

ASX RELEASE

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MINING CONSUMABLES ACQUISITION

(ASX:OST) OneSteel Limited announced today that it has signed an agreement to acquire the Moly-Cop and AltaSteel businesses from Anglo American plc for a price that puts an Enterprise Value of US\$932 million on the businesses¹.

Moly-Cop and AltaSteel, presently managed as part of the Scaw Metals Group of Anglo American plc, are based in the Americas and consist of grinding media and steel products businesses, focused on the high-growth mining consumables sector. Grinding media are used in the process of extracting minerals from ore, particularly in the fast growing copper and gold mining industries.

The acquired businesses, together with OneSteel's existing grinding media production facilities in Australia, the United States and Indonesia, will provide OneSteel with global scale in the growing grinding media market. The acquisition also provides OneSteel with strong positions in new and attractive regions, and leverages OneSteel's core capabilities including product, technical and customer knowledge in mining consumables.

Moly-Cop is headquartered in Santiago, Chile, and is a leading producer of forged grinding balls in the Americas with production facilities in Chile, Peru, Mexico and Canada. AltaSteel, based in Edmonton, Canada, is a steel mini-mill, with 100% ownership of Maple Leaf Metals and 50% ownership of GenAlta, both scrap metals businesses. AltaSteel is a major supplier of ball stock for the production of forged grinding balls to Moly-Cop Canada and a leading supplier of heat-treated grinding rod to the Americas mining industry.

Sales for the acquired businesses for the six months ended 30 June 2010 were US\$319 million, with EBITDA of US\$53 million (audited). EBITDA for the full year to 31 December 2010 is forecast to be approximately US\$100 million.

Under the agreement, economic interest in the businesses passes to OneSteel effective 1 July 2010.

The acquisition is expected to be EPS accretive immediately² and mid single-digit percentage accretive in the first full year commencing 1 July 2011. Funding will be via a committed bridge facility of US\$500 million, supplemented by existing undrawn committed facilities. OneSteel's gearing level is expected to move to approximately 30% (net debt/net debt + equity).

¹ Enterprise Value is as at 1 July 2010 and before net adjustments in respect of net debt and cash and debt-like items, financial assets and surplus working capital. It does not include adjustments that will be payable to the vendor in lieu of trading profits for the period from 1 July 2010 through to closing (which profits will accrue for the benefit of OneSteel).

² Based on forecast FY December 2010 EBITDA of approximately US\$100m and excluding transaction costs.

OneSteel's Managing Director and Chief Executive Officer, Geoff Plummer said: "This is a significant milestone for the company and positions OneSteel as a global player in grinding media with participation in some of the world's largest and most attractive mining consumables markets, as well as providing OneSteel with a great platform for further growth in mining consumables.

"We will be positioned in the high-growth mining consumables industry to supply grinding media to the major copper and gold miners in the Americas, in addition to our existing customers in Australasia and the United States.

"The acquisition of these businesses is an ideal strategic fit for us. We already have significant industry knowledge and experience gained through our own grinding media, steel manufacturing and metal recycling businesses, as well as having other mining consumables operations such as our wire ropes and rail wheel businesses in Australia.

"These new businesses offer attractive growth potential and financial outcomes and provide increased diversification from Australian construction and infrastructure cycles in OneSteel's overall business profile. Demand in these businesses is driven by mine expansion, new mining projects and the expected continued strong demand for commodities, particularly copper and gold. The outlook for continued growth in production of these commodities is very positive", Mr Plummer said.

Commenting on today's announcement, OneSteel's Chairman, Peter Smedley said: "OneSteel has delivered a number of significant milestones since its establishment as a stand-alone entity and listing on the ASX ten years ago, and today's announcement is another significant step in the execution of OneSteel's long-term growth strategy for creating shareholder value."

Completion of the acquisition is conditional on anti-trust clearance in Canada. The assets acquired will include a 40% shareholding in Donhad, an Australian grinding media producer. OneSteel intends to provide undertakings to the ACCC to hold this shareholding separate from its own businesses and will consider the future ownership of this asset.

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NOTES TO EDITORS

Anglo American plc is one of the world's largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Anglo American's portfolio of mining businesses spans precious metals and minerals – in which it is a global leader in both platinum and diamonds; base metals – copper and nickel; and bulk commodities – iron ore, metallurgical coal and thermal coal. Anglo American is committed to the highest standards of safety and responsibility across all its businesses and geographies and to making a sustainable difference in the development of the communities around its operations. The company's mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia. www.angloamerican.com

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