2015 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS – MR JERRY MAYCOCK

Good afternoon ladies and gentlemen.

On behalf of the Board of Directors, I welcome you to the fifteenth Annual General Meeting of Arrium Limited.

Before moving to the formal business of the meeting, I would like to turn our attention to consideration of the financial results for the year ended 30 June 2015.

I will provide some commentary on the financial performance for the year, before moving to other important matters such as the Strategic Review, our share price, remuneration and Board renewal.

I will then invite Arrium's Managing Director and Chief Executive Officer, Mr Andrew Roberts to talk about the company's financial performance in more detail, as well as comment on our businesses including initiatives being undertaken to improve performance.

Turning first to our results. The 2015 financial year was a very challenging one for Arrium, as well as for many other companies with exposure to the resource sector. Lower iron ore prices led to Arrium reporting much weaker financial results compared to the prior year. While this is clearly disappointing, I believe the company has responded appropriately and with speed to the changed external environment, and I expect the benefits of this to be reflected in the 2016 financial year.

Underlying net loss after tax was $7 million compared to a profit of $296 million in the prior financial year. On a statutory basis, the loss was $1,918 million after including asset impairments and restructuring costs of $1,799 million, largely related to the impact of lower iron ore prices. Also included is $113 million of tax adjustments and other charges, and the write off of the MRRT deferred tax asset following repeal of the tax early in the financial year. The financial position of the company precluded us declaring any dividends.

Across our businesses, strong and increased earnings in Mining Consumables, as well as improved earnings in Steel were more than offset by a 40% fall in average iron ore prices compared to the prior year. Earnings and cash generation in our Mining business were down approximately $600 million due to the dramatic decline in iron ore prices. This reflects a marked change from the prior financial year when our Mining business was the major contributor to record earnings for the company.

Prior to my joining the Board last August, it was widely regarded that iron ore prices would not fall below US$100 a tonne on a sustained basis. They have, and we had to respond quickly to reset the business for a low iron ore price environment.

The company's response has extended across the whole organisation, not just the Mining business. The focus has been on what we can control, including lowering the company's cost base, better positioning our businesses to increase earnings and cash generation, as well as initiatives for strengthening the balance sheet.

In Mining, we have significantly lowered our average cash breakeven iron ore price, and continue to focus on further reducing both our operating costs and capital expenditure.

So far this year, iron ore prices have averaged in the mid US$50s/dmt, which is favourable for us. Importantly though, the business has retained its flexibility to adjust up or down in response to changes in key external drivers such as the iron ore price and FX. It is the Australian dollar iron ore price, not the US dollar iron ore price that is key for us.

In Mining Consumables, capacity expansions and the roll out of the next generation SAG ball further extended the business' sustainable competitive advantage in a strong and growing global grinding media market.

In Steel, further cost reductions, improving the alignment of the business to increasing construction activity in Australia and improved earnings were key achievements.

From a balance sheet perspective, proceeds from asset divestments were double the target for the year at $203 million, the company successfully refinanced approximately A$200 million of debt facilities due to mature in the 2017 financial year, and we raised close to A$750 million from a fully underwritten capital raising in the first half of the financial year.

We continue to have debt reduction as a key priority. A further decline in actual and forecast iron ore prices in the second half of the financial year meant we had to adjust our expectations around the timing and rate of future debt reduction.

In response, we announced in August a Strategic Review to assess options for providing an appropriate structure and level of debt in a low iron ore price environment. This includes assessing the potential divestment of significant assets or businesses. As part of this assessment we received significant initial interest in our Mining Consumables business and decided to commence a process to better understand the nature and extent of the interest.
We announced last month that the first stage of this process had completed, and given strong interest received from interested parties, we decided to move to the next stage which includes shortlisting a select group of parties to undertake due diligence. This stage is currently progressing.

We are also continuing to assess a number of alternatives to provide more diverse and flexible debt funding to ensure the company's debt structure is appropriate, irrespective of whether a Mining Consumables transaction proceeds. We will provide further updates on the Strategic Review as appropriate via our ASX announcements.

Many of the questions or comments forwarded to me in the lead up to today's Meeting were, understandably, about the share price. Our share price performance has been extremely disappointing. There are many factors that can influence a company's share price, but negative sentiment around growth in China including the outlook for iron ore prices, steel over-capacity in Asia, our level of debt and uncertainty around the Strategic Review outcomes appear to be relevant factors in the poor performance.
The Board's focus is on making decisions that are in the best interests of shareholders, and I would like to reinforce this is our priority in undertaking the Strategic Review.

