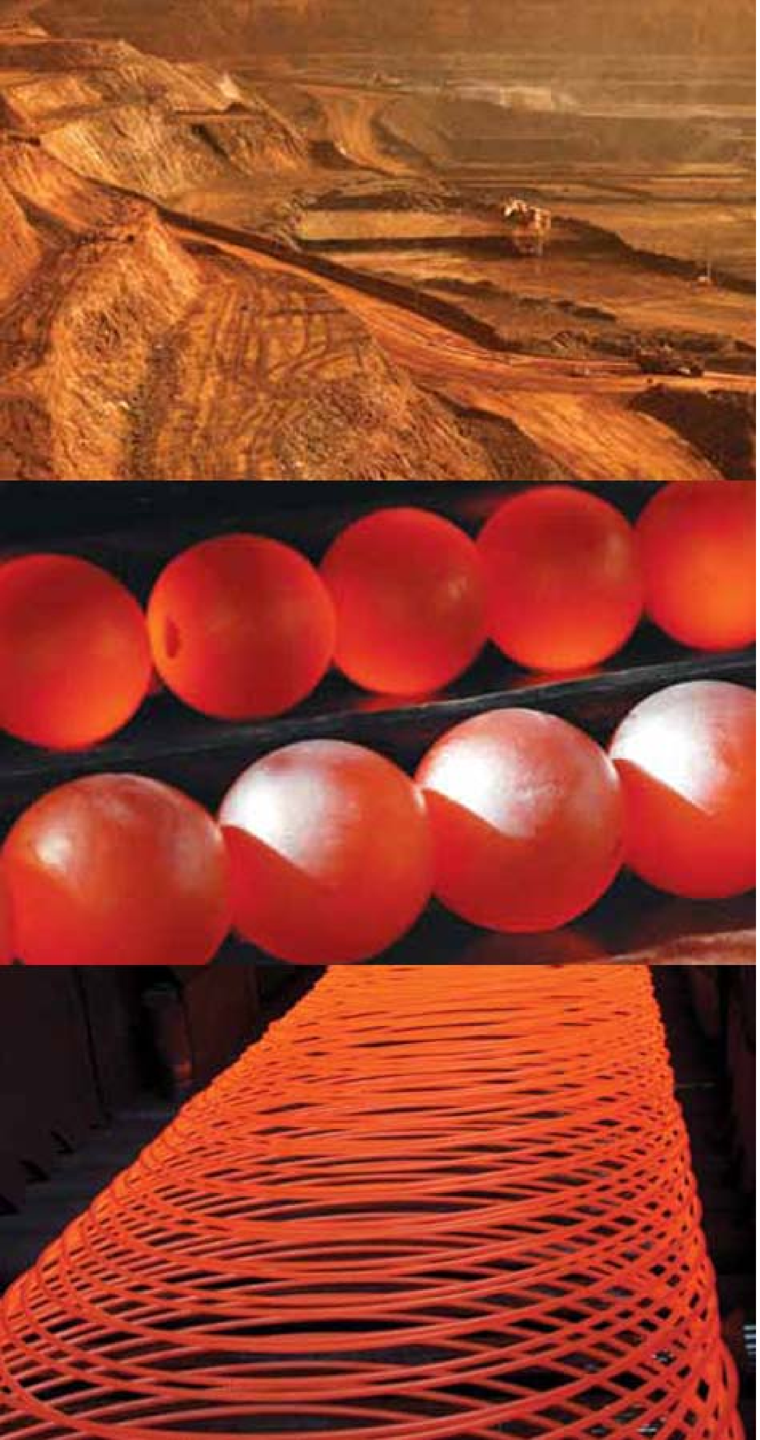

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Arrium Limited 2012 Annual General Meeting

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Arrium and certain plans and objectives of the management of Arrium. 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 Arrium, which may cause the actual results or performance of Arrium 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 presentation. 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 construction, manufacturing, mining, agricultural and automotive industries in Australia and North and South America and, to a lesser extent, the same industries in Asia and New Zealand, mining activity in the Americas, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, Arrium's relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect Arrium's business, including environmental laws, a carbon tax, proposed mining tax 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.

This presentation contains certain non-statutory financial measures including underlying EBIT, underlying EBITDA, underlying NPAT, underlying earnings per share and underlying effective tax rate. These measures are used to assist the reader understand the financial performance of the company’s operations. Non-statutory financial information has not been audited or reviewed as part of KPMG’s audit report on the full year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this presentation to underlying information supplied by the company. Details of the reconciliation between non-statutory and statutory financial measures can be found on page 127 of the 2012 Annual Report.

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Paul Leevers, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Leevers is a full-time employee of Arrium Manufacturing Pty Ltd. Mr Leevers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Leevers consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Safety and evacuation procedures

In the event of an emergency requiring the venue to be evacuated you will be alerted by a standby tone and evacuation alarm.

If the standby tone sounds, please await instruction from the fire warden, but be prepared to evacuate the building if required.

If the evacuation alarm sounds, please evacuate the building to the area designated by the chief fire warden.

