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16 April 2009

OneSteel announces minimum \$559 million capital raising

(ASX: OST) OneSteel Limited ("OneSteel") today announced a capital raising to raise a minimum of \$559 million at an offer price of \$1.80 per share. The capital raising will strengthen OneSteel's balance sheet and increase its funding flexibility.

The capital raising comprises a \$240 million fully underwritten institutional placement ("Placement") and a non-renounceable 2 for 5 pro-rata entitlement offer ("Entitlement Offer") to all eligible shareholders. The Entitlement Offer comprises a fully underwritten institutional component of \$319 million ("Institutional Entitlement Offer") and a non-underwritten retail component of up to \$319 million ("Retail Entitlement Offer").

The equity capital raising will provide a number of benefits to OneSteel, including:

- Strengthening OneSteel's balance sheet, moving it to the bottom end of the preferred gearing range of 30–40%; and
- Removing debt refinancing risk until 2011.

Peter Smedley, OneSteel Limited's Chairman, said:

"The equity raising significantly strengthens the company's balance sheet. It maintains our commitment to prudent capital management and ensures OneSteel is well positioned to weather the current market environment."

Overview of the Entitlement Offer

Under the Entitlement Offer, eligible shareholders are invited to participate on a pro-rata basis to their existing holdings by subscribing for 2 new OneSteel shares ("New Shares") for every 5 OneSteel shares owned, at a price of \$1.80 per share ("Entitlement").

The offer price of \$1.80 represents a discount of 30% to OneSteel's closing price on 9 April 2009 and a discount of 23% to the theoretical ex-entitlement price.¹ All New Shares will rank equally with existing shares from allotment.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible.

OneSteel expects to announce the outcome of the Institutional Entitlement Offer to the market by 20 April 2009, with trading on ASX expected to resume at commencement of trading on 20 April 2009.

The Placement and Institutional Entitlement Offer have been fully underwritten. The Retail Entitlement Offer is not underwritten.

¹ The theoretical ex-entitlement price is the theoretical price at which OneSteel shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which OneSteel shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-entitlement price.

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Dividend policy

OneSteel's dividend policy remains unchanged and the FY09 final dividend will be determined having regard to the full year results and outlook at that time. Dividends per share are likely to be lower as a result of an increased number of shares on issue following the capital raising.

Indicative timetable²

Event	Date
Placement and Institutional Entitlement Offer Period	16–17 April 2009
Institutional Bookbuild opens	Thursday, 16 April 2009
Institutional Bookbuild closes	Friday, 17 April 2009 (11.00am Sydney time)
Record Date	Friday, 17 April 2009 (7.00pm Sydney time)
Ordinary Shares recommence trading	Monday, 20 April 2009
Retail Entitlement Offer period	Wednesday, 22 April–Wednesday, 6 May 2009
Offer document despatched to Eligible Retail Shareholders	Wednesday, 22 April 2009
Institutional settlement date	Wednesday, 29 April 2009
Institutional trading date	Thursday, 30 April 2009
Retail Entitlement Offer closes	Wednesday, 6 May 2009
Retail Entitlement Offer settlement date	Tuesday, 12 May 2009
Retail allotment date	Wednesday, 13 May 2009
Retail trading date	Wednesday, 13 May 2009

For further information please contact:

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² Timetable subject to variation and receipt of ASX waivers

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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, 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 and the Carbon Pollution Reduction Scheme, 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.

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