

Progress of Expansion Projects at their Peak



Highlights

H.E the Chairman Visits Qatar Steel

Qatar Steel Enters into an Agreement
with a Leading Resources Co.

Qatar Steel Signs a Contract with CTM

Qatar Steel Awarded the ABS ISO 14001:2004 Certificate





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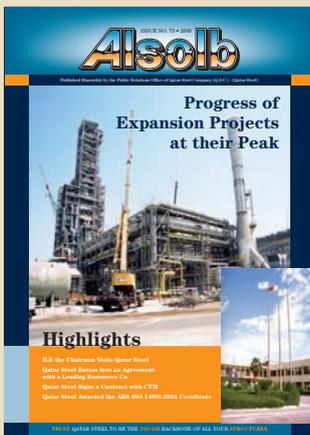
EDITOR'S MESSAGE

Dear Alsolb Reader,

This is Issue No. 79 of Alsolb Magazine which carries a wide range of articles covering various aspects of the Company.

It gives an account of the contract according to which CTM is to transport iron ore from Brazil and Sweden to Qatar Steel for a period of three years and an update on the progress of the expansion projects at Qatar Steel.

The evaluation of our environment management system by ABS Quality Evaluations has been successfully completed and we are proud to report that we have been awarded the ISO 14001:2004 environment management certification.



Articles and contributions in ALSOLB express the views of the writers and do not necessarily reflect the policies of Qatar Steel.

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H.E. the Chairman Visits Qatar Steel



H.E. Yousef Hussein Kamal, the Minister of Finance, Acting Minister of Economy and Commerce and Chairman of Qatar Steel Company (Qatar Steel) visited Qatar Steel on Tuesday, 26 December, 2006. H.E. the Chairman was received by H.E. Sheikh Nasser Bin Hamad Al Thani, Director and General Manager of Qatar Steel, other board members and managers of the divisions and departments of the Company.

H.E. the Chairman held a meeting with the board members and senior management of Qatar Steel and also delivered a speech. The meeting concentrated on the Company's performance in 2006 and the plans and strategies for 2007. He gathered important feedback, points of view and suggestions from the board members.

At the end of the visit, H.E. the Chairman went on a guided tour of the new internal expansion projects of the Company. He was accompanied by the board members and the General Manger.

H.E. the Chairman expressed his gratitude for the cordial reception he received and wished Qatar Steel further success and prosperity in the coming years.

Qatar Steel Company Enters into a Hot Briquetted Iron Marketing Agreement with a Leading Resources Company

Qatar Steel Company (QSC), a Qatari joint stock company and an affiliate of IQ, announced that on 17 November 2006, it signed a Marketing Agreement with BHP Billiton Marketing AG (Singapore Branch) to market more than 350,000 tonnes per year of Hot Briquetted Iron (HBI). This Marketing Agency Agreement will commence in 2007 and will provide BHP Billiton with the exclusive rights to market Qatar Steel HBI in certain Asian markets. The high quality HBI will be produced at the newly built 1.5 million ton Direct Reduction Plant starting from the first quarter of 2007.

The signing ceremony was held at Singapore. Qatar Steel was represented by H.E. Sh. Nasser Bin Hamad Al Thani, Director & General Manager, Mr. Saad Al- Mohannadi, Div. Manager - P & WH, Mr. Ali Hasan Muraikhi, Div. Manager - Commercial and Dr. Idris Gamil, Senior Legal Advisor. BHP Billiton Marketing AG was represented by Mr. Peter Toth, Marketing Director, Mr. Brett Suann, VP - Marketing, Mr. Peter Barker, VP - Finance, Mr. Raj Mundargi, Manager - Marketing, Mr. Srinivas Thangirala Marketing Manager and Ms. Cheeling Tan, Senior Counsel.

Qatar Steel Company

Qatar Steel Company has gained a reputation as a manufacturer of first-class products. Its product quality is tailored in accordance with international standards. The products are supported by an effective and reliable delivery infrastructure and after sales services. Qatar Steel has more than 25 years of experience in the production of gas based iron. The main feed to the production of HBI is high grade ore with low impurity and trap elements. The abundantly available gas resources in Qatar is considered to be the most environment-friendly source for the production of iron.

BHP Billiton

BHP Billiton is the world's largest diversified natural resources company, with around 38,000 employees across 100 operations in approximately 25 countries. Its operations encompass a broad range of commodities including aluminium, energy coal, metallurgical coal, copper, manganese, iron ore, uranium, nickel, diamonds, silver and titanium minerals, oil, gas, and liquefied natural gas.

In 2006, BHP Billiton generated a turnover of US\$ 39.1 billion, and an attributable profit of US\$ 10.2 billion.