Arrium Limited Board

Peter Smedley
Chairman and Independent Non-Executive Director

Dean Pritchard
Independent Non-Executive Director

Geoff Plummer
Managing Director and Chief Executive Officer

Graham Smorgon
Independent Non-Executive Director

Arrium Limited Board

ARRIUM MINING AND MATERIALS

Rosemary Warnock

Independent Non-Executive Director

Bryan Davis

Independent Non-Executive Director

Peter Nankervis

Independent Non-Executive Director

Colin Galbraith

Independent Non-Executive Director

Kara Nicholls

Company Secretary

Items of business

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1. Receive and consider the Financial Report, Directors' Report, Notes to the Financial Statements and Auditor's Report for the year ended 30 June 2012;

2. Adopt the Remuneration Report for the year ended 30 June 2012;

3. Re-election of Messrs Davis and Smorgon as Directors; and

4. Renew provisions in the Constitution relating to proportional takeovers which are required to be renewed by members every three years.

FY12 financial results

- Underlying net profit after tax $195 million[1,2]
- Statutory net profit after tax $58 million
  - Includes asset write downs of $125 million
- Good progress on executing our strategy
  - Growing resource based businesses
  - Turnaround performance of steel businesses

1 Except as otherwise expressed, references to underlying results in this presentation are underlying results of total operations (includes continuing and discontinued operations). Non-statutory financial measures referred to in this presentation, including underlying results and ratios based on underlying results, have not been audited or reviewed as part of KPMG's audit report on the full year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this presentation to underlying information supplied by the company. The directors believe that using these non-statutory financial measures appropriately represents the financial performance of the company's operations. Details of the reconciliation of non-statutory to statutory results can be found in the Annual Report on page 127.
2 Except as otherwise expressed, references in this presentation to net profit/loss after tax refer to net profit/loss attributable to equity holders of the parent.

Change of name to Arrium

- Shareholders voted to change company name from OneSteel to Arrium in May 2012, effective 2 July 2012
- Arrium is the product of a remarkable company transformation
  - Previously an Australian domestic steel manufacturer and distributor
  - Now an international diversified mining and materials company with three key businesses:
    - Mining
    - Mining Consumables
    - Steel & Recycling
- Significant milestones
  - Project Magnet
  - Smorgon Steel acquisition
  - Moly-Cop acquisition
  - WPG Resources iron ore acquisition
  - Doubling of Whyalla Port capacity

Delivering on strategy

- Mining expansions, making a ‘step-change’
  - Doubling current iron ore sales to ~12 million tonnes per annum
  - Increasing capacity of Whyalla Port to ~13 million tonnes per annum
  - Expansions progressing on time and on budget
- Mining Consumables, global leader in grinding media
  - Acquired businesses performing well
  - Significant contributor to earnings and strong generator of cash
  - Expansions underway in Lima, Peru and Cilegon, Indonesia
- Steel & Recycling
  - External environment remains difficult
  - Manufacturing – strong turnaround performance in the second half

Peculiar Knob

October 2011

October 2012

Performance summary

- Underlying NPAT $195 million – in line with guidance
  - Strong contributions from Arrium Mining and Arrium Mining Consumables, and significant turnaround in OneSteel Manufacturing in 2H despite weak external environment
- Strong statutory operating cash flow of $470 million
- Underlying earnings per share 14.6 cents, down from 17.7 cents prior year
- Statutory net debt $2,143 million – down 4% from 1H12
- Statutory gearing 32.3% - down from 33.8% at 1H12
- Sale of New Zealand Steel & Tube Holdings shareholding for $73 million in October 2012
- Successful debt refinancing during the year
  - Next significant debt maturity 2H CY14
  - Average interest cost for total facilities reduced, currently below 5%
- Final dividend 3 cents per share unfranked, total dividends for the year 6 cents per share unfranked

Remuneration report

- Changes made with the aim of making it comprehensive and informative
- Chairman’s letter preceding the report provides an overview of the key elements of the report
- Includes balanced set of remuneration outcomes that align with performance of company and role and contribution of executives

Outlook

Arrium Mining

- Expect to see benefits from additional sales volumes as Southern Iron and Port expansion ramp up through second half
- Total sales expected to be ~8-9Mt for FY13, and be at rate of 11Mtpa by mid 2013, then increase to 12Mtpa rate by July/August 2013
- While further volatility is possible, we anticipate iron ore prices over the short term to be broadly similar to current levels
- Longer term, we believe the Mining business is well positioned to deliver significant value for shareholders

Outlook

Arrium Mining Consumables

- The decision to substantially expand Mining Consumables through acquisition of Moly-Cop was announced at 2010 AGM
- Since 2010, Mining Consumables business has performed well delivering strong cash and earnings growth
- The fundamental drivers for continued strong growth is unchanged, underpinned by our leading market positions and increasing mining activity, particularly increasing copper and gold production in North and South America

Outlook

OneSteel Steel & Recycling

Steel

- Continuation of difficult external environment, including a high AUD and generally weak domestic demand
- Lower steel raw material prices have led to lower international and domestic steel prices in 1H. However, this pressure is expected to ease in H2 as the full benefits of lower steel raw material prices are realised
- H1 FY13 EBITDA expected to be broadly in line with H2 FY12 EBITDA*

Recycling

- The adverse impact of difficult external environment more significant in Recycling due to sharp fall in ferrous and non ferrous prices in 1H

*H2 comparison is underlying EBITDA excluding STP advance for Manufacturing and Distribution

Outlook

Earnings guidance

- Quantitative guidance for group not appropriate at this time due to level of uncertainty around:
  - Iron ore prices
  - FX
  - International economy
  - Level of growth in Australian economy

- However, FY13 NPAT expected to be significantly skewed to 2H due to:
  - Positive impact in H2 of increased iron ore volumes
  - Negative impact in 1H of deterioration in prices for steel and steel raw materials

