



China Steel Australia (ASX:CNH)

February 19th, 2008

China Steel Australia To Convert Plant

China Steel Australia Limited (ASX:CNH) today announced it would be converting its China-based nickel pig iron plant to produce merchant pig iron (MPI).

The plant near the city of Linyi in China's Shandong Province will be shut down until the end of March, 2009, to enable the modification process.

China Steel Chairman Mr Xue Yongwen said emerging opportunities in the recovery of the iron and steel industry in China influenced the decision to produce MPI rather than nickel pig iron.

MPI is made into steel using electric arc furnace or to cast articles in foundries such as stoves, radiators, lamp-posts and rails.

Mr Xue said China Steel could potentially become one of the larger and more efficient producers of MPI in China.

"China Steel management has already started discussions with several potential customers and has received good interest levels from them," he said.

"We aim to provide production samples to these customers from early April.

"Our factory needs modification to start producing MPI and we expect the conversion work will take six to eight weeks."

Mr Xue said the Chinese Government's iron and steel industry stimulus package appeared to be working effectively with ores being imported into China again and domestic iron and steel prices rising.

He said China Steel's profits for the 2008-09 financial year would be affected due to the time needed to convert the plant and the current global economic conditions.

For further information:

Lanson Lim
Director
China Steel
Ph: +65 6264 7760
M: + 65 9820 5387
Or Andrew Crook
0419 788 431