BHP Billiton, which is dual listed on both the Australian and London stock exchanges, has its headquarters in Melbourne, Australia.



Qatar Steel has signed a Marketing Agreement with BHP Billiton Marketing AG (Singapore Branch) to market more than 350,000 tonnes per year of Hot Briquetted Iron (HBI).

Signing Ceremony between Qatar Steel & CTM for the Transportation of Iron Ore



QATAR STEEL COMPANY, AN AFFILIATE OF IQ & C TRANSPORT MARITIME SAM (CTM), MONACO SIGNED A CONTRACT ON 21ST SEPTEMBER 2006 FOR THE TRANSPORTATION OF AROUND 3.36 MILLION TONS OF IRON ORE FROM BRAZIL & SWEDEN FOR THREE YEARS (2007 TO 2009).

Qatar Steel was represented by H.E. Sh. Nasser Bin Hamad Al Thani, Director and General Manager, Mr. Saad Al-Mohannadi, Div. Manager - P & WH and Mr. Rajesh Purohit. The Shipping Brokerage Company, Banchero Costa (Italy) was represented by Pino Silvestri, Director - Dry Cargo and Carlo Pierelli, Dry Cargo. C Transport Maritime SAM (Monaco) was represented by Giuseppe Valenzano Menada, President & Director, Johan Collot d'Escury, Comm. Director - Capesize & Alessandro Canzian, Sen. Chartering Manager.



C Transport Maritime SAM (CTM), is a Monaco based ocean transport service company, wholly owned by C Transport Holding Ltd. CTM manages two dry cargo transport pools, which are active in the Cape and Panamax sectors and is, among others, commercial managers for DBCN Corporation Handymax operation. The Cape Size Pool (C Transport Cape Size Ltd.) controls 30 vessels and has a contractual base with 20 industrial clients including Mittal who is a pool partner and client. The Pool has a high level of coverage for 2006 and 2007 with long term contracts running till 2015. The Panamax pool controls 40 vessels and has a contractual base with 12 industrial clients including Mittal who is a pool partner and a client. The Pool has a high coverage for 2006 with long term contracts till 2008. CTM commercially manages about 120 vessels and in 2005 it had a turnover of around US\$ 1 billion and carried around 70 million tons.

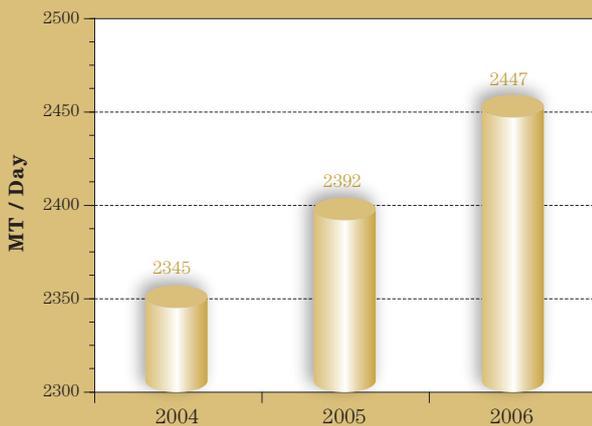
Direct Reduction Department

Plant Performance during the 3rd Quarter of 2006

Another Innovative Approach for Increasing DRI Productivity

Qatar Steel's Direct Reduction Plant registered an all-time record production for the summer season during the 3rd quarter of 2006. High ambient temperature and humidity reduced equipment efficiency and productivity during summer days particularly in month of July. In all the previous years, the Plant has experienced production bottlenecks due to equipment capacity limitations during the summer season. The remedial actions to counter the production limitations during summer came through after a series of brainstorming sessions. The focus was on finding ways and means to utilize the two innovations we implemented during the second quarter of 2006.

Production in July (MT / Day)



The two new innovations were:

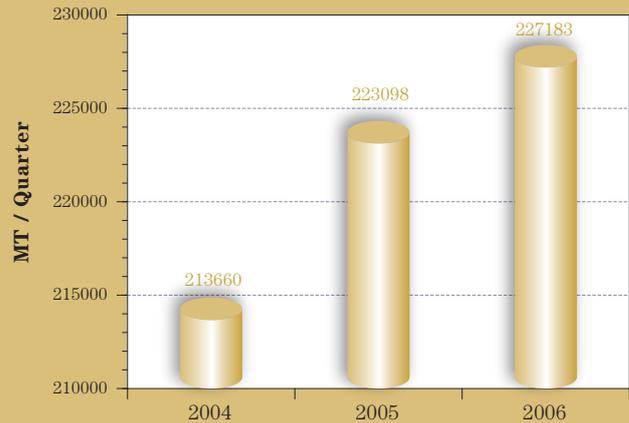
1. Introducing and optimizing cooling zone gas bleed to process gas system in a continual manner.
2. Utilizing the provision for regulating fuel flow to the main burner for balanced reformer combustion.