Rejection of takeover proposals

- Board rejected bids from Steelmakers Australia for $0.75 and $0.88 cents a share
  - Bids undervalued the company and were not in the best interests of shareholders
  - Proposals were opportunistic, at a time of volatile commodity prices and market conditions
- Board continues to have a positive view of the prospects for our businesses
- Board remains committed to maximising value for shareholders

CEO Succession Plan

- Company has announced today it will be commencing a CEO succession plan
- At request of Board, Mr Plummer has agreed to continue in role, if required, up until 31 December 2013
    - Enables a timeframe and process for a smooth and measured transition
- It is an appropriate period to progress a transition
    - Mr Plummer has been in role for an extended period, and transformation of Arrium into a mining and materials company is well progressed

Geoff Plummer
Managing Director & CEO

FY12 in Review

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Key financials

- Underlying NPAT $195 million – in line with guidance
- Statutory net profit after tax $58 million – includes write down of LiteSteel™ Technologies' assets
- Strong statutory operating cash flow of $470 million
- Statutory net debt $2,143 million – down 4% from 1H12
  - Debt refinancing completed during year
  - Over $1 billion of available undrawn committed facilities at year end
- Statutory gearing 32.3% - down from 33.8% at 1H12

FY12 in Review

Progress on strategic initiatives

- Arrium Mining business a significant contributor to earnings
- Arrium Mining expansion to deliver ‘step change’ progressing well and in line with plan
- Significantly stronger performance in Arrium Mining Consumables
- OneSteel Manufacturing delivered a significant turnaround in performance in 2H12 – despite continued weakness in Australian steel markets

Operational overview

- Results reflect strengths of resources focused businesses and difficult external environment for the Steel and Recycling businesses
- Underlying EBIT down 16% to $360 million (pcp $428 million)
- Mining EBIT $303 million – strong result but down pcp due to lower prices, fx, and higher costs
- Mining Consumables EBIT $135 million – up 107% pcp due to strong contribution and full year of ownership of Moly-Cop, and improved performance from Australian business
- Australian Steel and Recycling businesses continued to be affected by weak demand and high Australian dollar, but good progress on improving cost and operational performance
  - Manufacturing EBIT $50 million loss ($185 million loss pcp), 2H EBITDA $19 million
  - Distribution EBIT $10 million loss ($10 million profit pcp)
  - Recycling EBIT $7 million ($21 million pcp)

FY12 in Review

Arrium Mining

- Sales of 6.29Mt of hematite iron ore (average grade 59.2% Fe)
  - Pellets, other ores and ore by products 440kt
- Generally strong demand for iron ore from China
  - Significant price correction in Q2
  - Prices recovered and stabilised around US$140/t in Q3 and Q4
- Average loaded cost on ship (wmt, excl royalties and depn) for MBR ~A$41/t
- Arrium directly assumed iron ore sales agency responsibility from September 2012

Arrium Mining – Q1 Report

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Middleback Ranges

- Sales volumes 1.61Mt (dmt)
- Average realised price US$83/t FOB
    - Sharp fall in prices to post GFC lows
        - Demand weaker than most expected
        - Aggressive destocking
        - Uncertainty related to leadership change
    - Prices trended up through October/November
- Average Fe grade 59.8%
- Average loaded cost on ship A$41/t (wmt, excluding royalties and depreciation)

FY12 in Review

Arrium Mining Consumables

- Revenue up 43% to $1,541 million – generally strong sales performance in all markets
  - Producers looking to maximise output of copper, gold and iron ore
- Moly-Cop businesses continued to perform well and in line with management expectations
- Significant lift in performance of Australian businesses – improved prices, sales margins, cost and operational performance
- Capacity expansions at Lima, Peru and Cilegon, Indonesia progressing in line with plan

OneSteel Steel & Recycling

Manufacturing

- Continuation of generally weak markets but significant improvement in 2H performance due to cost and operational improvements
  - Underlying EBITDA for 2H $19 million (excluding $64 million STP advance)
  - Blast furnace continuing to perform well post 2011 investment
  - Labour cost savings
- Despite cost and operational improvements, margins impacted by
  - Generally low volumes/low EAF capacity utilisation
  - FX impact
  - Higher raw material costs
- 4th quarter illustrated leverage to improved volumes and FX

FY12 in Review

OneSteel Steel & Recycling

Distribution

- Performance affected by continued weak volumes and impact of high AUD on prices and margins
- 2H affected by adverse weather and project delays, but benefits from increased rebar sales
- Cost and balance sheet initiatives
    - Sale of Piping Systems (proceeds from business and land sales $100m)
    - Closure of Oil & Gas Pipe business
    - Closure of 15 Distribution sites during year
    - Labour cost savings
- Improved 4th quarter performance reflecting increased leverage to improved external environment

FY12 in Review

OneSteel Steel & Recycling

Recycling

- Australian market still difficult, but improved performance in Australian ferrous business
- USA business continued to perform well, but impacted by sharp decline in ferrous prices in 4th quarter
- Weaker non ferrous market impacted performance of Asian and Australian non ferrous businesses – nickel price off 30% through 2H
- Continued to make good progress with cost reductions

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Arrium Mining – step change in iron ore sales