Turning now to safety. As you know, safety is a core value of Arrium, and we are committed to achieving the highest level of performance in safety. A key element of our safety effort has been improving our capability to recognise, assess and manage high consequence as well as high frequency risks. Pleasingly, further improvements in key safety measures such as Lost Time Injury Frequency Rate and Recordable Injury Frequency Rate were achieved.

Some new and exciting initiatives to further improve our safety performance commenced during the year. Mr Roberts will provide you with some more details on these.

I would now like to comment on remuneration. Reflecting the difficult year for the company and you our shareholders, the Board determined that there would be no increases to executive salaries for the 2016 financial year, and that no short term or long term incentive payments be made in respect of the 2015 financial year. This was despite a number of executives achieving some of their business targets. The same remuneration outcomes were also applied across all our salaried employees.

For Non-Executive Directors, fees were again left unchanged, the fourth year in a row. The Chairman's fee was re-set based on a market review following my appointment last November, and is 14% lower than the annual fee applied to the former Chair. I will comment further on Remuneration later in the Meeting.

Turning now to Board renewal. This is an ongoing focus for us which we are progressing in a purposeful and measured manner having regard to the tenure of current Directors, the level of diversity, and the required mix of skills and attributes.

Doug Ritchie joined the Board in May this year, following the earlier departure of Dean Pritchard. Graham Smorgon AM has decided not to seek re-election at this year's AGM. Denise Goldsworthy joined the Board in September. Colin Galbraith, who has served on the Board since the company's inception in 2000, has indicated his intention to retire during the current financial year. The timing is dependent on the progress of the Strategic Review. It is intended to appoint a successor, which we expect to be finalised within the next few months.

Overall including my appointment and that of the Managing Director just over two years ago, this next appointment will mean that five of the Company's eight directors will have been replaced in less than three years.

It has been a difficult year for Arrium, but I am confident that the actions already taken, as well as those in progress, will better position the company for the future.

On behalf of Arrium's Board, I would like to thank you our shareholders for your continuing support and understanding during this period of challenge and change.

I would also like to thank Andrew Roberts, his executive management team and all of our employees for their dedication and considerable efforts during the year, particularly in relation to the speed and appropriateness of changes made to improve the business in a volatile and difficult external environment.

MANAGING DIRECTOR & CEO'S ADDRESS – MR ANDREW ROBERTS

Thank you Chairman, and good afternoon ladies and gentlemen.

Last year I stood before you pleased to report that in the 2014 financial year we had delivered record earnings and cash generation, and made good progress on our priority of reducing debt.

This year has been a very challenging one, as the Chairman mentioned. Average iron ore prices were down approximately 40% year on year, which adversely impacted our earnings and cash generation by around $600 million in FY15. This more than offset improved earnings in our Mining Consumables and Steel businesses.

Importantly though, we have restructured the Mining business for the low iron ore price environment and significantly lowered our average cash breakeven price from last year.

From a financial perspective, lower iron ore prices led to the company reporting an underlying net loss after interest and tax of $7 million, down from a profit of $296 million in the prior year. On a statutory basis, the loss was $1,918 million. This includes the impact of asset impairments and restructuring costs of $1,799 million – mainly related to Mining. It also includes $113 million of tax and other charges, and reversal of the MRRT deferred tax asset due to the Government repealing the tax.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was $351 million, down from $864 million in the prior year, again due mainly to lower iron ore prices.
We continued to work hard and with speed on what we can control, and we made good progress with this.

In Mining, we mothballed our higher cost Southern Iron operation to focus on the Middleback Ranges export business. We also set out to further reduce costs and deliver productivity gains across all of the Mining business. This led to a large reduction in our targeted cash cost (CFR China) for FY16, and cut $320 million from our four year capital plan. As I just indicated, the reduction in operating costs and planned capital expenditure has significantly lowered our targeted average cash breakeven iron ore price to meet the challenges of a low iron ore price environment.

In Steel, we have a strong history of finding ways to take costs out of the business, and this year we again lowered the cost base, including a 9% reduction in our total delivered cost after inflation. Pleasingly, we saw sales volumes improve, underpinned by increased construction activity and better alignment of the business to this activity. This contributed to a 22% increase in EBITDA, much of which was generated in the second half. The business was EBIT positive for the second half, the first time this has been achieved since the Global Financial Crisis.

