

ASX RELEASE

18 FEBRUARY 2013

ANDREW ROBERTS APPOINTED ARRIUM CEO

Mining and Materials group, Arrium Limited, today announced the appointment of Mr Andrew Roberts to succeed Mr Geoff Plummer as Managing Director and Chief Executive Officer. The appointment follows a search process announced in November 2012 at the time the Company advised of Mr Plummer's agreement to stay on until 31 December 2013 if required by the Board.

Mr Roberts, 46, is a highly experienced Arrium executive most recently Chief Executive of Arrium Mining Consumables. He led the acquisition of international mining consumables business, Moly-Cop, and its subsequent integration. Mr Roberts initiated and led expansions of the Mining Consumables business in North America, South America and Asia, as well as Australia. Prior to this, he was Chief Executive Market Mills.

His former roles include responsibility for Arrium's group-wide marketing where among other activities he was responsible for the development of Arrium's Asian and domestic iron ore marketing platforms and for the integration of Smorgon Steel following its acquisition.

Mr Roberts originally joined BHP Steel in Western Australia in 1989, and has worked in a broad range of commercial, manufacturing and managerial roles across the Company. He has a Bachelor of Commerce from the University of Western Australia and is a graduate of the Harvard Advanced Management Program. He is married with three children.

Mr Roberts will join the Arrium Board with immediate effect as Deputy Managing Director. In this capacity, he will continue to lead Arrium Mining Consumables and be responsible to the Board for Arrium's strategy, operations and organisation for the 2013/14 financial year. It is expected he will take up the CEO role during the first quarter of that year.

Arrium Chairman, Mr Peter Smedley, said, "Arrium is well on the way to transforming itself with broadened income streams and further growth in related markets. Andrew Roberts has been a key figure in the development and implementation of the transformation strategy at Arrium over recent years and I believe he is very well equipped to take the Company ahead. In addition, he has the requisite international experience and outlook."

Mr Smedley said the appointment was made from a strong list of internal and external candidates. "I'm delighted that the process identified internal candidates of such high calibre. This testifies to the strength of Geoff Plummer's team and it augers well for the future," Mr Smedley said.

A summary of the terms and conditions agreed in Mr Roberts' Employment Agreement as Managing Director and Chief Executive Officer is set out in the appendix.

Ends

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Mr Andrew Roberts
Arrium Managing Director and Chief Executive Officer
Summary of Employment Agreement