- Acquisition of Southern Iron assets October 2011 ~$320m
- Infrastructure to bring Peculiar Knob on line ~$86m
- Doubling of Whyalla Port capacity ~$200m
- Blending opportunity with MBR ores adds to attractiveness of investment
- Expectations from expansion revised up last month:
  - Export iron ore sales to reach a run rate of ~11Mtpa by mid 2013, then increase to ~12Mtpa by July/August 2013
  - Capacity of the Whyalla Port following expansion to increase to ~13Mtpa from 12Mtpa

Arrium Mining – step change in iron ore sales

Southern Iron and Whyalla Port expansion update

- Mining at Peculiar Knob progressing well
  - 580kt in Q1
- Supply chain infrastructure progressing to plan
  - Haul road completed
  - Commissioning of crusher commenced
  - First ores sold via rail to Darwin in October
- Whyalla Port expansion on track to enable additional sales this quarter
  - Rail tip pocket conveyors and first shed construction running to schedule
  - Contracts in place for remainder of construction phases

Arrium Mining Consumables

- Moly-Cop businesses growing in line with plan
- Focus on capturing expected grinding media growth in North and South America, and maintaining strong position in Australasia
- Good visibility on new projects and mine expansions
- Strategy to maintain capacity ahead of market growth
  - ~30% of Americas capacity currently underutilised
  - Current grinding media capacity expansions - total expected combined cost ~$36m
    - Lima, Peru 40kt
    - Cilegon, Indonesia 50kt
- Further capacity expansion plans being developed for in response to growing demand over medium term

Summary

- Underlying NPAT reflects strong contributions from Arrium Mining and Arrium Mining Consumables, and turnaround in OneSteel Manufacturing
- Strong operating cash flow
- Good progress and continued focus on balance sheet initiatives
- Delivering on strategy
  - Arrium Mining expansion progressing well and set to deliver significant value
  - Arrium Mining Consumables growing strongly in line with plan
  - OneSteel Steel & Recycling focused on cash generation and delivering earnings improvements

2012 ANNUAL GENERAL MEETING ADDRESSES

CHAIRMAN'S ADDRESS – MR PETER SMEDLEY

Good afternoon ladies and gentlemen.

My name is Peter Smedley and, on behalf of the Board of Directors, I warmly welcome you to the twelfth Annual General Meeting of Arrium limited.

I would now like to turn our attention to consideration of the 2012 financial results.

Before I call for questions on the report, I would like to provide some commentary on the past financial year's results and the outlook for our businesses, as well as commenting on some other important matters for the company.

I will then invite Arrium's Managing Director and Chief Executive Officer, Mr Geoff Plummer to provide some additional commentary on the company's performance and outlook.

The company reported an underlying net profit after tax of $195 million for the year ended 30 June 2012, in line with guidance provided to the investment market, despite the external environment continuing to be difficult and challenging, particularly for our domestic steel businesses.

Statutory net profit after tax was $58 million and incorporates a write down of assets of $125 million, including assets relating to the LiteSteel™ Technologies business that the company exited during the year. The year also included good progress on effectively executing our strategy for creating long term shareholder value through growing our resource based businesses, and addressing the performance of our steel businesses.

The year was also one of significant change for the company, not least being the change of our company name from OneSteel to Arrium.

Many of you attended our Extraordinary General Meeting in May in which you gave overwhelming support for the change to Arrium, which became effective on 2 July.

As I mentioned then, Arrium is the product of a remarkable company transformation that commenced twelve years ago at the time of being spun out from BHP as an Australian domestic steel manufacturer and distributor, to its position today as an international diversified mining and materials company with three key businesses: Mining, Mining Consumables and Steel & Recycling.

This transformation includes some very significant milestones including the Board deciding in May 2005 to enter the export iron ore market through Project Magnet. This was achieved through converting our Whyalla Steelworks to magnetite iron ore feed from our mines at the Middleback Ranges in South Australia, thereby freeing up our more marketable and valuable hematite ore for external sale.

The project was completed in 2007, with the investment continuing to provide significant long term value for shareholders.

The next milestone for the company was our acquisition of Smorgon Steel in 2007. In addition to delivering over $100 million of synergy benefits and improving the market positioning of our steel business – which helped us weather the GFC period, the acquisition included some mining consumables businesses, including grinding media businesses in Australia and the United States, which built on our existing position in mining consumables.

This was followed by the acquisition at the end of 2010 of the Moly-Cop grinding media business in the Americas.

This positioned us as the global leader in grinding media with participation in some of the world's largest and most attractive mining consumables markets.

Our focus on identifying opportunities to make a step-change in iron ore sales quickly, led to the announcement last year of our intention to significantly expand our Mining business.

I will discuss this latest milestone in our transition a little later.

While OneSteel has been a very good name for us in the past and has provided a clear association to what the company was prior to commencement of our expansion into the resources sector in 2005, it no longer reflects what we are today and our strategic growth direction.

We believe Arrium better reflects our corporate identity as a mining and materials company.

Arrium is now our ASX listed name (ASX issuer code ARI).

As I mentioned earlier, there was a strong focus during the year on effectively executing our strategy for creating long term shareholder value through growing our resource based businesses, and addressing the performance of our steel businesses.

Late last year the company announced it would be making a 'step change' in its Mining business that would result in it being one of the largest exporters of iron ore in Australia, outside the three majors.

This involved almost doubling both our current level of iron ore sales and the capacity of our Whyalla Port. Last month we announced that we had revised up our expectations for this expansion.

This resulted in our expectations for iron ore sales increasing from 11 to 12 million tonnes per annum and the capacity of the port increasing from 12 to 13 million tonnes per annum.

