



**CHINA STEEL
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12 May 2011

China Steel Australia Ltd (ASX: "CNH")

Impairment Charges and Other Updates

Impairment Charges

CNH today announced that it expects its year end results will reflect impairment charges related to its Blast Furnace Facility 2 ("Plant 2"). This involves the write down of the total carrying amount of Plant 2 construction in progress which had a carrying value of \$48.9 million as at 31 December 2010.

This assessment was prompted by the inability of CNH to source the required funds to complete Plant 2 and the prolonged period of time the Plant 2 has been on care and maintenance.

No progress has been made on Plant 2 and the plant has been idle since 9 December 2008 as CNH has been unsuccessful in raising the required funds for its completion.

The financial effects of the impairment charges on net tangible assets ("NTA") per share of the Group based on half year reviewed financial report as at 31 December 2010, assuming the impairment charges had been effected on 31 December 2010 are as follows:-

	Before adjusting for the impairment charges	Movement	After adjusting for the impairment charges
NTA (\$'000)	69,787	-48,876	20,911
NTA per share (cents)	14.51	-10.16	4.35

Court Summons received by Linyi Yilida Steel Mill Co. Ltd (“our subsidiary”)

The negotiation between our subsidiary and Hebei Metallurgical Construction Group Co. Ltd as announced on 11 March 2011 is still ongoing.

The Board will keep shareholders informed of any new development.

Appointment of Independent Directors

As announced on 22 February 2011, our independent directors had resigned and CNH is still searching for replacement of directors.

The Board will keep shareholders informed of any new development.

Production of the plant of our subsidiary

As announced on 24 February 2011, the bank account of our subsidiary was being monitored by the Court and it was therefore not freely available for our subsidiary to use since the end of January 2011. Due to this reason, our subsidiary was unable to resume its production.

The Board will keep shareholders informed of any new development with regards to the resumption of production.

CNH 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.

Ends
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