

ASX RELEASE

4 May 2010

WHYALLA BLAST FURNACE INCIDENT - UPDATE

(ASX:OST) OneSteel Limited announced today that it currently expects the blast furnace to return to normal operations in approximately three to six weeks, a delay of around one to four weeks from the timing provided in the company's previous update on 21 April.

Following completion of repairs to the blast furnace, OneSteel was unable to recommence operations due to difficulty in re-establishing connections between the blast furnace tap holes and tuyeres.

The method used to re-establish connections has not proven successful. The company is now pursuing an alternative method that has increased the estimated time for returning the blast furnace to normal operations by approximately one to four weeks.

OneSteel continues to believe there will not be a material impact for many of its customers based on expected customer demand, due to its ability to ramp up production at its Electric Arc Furnaces, utilise its strong broad-based inventory position in its supply chains, and through importing a range of semi-finished and finished steel products. Some impact to some OneSteel Manufacturing customers is expected and the company will work with each affected customer to minimise the impact.

OneSteel continues to expect that its Net Profit After Tax for the second half of this financial year will be broadly in line with the first half, consistent with its guidance to the market in February, including having regard to the possible extent of financial impact of this interruption. However, OneSteel notes there continues to be some level of uncertainty around key factors impacting its earnings for the remainder of the financial year, including the rate of recovery in the economy, the foreign exchange rate, domestic and international prices for steel and steelmaking inputs and in relation to the final timing for returning the blast furnace to normal operations.

ENDS

CONTACTS: Investor & Media

Steve Ashe

General Manager

Investor Relations & External Affairs

Tel: +612 9239 6616

Mob: 0408 164 011

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