore sales. OneSteel now expects iron ore sales volumes to be approximately 6 million tonnes for the financial year.

*ENDS*

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Further information about OneSteel Limited can be accessed via the website [www.onesteel.com](http://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, a carbon tax, proposed mining tax 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.