Delivery of this 'step change' included acquisition of the Peculiar Knob iron ore project and other South Australian tenements from WPG Resources, as well as completing the infrastructure to bring the Peculiar Knob mine on line.

One of the key value creating benefits of this expansion is the opportunity to generate additional marketable ore for sale through blending high grade ore from Peculiar Knob with ore from our Middleback Ranges operation that we would generally treat as waste or stockpile for beneficiation.

The sale of this additional blended ore is expected to provide a significant contribution towards the overall cost of the mining expansion, adding to the attractiveness of the investment.

I am pleased that the expansions are progressing on time and budget, and that we were able to announce last month that we had made our first sale from Peculiar Knob, only 53 weeks since acquisition. To go from an untouched piece of flat ground to a working mine with all the essential infrastructure in place in such a short period of time, is quite an achievement.

Mr Plummer will be discussing the Mining business expansion in more detail.

In our Mining Consumables business, we have an established global leadership position in grinding media through the acquisition of Moly-Cop at the end of 2010.

This business continues to perform well and in line with our growth expectations at the time of acquisition.
It is a significant contributor to our total earnings, and is a strong generator of cash.

Our focus for this business is on capturing expected strong market growth for grinding media in North and South America, and maintaining our strong position in Australasia.

The Moly-Cop business currently has approximately 30% of its North and South America capacity available, but in line with its strategy of maintaining production capacity ahead of regional market growth, the Board approved expansions for the Lima, Peru and Cilegon, Indonesia facilities which will add approximately 90 thousand tonnes of capacity.

The business has good visibility of new projects and mine expansions and its outlook remains positive.
The external environment for our steel businesses has remained difficult with weak demand and the high Australian dollar continuing to affect earnings.

The businesses were focused on cash generation during the year and delivering cost and operational improvements.

Pleasingly, our Manufacturing business, which had incurred very significant losses in recent periods delivered a strong turnaround in performance for the second half, recording a positive EBITDA result in line with guidance provided at our first half results, despite very little improvement in market demand or exchange rates.

Turning now to performance highlights for the year, the underlying net profit after tax of $195 million reflects strong contributions from our resource based Mining and Mining Consumables businesses, as well as the significant turnaround in our steel Manufacturing business in the second half, which helped deliver a strong operating cash outcome for the year of $470 million.

Underlying earnings per share were 14.6 cents, compared to 17.7 cents for the prior financial year.

I was also pleased to announce on behalf of the Board a final dividend of 3 cents per share unfranked. This brings the total dividends for the year to 6 cents unfranked, which is down compared to 10 cents for the prior financial year.

The resource based businesses again performed well, with margins in our Mining business remaining strong and our Mining Consumables business doubling its contribution to earnings, and delivering 8% EBIT growth in the second half compared to the first half.

Results in the Recycling and Distribution businesses reflect the very difficult external environment for these businesses, but they delivered significant cost savings which provide strong leverage to an improvement in market conditions.

The continued focus on cash generation resulted in improved statutory net debt from $2,242 million to $2,143 million, and statutory gearing from 33.8% to 32.3% at year end compared to the previous half. These debt and gearing levels largely reflect our recent growth investments in Mining and Mining Consumables, which are expected to deliver significant long term shareholder value. While the Mining Consumables investment is already delivering significant cash benefits, the Mining business expansion is also expected to produce substantial cash and earnings benefits as it ramps up to its target sales rate of 12 million tonnes per annum next year. We expect the cash from these investments will reduce debt and gearing levels further.

Last month we announced the sale of our 50.3% stake in the New Zealand listed Steel & Tube Holdings for $73 million, and that these proceeds would also be used to reduce the company's debt and gearing levels. The sale reflects further progress with the review of our steel footprint and product portfolio review which commenced last year and delivered approximately $120 million of cash proceeds in the past financial year.

We also announced last month that we were continuing to progress further opportunities, mainly related to our non-integrated steel businesses.

The year also included successfully refinancing debt maturing in August and October 2013, resulting in the next significant debt maturity not arising until the second half of 2014.

The refinancing has resulted in the company having over $1 billion of committed unused facilities at year end and the average interest rate for the company's total debt facilities remaining below 5%.

Arrium Limited ABN 63 004 410 833
Level 40, 259 George Street, Sydney NSW 2000 GPO Box 536, Sydney NSW 2001, Australia
Phone: 61 2 9239 6666 Fax: 61 2 9251 3042

While I am pleased to report that the company again improved its overall safety performance for the year, sadly I report that an incident last month involving an overhead bridge crane at our ARC Rockhampton site resulted in the death of one of our labour hire employees.

Our focus has been on providing support to the deceased's family and to our employees at the site, and we have initiated a rigorous investigation of the incident. The incident itself was not one that could have been predicted by our staff, and the lines of investigation include the design and installation of the crane.

Safety is a core value for the company and significant effort was made during the year on continuing to improve our capability to recognise, assess and manage risk. Last month's incident is both very sad and disappointing.

I would now like to briefly comment on some improvements to our Remuneration Report. Following completion of a comprehensive review of our long term incentive plan that I discussed with you last year, we have again reviewed our Remuneration Report including reformatting it with the aim of making it comprehensive and informative, whilst also making it easier to review our approach to remuneration and the outcomes applied.

