

ASX RELEASE

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EXIT OF OIL AND GAS PIPE BUSINESS

Mining and materials group, OneSteel Limited (ASX:OST) today announced that it will cease manufacturing at its Oil and Gas Pipe (OGP) business, based in Kembla Grange, NSW effective 31 May 2012.

Today's announcement forms part of the company's review of its Australian steel business product portfolio and facilities footprint announced at its Annual General Meeting last November.

The OGP business manufactures and sells approximately 40 to 50 thousand tonnes per annum of pressure pipe to the oil and gas and steel distribution markets in Australia, and employs 56 people. The company has been keeping the employees of this business aware of its challenges for some time, and will continue to provide support and assistance leading up to its closure.

Today's announcement will result in a write down of assets in the company's Distribution segment of approximately \$13 million inclusive of goodwill, and a restructuring charge of approximately \$5 million (both before tax) in the company's results for the year ended 30 June 2012. It is expected that restructuring costs will be substantially funded through the realisation of working capital. OneSteel intends to sell the OGP plant, equipment and related land which may reduce the net loss on closure and, subject to the level of value realised, result in a net cash inflow from closure.

ENDS

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