Our Mining Consumables business continued to capture a high share of growing grinding media demand, particularly in the Americas. EBITDA for the business was again strong, increasing 13% on the prior year to $211 million. We tracked to plan with capacity expansions and the roll out of our next generation SAG ball, both of which are extending our sustainable competitive advantage in grinding media. The expansion in Kamloops, Canada has been commissioned and the La Joya, Peru expansion is on schedule for completion mid next year. The business will then have sufficient capacity to meet the known expected increase in demand over the medium term.

Lowering the company's overall cost base and improving productivity levels is one of the key priorities for the company. We delivered total cost reductions in the year of approximately $60 million, which is the equivalent of approximately $100 million on an annualised basis. Reducing debt and strengthening the balance sheet continues to be another key priority.

As the Chairman mentioned, in September 2014, ahead of the significant decline in iron ore prices and slowdown in China's growth, we quickly sought to strengthen the balance sheet in response to the initial sharp fall in iron ore prices and increased negative sentiment about China with a $750 million fully underwritten capital raising. We also generated just over $200 million of cash proceeds from divestments during the year, including proceeds from the sale of our Wire Ropes business which we sold in March. Net proceeds from the capital raising and divestments were used to pay down debt. And, in line with our usual practice, we refinanced approximately A$200 million of debt facilities that were due to mature in FY17.

Turning to safety, one of our core values. Consistent with our commitment to the care, health and safety of our employees and contractors we seek to achieve the highest level of performance in safety. In FY15, we commenced and progressed our approach to a "world class safety" organisation. This saw some of our senior and high capability managers involved in the development of their leadership capability, including safety excellence benchmarking with Du Pont, and through working with global thought leaders from the Harvard University. Benchmarking was carried out with Du Pont to identify and reinforce the strengths and opportunities with our own safety principles and systems. This approach to World Class Safety is delivering significant benefits through the organisation, and has led to the commencement of our 'Swear by Safety' campaign in our Mining and Steel operations in Whyalla, South Australia. The 'Swear by Safety' campaign has been recognised and recently awarded by the Worldsteel Association.

Now to our strategic focus. In Mining Consumables, earnings growth is driven by volume growth while maintaining stable margins. There continues to be high levels of copper and gold production which, together with deteriorating head grades, means more grinding media is required. And, there is good visibility of new copper and gold projects and mine expansions. We estimate that grinding media demand in the Americas, which includes our key growth markets, will grow at approximately 7% compound annual growth through the FY15 to FY20 period.

Our focus is on capturing more than our high market share of the expected strong growth in grinding media demand. This is supported by the ongoing roll out of our next generation SAG Ball, or the NG ball as we call it. Our NG ball has significantly better wear performance than our competitors' SAG balls, and it is receiving strong customer support. Our ball quality, together with our extensive supply chain, technical knowledge and capacity provides us with a strong competitive advantage.

We are tracking to schedule for completion of the roll outs in Mejillones, Chile this half, and Kamloops, Canada next half. This will all but complete our scheduled roll outs, other than for Talcahuano, Chile which is planned for completion in FY17.

One of the key strengths of the Mining Consumables business is that our grinding media profit margins remain relatively stable through the cycle. This can be attributed to one of the features of our pricing arrangements with customers whereby changes in the price of our largest input cost, steel or grinding bar, is passed through to our customer. This means the decline in this input cost is helping to lower our customers' costs, and this has become increasingly important to them given they are receiving lower copper and gold prices.

Mining Consumables also includes our Australasian rail wheels business. And pleasingly, we are seeing an improvement in demand for rail wheels this half, the first time for a number of periods. The improvement is coming from both increased maintenance activity and capital investment by miners, as well as from new export opportunities due to the lower Australian dollar.

Despite the decline in commodity prices, Mining Consumables volumes have remained stable so far this half. We expect the business' earnings for the year to be weighted to the second half, primarily due to increasing sales volumes of grinding media, including from the ramp up of a number mine projects and market share gains supported by the roll out of our NG ball.

Now to Mining. Our focus for this business is on maximising cash generation over the short and medium term, as well as maintaining our portfolio and infrastructure flexibility. This includes delivering the benefits from our recent restructuring work and adding lower operating and capital cost reserves from our highly prospective exploration targets. We are also working on identifying additional cost and capital reductions to further improve the positioning of the business.

Last month we released our Quarterly Production Report for the first quarter ended 30 September. Shipments for the quarter were ~2.2Mt and sales were ~2.1Mt. Sales are expected to be weighted to the second half as they ramp up to total between 9 – 10Mt for the year. Average grade was 58.4% Fe compared to our target for the year of 58.5%, and our average price was A$66/t, which is equivalent to around 87% of the Platts 62% Fe index price for the quarter.