The production results shown in the chart are a direct reflection of the achievements.



DRI Production through 2006

Production in 3rd Quarter (MT)



The DRI production in 2006, till September, was very promising.

The higher productivity, till September 2006, was attained by the continual improvement of process controlling.

We have explored every possibility to increase the productivity by doing different things and not doing something that should not be done. We have learnt the techniques that other people are adopting and have discarded the ones that others are not using, but **with complete HAZOP revision**.

Quality Circle Activities

In 2006 six Quality Circles were registered in the Department. All circle activities have been completed and the presentations were made at the internal conference held on 12th November 2006 at Marriott Hotel, Doha.

HES Awareness

DR Plant has reported three near miss incidents in 2006, and necessary countermeasures have been implemented after identifying the potential hazards involved in the incidents.

DR Plant personnel actively participated in campaigns for safety posters & safety slogans conducted by the HES Department. In fact, DR Department maintained an almost 100% participation of DR employees in such creative and motivating activities. Undoubtedly, it has had a very clear and positive impact on the safety awareness among the employees.

Direct Reduction Department

New Recruits and Training

In 2006, thirty eight new employees of different levels were inducted into the work force. All are novices in DR Process. They required intensive theoretical and hands-on training. The new employees were divided into four batches and in-house training was provided by our own staff. The challenge ahead is to make them capable within a short time to take higher responsibility during the commissioning of DR-2 module, which is expected by mid December 2006.

Staff Development

Most of the employees have undergone more than one training program during this year at our Training Centre. Additionally, an exclusive training program – Supervisory & Leadership Skills – will be conducted for twelve supervisors this year. This is particularly aimed to develop their potential to take up higher responsibility and new challenges.

DR-2 (Phase-1) Training Under EPC Contract

Eighteen employees at different organizational levels participated in this dedicated four-week training program conducted by Midrex Professionals during September 2006. It was aimed at theoretical training on the new DR-2 module.

DR-2 Phase-1 Training Session



DR Personnel at ANTARA STEELS, Malaysia in October 2006, as part of a training program on HBI operation.



Progress of Expansion Projects is Stable

Construction activities of all the 3 expansion projects are in their peak and work progress is on an improving trend. Civil works for all the 3 projects are on the verge of completion and equipment erection is in progress with full swing. Testing and cold commissioning in some of the areas have also been taken up. Brief details of the three projects are furnished below:

DRI Project

Major civil works in the Core and Seawater area have been completed and the same in the Material Handling area are nearing completion. All major equipment have arrived at the site. Equipment erection in the core area including refractory lining have been completed and the same in Material Handling areas are progressing expeditiously.

Supporting activities viz. utilities piping, electrical, including cabling are also progressing as per schedule. 66kV and 6.6kV switchboards including 30 and 10 MVA transformers at the Main Control Building have been energised.

Keeping in mind the present trend of site activities, it is well expected that the proposed plant will be commissioned by April 2006 which is almost two months before the contractual schedule. All-out efforts are being made from all corners to achieve the same.

New Bar Mill (NBM) Project

Engineering and Manufacturing of equipment and materials for the entire project are virtually complete. Major equipment barring few items have been received at the site.

Construction activities are progressing with top most priority. Major civil works and main steel building works have been completed. Equipment erection in the cooling bed area has been completed. Furnace stack has been erected to its full height. Erection in Furnace, Mill and connected areas, THERMAX® REBAR QUENCHING SYSTEM and WTP are progressing in full swing. Supporting activities viz erection of cranes, refractories, electrics and utilities are also progressing with topmost priority.

Though the contractual commissioning date has already elapsed, all efforts are being made to achieve the commissioning of the plant by the 1st quarter of 2007.



Steelmelt Shop Expansion (SMS) Project

Cold commissioning of ladle furnace (LF3) as envisaged under Phase-I has been completed and hot commissioning of the same was over by the 3rd week of October 2006.

All major equipment have reached the site. Construction activities under Phase-II are in progress with top most priority. Considerable progress has been achieved towards civil works for EF2R, LF2R and CC2R and fronts for equipment erection are being released progressively. Equipment erection for EF2R (part), SVC, FTP, WTP, DRI de-dusting systems etc. are also progressing

According to the agreement the new plant is scheduled to come on-line with its total capacity during the end of December 2006/ January 2007. This is most likely to be delayed by a couple of months. All efforts are being made to expedite the completion of the project.



Though the contractual commissioning date has already elapsed, all efforts are being made from all the corners to achieve the commissioning of the plant by the 1st quarter of 2007.