We have also added a Chairman's letter that provides an overview of the key elements of the Report. The Report sets out what the Board believes is a very balanced and measured set of remuneration outcomes that align with the performance of the company and the role and contribution of executives. I trust you found the report both informative and easy to review.

Turning now to the outlook for our businesses. Firstly to Arrium Mining, the business is expected to benefit from additional sales volumes as the Southern Iron and Port expansions ramp up through the second half.

Total iron ore sales are expected to be approximately 8 to 9 million tonnes for this financial year, and reach a run rate of 11 million tonnes by the end of June. However, we expect the run rate to further increase to 12 million tonnes per annum by July/August.

In relation to iron ore prices, while further volatility is possible, we anticipate prices over the short term will be broadly similar to current levels. Longer term, we believe the business is well positioned to deliver significant value for shareholders.

Turning to Arrium Mining Consumables, it was at our AGM two years ago that I stood before you and announced our intention to substantially expand our Mining Consumables business through the acquisition of the Moly-Cop Group from Anglo American. Since then, our Mining Consumables business has continued to perform well delivering significant cash and earnings growth.

The fundamental drivers for continued strong growth are unchanged, underpinned by our leading market positions and increasing mining activity, particularly increasing copper and gold production in North and South America.

For OneSteel Steel and Recycling, there has been a continuation of the difficult external environment for our Steel businesses in the first half, including a high Australian dollar and generally weak domestic demand.

Lower steel raw material prices have led to lower international and domestic steel prices in the first half. However, this pressure is expected to ease in the second half as the full benefits of lower steel raw material prices are realised.

For our steel Manufacturing and Distribution businesses, we expect EBITDA for the first half to be broadly in line with EBITDA for the second half of FY12.

Our Recycling business has also been adversely impacted in the first half by the sharp fall in ferrous scrap prices.

From a Group perspective we don't believe it is appropriate to provide quantitative guidance at this time due to factors including the level of uncertainty around iron ore prices, the exchange rate, the international economy and the level of growth in the Australian economy.

However, we do expect net profit after tax for this financial year to be significantly skewed to the second half reflecting the positive impact of increased iron ore sales in the second half, and that the first half includes the negative impact of the deterioration in prices for steel and steel raw materials.

I would now also like to comment on the Board's rejection last month of two unsolicited and conditional proposals to buy all the shares in Arrium by way of a scheme of arrangement.

As you may have read, the proposals were received from a consortium that included a subsidiary of Posco (the Korean steelmaker), the National Pension Service of Korea, Korea Investment Corporation and Korea Finance Corporation, and Singapore listed Noble Group.

Despite the proposals being conditional, incomplete and non binding, the Board believed it was appropriate to disclose that the proposals had been received and rejected by the Board.

The Board carefully considered each proposal and believed they undervalued Arrium and were not in the best interests of shareholders.

The first proposal included an indicative cash price of $0.75 cents a share, and this was subsequently revised by the consortium in their second offer to $0.88 cents a share.

The Board was of the view that both proposals were clearly opportunistic and came at a time of volatile commodity prices and market conditions, including the iron ore price dropping sharply to post GFC lows in the weeks leading up to the first proposal.

It is worth noting that the indicative price of $0.88 cents in the second proposal represented a very low price to earnings multiple of around only 4 times the average of analysts estimates of Arrium's expected net profit after tax for the 2014 year – which is the first year in which we expect to generate the full benefits from the Mining expansion.

The revised offer price of $0.88 cents a share also came at a time when the iron ore price had increased 40% from the recent lows.

In addition, the Board believed the nature and extent of the conditions attached to both proposals carried risk that was not in the best interests of our shareholders.

An example of the unacceptable nature of this risk was the consortium's requirement that they be allowed to hold discussions with our lenders prior to finalising their proposed capital structure, and therefore their bid.

The Board continues to have a positive view of the prospects for our businesses and, as I have outlined, we are making significant investments which are expected to deliver increased returns for shareholders.

I would like to reassure you that the Board remains committed to maximising value for our shareholders and we will consider all available options to achieve that objective.

On behalf of Arrium's Board of Directors, I would like to thank all of our shareholders for their continuing support in a period where the very difficult and volatile international environment has had a major impact on equity markets.

Prior to closing, I would comment on the company's CEO succession plan. In recent discussions between myself and Mr Plummer, he indicated that he was giving consideration to his own future personal plans and an appropriate timeframe over which he would plan to continue as Arrium's Managing Director & Chief Executive Officer. As announced to the ASX today at the request of the Board, he has formally agreed to continue in the role, if required by the Board, up until 31 December 2013.

A succession program through 2013 gives the company the timeframe to enable a smooth and measured leadership transition.

By the end of next year, Mr Plummer will have been in this extremely demanding role approaching nine years, well beyond the average tenure of a Managing Director & CEO. More importantly, and as I have highlighted earlier in my address, the strategic plan that has involved shaping Arrium into a successful mining and materials company will be well progressed by this time.

Over the coming period, a formal variation to Mr Plummer's service agreement will be agreed and we will be commencing the exercise to identify and appoint his replacement. It will include the consideration of internal and external candidates. The company will make further announcements in relation to both a formal agreement with Mr Plummer and the succession process as appropriate.

Mr Plummer's performance and contribution has been outstanding over a sustained period. He is a very capable, experienced and highly regarded Managing Director & CEO within and outside the company. There will be opportunity at a later stage to reflect on and acknowledge his significant contribution to Arrium.
Finally, I would also like to thank Mr Plummer, the executive management team and all of our employees for their performance in a very challenging environment, as well as their commitment to performing their duties safely.