Term	Overview										
<i>Term of Appointment</i>	<ul style="list-style-type: none"> The employment will commence on a date to be determined but not later than 31 December 2013, and will continue until terminated in accordance with the Employment Agreement. 										
<i>Fixed Annual Reward (FAR)</i>	<ul style="list-style-type: none"> Fixed Annual Reward, inclusive of Company's superannuation contribution and any salary sacrificed items, of \$1.4 million. 										
<i>Short Term Incentive (STI)</i>	<ul style="list-style-type: none"> The Executive will be entitled to participate in an annual Short Term Incentive plan in the range of 0% to 120% of FAR, with a target of 80% of FAR. Targets and actual payments are determined by the Board. The maximum possible payment is only paid on outstanding 'stretch' outcomes. Two thirds of an incentive payment will be paid to the Executive in cash at the time it has been determined, with the remaining third to be awarded to the Executive in the form of Shares to vest 24 months after 1 July of the year in which the Deferred STI Shares are awarded subject to the executive being in active service at that time. The number of shares allocated will be calculated with reference to the volume weighted average price over the ten trading days following the release of the Group's full year results for the full year period for the financial year to which the relevant STI payment relates. During the Deferral Period the Executive will be entitled to any dividends paid on the Deferred STI Shares. The Board has the discretion to reduce or cancel the Deferred STI Shares in the case of a Material Misstatement or Disentitling Event. 										
<i>Long Term Incentive (LTI)</i>	<ul style="list-style-type: none"> Following commencement, the Company will offer to allocate to the Executive Performance Rights pursuant to the LTIP in respect of the year commencing 1 July 2013. The initial allocation will be shares to the value of 1 x FAR. The number of shares to be allocated will be calculated with reference to the volume weighted average price over the 10 trading days following the release of the Group's full year results for the full year ended 30 June 2012. The initial performance rights will vest after 1 July 2016 subject to the performance hurdles being met. There are two performance hurdles under the under the Performance Rights Plan (PRP) with 50% of rights vesting against each hurdle. One hurdle is Arrium's Total Shareholder Return (TSR) relative to a comparator index consisting of the S&P / ASX 200 index, excluding the consumer discretionary, consumer staples, financial services, health, information technology and telecommunications services sectors (approximately 115 companies in total). <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">TSR Performance Relative to the Comparator Index</th> <th style="text-align: left;">Proportion of Rights Vesting as Ordinary Arrium Shares</th> </tr> </thead> <tbody> <tr> <td>Below the 50th percentile</td> <td>Nil</td> </tr> <tr> <td>At the 50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th – 75th percentile</td> <td>Pro rata straight line between 50% - 100%</td> </tr> <tr> <td>At or above the 75th percentile</td> <td>100%</td> </tr> </tbody> </table>	TSR Performance Relative to the Comparator Index	Proportion of Rights Vesting as Ordinary Arrium Shares	Below the 50 th percentile	Nil	At the 50 th percentile	50%	Between 50 th – 75 th percentile	Pro rata straight line between 50% - 100%	At or above the 75 th percentile	100%
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	<ul style="list-style-type: none"> • The second hurdle measures Arrium's Earnings Per Share (EPS) as a compound annual growth percentage between the final year of the performance period and the financial year ending immediately prior to the date of grant of the relevant Rights. EPS is then compared against the EPS targets for Arrium as determined by the Board for the prior corresponding period. • For the initial rights allocation, the Board will determine the compound growth range after the 2014 Budget and Plan has been finalised. The vesting schedule will be as follows: <table border="1" data-bbox="520 439 1458 680"> <thead> <tr> <th data-bbox="520 439 991 506">Compound Growth in Arrium EPS Over Performance Period</th> <th data-bbox="991 439 1458 506">Proportion of Rights Vesting as Arrium Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 506 991 539">Less than minimum</td> <td data-bbox="991 506 1458 539">Nil</td> </tr> <tr> <td data-bbox="520 539 991 573">At minimum</td> <td data-bbox="991 539 1458 573">25%</td> </tr> <tr> <td data-bbox="520 573 991 640">Between minimum and maximum</td> <td data-bbox="991 573 1458 640">Pro rata straight line between 25% - 100%</td> </tr> <tr> <td data-bbox="520 640 991 680">Greater than maximum</td> <td data-bbox="991 640 1458 680">100%</td> </tr> </tbody> </table> • There are no dividends or voting rights for unvested Rights. • There are no re-testing provisions under the PRP if the rights fail to vest at the conclusion of the performance period. • Subsequent allocations will be at the discretion of the Board and considered on an annual basis. 	Compound Growth in Arrium EPS Over Performance Period	Proportion of Rights Vesting as Arrium Shares	Less than minimum	Nil	At minimum	25%	Between minimum and maximum	Pro rata straight line between 25% - 100%	Greater than maximum	100%
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<i>Leave</i>	<ul style="list-style-type: none"> • The Executive has access to leave according to the relevant general Company leave policies. This includes 4 weeks annual leave per annum. 										
<i>Termination</i>	<ul style="list-style-type: none"> • If initiated by the Company – 12 months notice (or pay in lieu at FAR). • If initiated by the Executive - 12 months notice or 1 months notice in the event of a Fundamental Change. • Any entitlement to an STI payment in relation to completed service for a current incomplete performance period will be at the discretion of the Board. • The Board, in its absolute discretion, may determine whether the MD and CEO may withdraw some or all of the rights granted under the LTI which may not have vested. • In the event of termination for cause, there are no further benefits other than the amount of FAR due to him through to his termination date plus any statutory leave entitlements calculated to the termination date. 										
<i>Restrictions</i>	<ul style="list-style-type: none"> • For a period of 12 months after termination, the Executive must not carry on, advise, provide services to or be engaged, concerned or interested in or associated with any business competing with Arrium at the date of the termination of the Executive's employment. • Non solicitation restraint for 24 months. 										
<i>Clawback</i>	<ul style="list-style-type: none"> • The Company has the right to suspend or cancel any potential benefit flowing from the STI or LTI plans due to a material misstatement or any other disintitling event. 										