



China Steel Australia (ASX:CNH)

## China Steel Australia confirms prospectus forecasts

May 20, 2008

NICKEL pig iron producer China Steel Australia (ASX:CNH) announced today it was on target to meet its key financial forecasts for the year to June 2008 of net profit after tax (NPAT) of \$12.3 million and earnings per share (EPS) of 3.99 cents.

China Steel Chairman Damien Seah said a \$92 million expansion of the company's Chinese processing plant was also set to significantly increase China Steel's revenue and earnings for the 2009/2010 financial year by trebling production capacity

Mr Seah said China Steel, which listed on the ASX in February this year following a successful and oversubscribed initial public offer, continuing to benefit from strong Chinese demand for stainless steel.

"China has the largest stainless steel market in the world and China Steel provides the opportunity to take advantage of this domestic market which has exceptional growth forecasts", he said.

"Since 2006 China Steel has been producing nickel pig iron which is sought by Chinese stainless steel producers as an alternative to pure nickel in the face of high prices in metals and commodities."

The expanded processing plant near the city of Linyi in the Shandong province of China will have a production capacity of nickel pig iron of 135,000 metric tonnes per year, up from current levels of 45,000 metric tonnes.

"Construction work on the expansion of the plant has now begun and is well on target to meet a scheduled completion date of January 2009," Mr Seah said.

"The Linyi plant is currently running at full capacity. Having the expanded plant underway in January 2009 will ensure we can take full advantage of the opportunities available and remain the foremost supplier of high quality nickel pig iron in China.

"The Linyi plant is very well positioned, being close to suppliers and transport infrastructure. This allows us to provide a high quality product at a more competitive price giving China Steel a distinct advantage over its competitors."

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