MANAGING DIRECTOR & CEO'S ADDRESS – MR GEOFF PLUMMER

Good afternoon ladies and gentlemen. I would also like to welcome you to Arrium's 2012 Annual General Meeting.

As the Chairman mentioned, underlying net profit after tax for the year was $195 million, which was in line with our guidance to the market and reflects strong contributions from Arrium Mining and Arrium Mining Consumables, as well as a significant turnaround in OneSteel Manufacturing in the second half, despite a weak external environment.

Statutory net profit after tax was lower at $58 million for the year, and includes a $125 million write down of LiteSteel™ Technologies' assets, which is one of the businesses we exited during the year as part of our steel review.

Statutory operating cash flow was strong and up slightly to $470 million for the year, reflecting our continued focus on cash generation.

As the Chairman mentioned, our debt and gearing levels largely reflect our recent significant growth investments in Mining and Mining Consumables, but our cash focus helped lower these levels at year end compared to their position at the end of the first half.

We expect our cash generation to substantially lift as the Mining expansion ramps up next year, helping us to further reduce debt.

During the year we successfully refinanced debt maturing in 2013, and as a result, the next significant debt maturity now does not arise until the second half of 2014. The refinancing resulted in the company having over $1 billion of committed unused facilities at year end.

As the Chairman outlined, we made further good progress during the year with the execution of our strategy including growing our Mining and Mining Consumables businesses and addressing the performance of our Steel businesses.

Our Mining business is already a significant contributor to the company's overall earnings, and we are well positioned to substantially lift this as our Mining expansion, which effectively doubles the size of the business, ramps up to reach its targeted sales through next year.

We made our first sales from Southern Iron last month, which was only 53 weeks from the time of acquiring the land at Peculiar Knob last October. This is quite an achievement, as I think there are very few, if any, resource developments in recent times that have been able to claim coming in on time, and in our case also on budget.

We also made good progress during the year on turning the performance of our steel business around. The business has continued to be impacted by a challenging external environment, including demand that has generally been at cyclical lows, as well as a high Australian dollar. Despite these difficult conditions, we achieved significant cost and operational improvements, particularly in the second half, which enabled our Manufacturing business to turn large losses in recent periods into a positive EBITDA result for the second half. The businesses are now highly leveraged to any improvement in demand or a lower Australian dollar.

Operationally, both the Mining and Mining Consumables businesses performed well, while the steel businesses continued to be affected by the difficult external environment.

The Mining business delivered $303 million of EBIT for the year, while being a strong result, was lower than last year due to prices coming off near record levels last year, as well as the impact of higher costs and the higher Australian dollar.

The Mining Consumables business delivered a strong result as expected, contributing $135 million EBIT for the year, up 107% due to the strong contribution from the Moly-Cop grinding media business in the Americas, and an improved performance from the Australasian business.

The OneSteel Steel and Recycling businesses made good progress on improving their cost and operational performance as mentioned.

Turning to the Mining business in some more detail. Iron ore sales were up a little on last year at 6.3 million tonnes, with an average Fe grade of 59.2%. Our average loaded cost on the ship excluding royalties and depreciation was A$41/t.

Demand from China remained generally strong, albeit there was a significant price correction in the second quarter, but prices stabilised and recovered to strong levels over the balance of the financial year.

While we have been and continue to market our own ore, BHP was our sales agent. We have now assumed this responsibility, which is a reflection of our position as a much larger exporter of iron ore following the expansion, as well as our focus on relationship marketing.

You may have seen that last August we released our first Mining Quarterly Production Report. The report provides some additional information to what we have historically reported, and also enables a more regular update on some key factors that drive performance of the business.

Today we released our second Quarterly Report, which is for the three months ended 30 September. Some of the key information in the report is summarised here.

Sales of 1.61 million tonnes, with an average grade of 59.8% and an average loaded cost excluding royalties and depreciation of A$41 – which is the same cost as last quarter.

Average prices were significantly affected by the collapse in iron ore prices during the quarter. This was due to a number of factors including weaker than anticipated demand in China, and the impact of aggressive destocking in China. The collapse in price saw the 62% Fe Platts index price drop to its lowest point post the GFC at US$87/t. Prices have subsequently trended up and have now been over the US$120/t mark for some weeks.

As mentioned, the Mining Consumables business has continued to perform well and in line with our expectations.

Sales were up 43% to $1,541 million due to the full year contribution from the Moly-Cop Group, and generally strong sales performances in all our markets as producers continued to look to maximise output of copper, gold and iron ore.

In addition to the strong performance of the Moly-Cop Group, earnings for the year benefited from a significant improvement in the performance of the Australian grinding media, rail and ropes businesses.
During the year we announced that the Board had approved capacity expansions totalling 90 thousand tonnes in relation to the Lima, Peru and Cilegon, Indonesia plants. Work on these expansions is continuing to progress in line with our plan.

In OneSteel Steel & Recycling the businesses continued to be challenged by the difficult external environment as mentioned, as well as significant periods of wet weather.

Good progress was made on improving cost and operational performance, particularly in the second half which was boosted by a small increase in demand from the resources sector and government funded civil works projects, however some of these benefits were offset by the wet weather earlier this year.

In Manufacturing, underlying EBITDA for the second half was positive $19 million. This reflects a $57 million turnaround from the first half, and excludes the impact of a $64 million advance from the Government under its Steel Transformation Plan.

