

ASX RELEASE

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MINING CONTRACT AWARDED

Mining and materials group, OneSteel Limited (ASX:OST) today announced that it has awarded a five year mining contract for its iron ore operations in the South Middleback Ranges (SMR), South Australia to BGC Contracting Pty Limited.

The awarding of the contract follows completion of a competitive request for quotation process for the drilling and blasting, ore extraction, haulage and some ancillary components of the company's iron ore mining operations in the SMR.

The contract commences 1 November 2012 and is expected to be consistent with the company's guidance¹ for the SMR mining operation, and not result in a material difference to mining costs at that time. While there will be some costs in the 2013 financial year related to the transition from the current mining contractor to BGC, these are not expected to have a material impact on the earnings of the business as they will be mostly offset by savings.

OneSteel's Managing Director and CEO, Mr Geoff Plummer said: "We are looking forward to working closely with BGC in what is a very exciting time for our Mining business. Our existing operations in the Middleback Ranges deliver export iron ore sales of around 6 million tonnes per annum, and we have announced that we expect total sales for the Mining business to increase to an annual run rate of approximately 11 million tonnes by around the middle of 2013 due to the recent addition of our Southern Iron operations in South Australia.

"I would also like to thank HWE, our current iron ore mining contractor in the SMR for their services and support which included a period of significant growth in our iron ore sales post completion of Project Magnet in 2007," Mr Plummer said.

ENDS

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

¹ Guidance is for loaded cost on the ship including royalties and depreciation to average approximately \$53/t for 2H12 for SMR operation.