Pleasingly, the $65 million investment last year to improve performance of the Whyalla blast furnace and extend its life to beyond 2020 is delivering as expected, and was one of the key factors in the improved result.

Despite this significant turnaround in performance, the business continued to be affected by generally low volumes, high raw material costs and the impact of the high Australian dollar. However, its performance in the 4th quarter improved reflecting its significant leverage to any improvement in volumes, and a lower exchange rate.

The steel Distribution business was also affected in the second half by adverse weather, as well as project delays, but did benefit from increased rebar sales mainly related to stronger demand from the resources sector and government funded civil works projects.

Like the Manufacturing business, Distribution also had a much improved fourth quarter reflecting its increased leverage to an improved external environment.

Both the Manufacturing and Distribution businesses have continued to focus on cost and operational improvements, and cash generation, which has included the sale of the piping systems business during the year, closure of the Oil and Gas Pipe business and the LiteSteel™ Technologies businesses in the USA and Australia, as well as the identification of other businesses for sale of closure. As the Chairman mentioned, we also recently announced the sale of our 50.3% share in the New Zealand Steel and Tube business, and we will be closing our small precision tube business – all of which forms part of our ongoing review of our steel product portfolio and facilities footprint that we highlighted to you at last year's AGM.

In the Australian Recycling business, sales revenue and margins improved for the ferrous scrap business, but overall performance was adversely affected by the impact of weaker prices and margins in the non ferrous business, as well as a sharp fall in ferrous prices towards the end of the financial year.

While the USA business continued to perform well, it was also impacted by the sharp decline in ferrous prices in the fourth quarter.

The performance of our Asian business was also down due to the weaker non ferrous market. The business has continued to make good progress with reducing its cost base.

I would now like to turn to our growth initiatives in a little more detail. One of the attractions of the Southern Iron and Port expansion was our ability to deliver a step change in iron ore sales quickly to take advantage of generally favourable market conditions.

This involved completing the infrastructure to bring the Peculiar Knob mine into operation and doubling the capacity of our Whyalla Port to 12 million tonnes per annum. Another attraction of the expansion was our ability to generate additional volumes of iron ore for sale through blending high grade ore from Peculiar Knob with lower grade ore from our Middleback Ranges operation, with what we would generally stockpile for beneficiation or would treat as waste. This blending opportunity is expected to provide a very significant contribution towards the cost of the expansion.

We have made very good progress with both the Southern Iron and Whyalla Port expansions which remain on time and budget.

The good progress also included being able to announce last month that we had revised up our expectations from the expansion.

This included increasing our guidance for total expected iron ore sales to reach a run rate of approximately 11 million tonnes by mid 2013, but to then increase to a rate of 12 million tonnes by July/August.

We were also pleased to announce that we revised up our expected capacity of the expanded Whyalla Port from 12 to 13 million tonnes per annum, and that we will look at opportunities for utilising the full capacity of the Port.

Our Mining operation at Peculiar Knob is up and running and performing well, and we noted in our quarterly report today that we had already mined 580 thousand tonnes of ore to the end of September.

We have also completed the haul road from the mine site to the Wirrida rail siding, as well as completed construction of our crushing and screening plant there. We are now in the process of commissioning our infrastructure which is enabling us to make some early ore sales via Darwin, before we start railing ore to Whyalla for shipping.

The Whyalla port expansion continues to track in line with our plan for shipping ores from Peculiar Knob through Whyalla this quarter, and to then be fully ramped up by mid next year.

Now turning to our growth focus on Mining Consumables. As the Chairman mentioned, since we acquired Moly-Cop in 2010, Mining Consumables has performed well, delivering strong cash and earnings growth.

The business has good visibility on new projects and mine expansions, and is focused on capturing the expected high level of grinding media growth in North and South America, as well as maintaining our strong positions in Australia and Indonesia.

As a strong generator of cash, the business is able to fund its own growth. While we have around 30% of currently underutilised capacity in the Americas available for capturing this growth, the Board approved earlier this year small expansions at Lima, Peru and Cilegon, Indonesia as mentioned earlier, which is in line with our strategy of maintaining regional capacity ahead of market growth.

We are also looking at some further capacity expansion plans in response to growing demand over the medium term.

So just to summarise, our underlying profit for the year reflects strong contributions from both Mining and Mining Consumables and a significant turnaround in the Manufacturing business in the second half.

While the external environment remained challenging for our Steel businesses, I believe we did well with what we could control, delivering some significant cost and operational improvements that have positioned these businesses with a high level of leverage to any improvement in demand or a lower Australian dollar.

We delivered a strong operating cash flow result for the year, with our focus on cash generation helping to deliver better debt and gearing positions at year end than most in the market expected.

We also made good progress effectively executing our strategy which we expect will result in significant long term value for shareholders.

And just touching on the outlook, as the Chairman noted, we expect net profit after tax for this financial year to be significantly skewed to the second half. This is because the first half will include the impact of the deterioration in steel and steel raw material prices, while the second half is expected to benefit from increased iron ore volumes related to the Mining expansion.

I would like to extend my appreciation to Arrium's employees on behalf of the entire management team and acknowledge their dedication and efforts in what was another challenging year, particularly for the Steel businesses.

To Arrium's customers, thank you for your ongoing support.

To the Chairman and the Board, I would like to acknowledge your dedication, your counsel and encouragement throughout the year.

And finally, to you, our shareholders thank you for your continued support.