Pricing in the quarter was less volatile than in prior periods due to an improvement in the balance between demand and supply. On the costs side, our loaded cash cost for the first quarter was A$34.1/wmt. This is below our target for the year of A$35/wmt or US$25/wmt. And our total delivered cost into China was A$57.4/dmt.

With the Mining restructure focused on our lower cost Middleback Ranges operation, we adjusted our targeted sales for this financial year to 9 – 10Mt, stepping down to 6 – 8Mtpa for FY17 and FY18. We have additional sales potential from highly prospective low operating and capital cost explorations targets. These are ores that are close to the surface and near existing infrastructure.

I am pleased to advise that our exploration work is progressing well, and we are now targeting an increase in our reserves of approximately 10Mt at the end of this financial year, and this is after our targeted depletions for the year. This outcome would be consistent with our track record of at least replacing what we consume each year. A flow on benefit of the exploration work is that we are now able to increase our targeted sales for FY17 and FY18 to between 8 – 10Mtpa.

Iron ore prices are expected to remain volatile with movements in supply and demand, and recently we have seen prices come under some increased pressure and move below US$50/t. It is naturally expected that there will be periods when the price moves up or down, but our targeted cash breakeven price will set our export business up well to deal with lower price periods.

That said, we have a strong focus on continuing to lower our cash costs, and we continue to have flexibility to adjust the Mining operation up or down subject to the external environment.

Turning to Steel. In Steel, we are focused on building on our leading market positions and delivering volume growth through servicing increasing construction activity. Around 80% of our sales are to the construction sector, and increasing high rise apartment construction and the solid pipeline of infrastructure projects are positive for demand, and particularly for our steel reinforcing products in NSW. In addition to improved sales volumes, lower scrap costs, further significant cost reductions and a lower Australian dollar are also positive for the business' earnings.

However, as outlined in my outlook comments last August, these benefits are being partly offset by the lagged impact of 10 year low South East Asian steel margins towards the end of FY15, and lower Asian steel prices.

Underlying earnings for Steel this financial year are also expected to be weighted to the second half. This is due to an expected increase in sales volumes as a number of large construction projects commence and ramp up, as well as from further significant cost reductions. We also expect the second half to benefit from a modest increase in South East Asian Steel margins since June – although these margins continue to be volatile.

It is important to note that it was an improvement in South East Asian steel margins towards the end of the first half last financial year that largely delivered the stronger Steel performance for the second half last financial year.

Cost reductions and productivity improvements remain an ongoing and crucial focus for Steel, and Arrium as a whole. In August, I announced that we had identified at least $60 million of annualised company-wide cost reductions to be delivered by the end of this financial year. Work to achieve this target is progressing well, and we are accelerating these savings. Steel's component of this target is approximately $20 million on an annualised basis.

Last month I announced that we are progressing work to significantly improve Group profitability and cash generation through re-setting our cost base for the challenging external environment. This includes transforming Steel, Recycling and Mining to ensure the businesses are resilient and competitive in the current environment.

We have targeted broad based cost reductions and productivity improvements across areas such as labour and overheads, sourcing and procurement, production conversion costs, site rationalisations and corporate costs.

In Steel, global steel overcapacity means a step change in our cost base is required to maintain the competitiveness of the business. To improve the viability and sustainability of our Whyalla Steelworks, we have targeted approximately $100 million of annualised cost reductions and productivity improvements. This is in addition to the ~$60 million of Group-wide savings already mentioned. We have made good progress towards the Whyalla Steelworks target with approximately $60 million of the $100 million already identified. This is being achieved through a recent upgrade to the Structural Mill Reheat Furnace that is delivering lower gas costs, a restructure of our magnetite pelletising stream that will provide lower cost ore to the Blast Furnace, and through a reduction to the Steelworks' labour cost that we announced yesterday.

arrium
MINING AND MATERIALS

It is crucial for the viability and sustainability of the Steelworks that we identify at least another $40 million of annualised savings – this remains a key objective for us. We have been working hard on what we can control to maintain our competitiveness in this challenging environment, but there is also a role for Government in helping address certain external factors.

In Steel, significant global overcapacity and oversupply has led to dumping becoming a global problem. Exports from China alone are now over 100Mtpa, and this, combined with record low steel prices is leading to significant global market distortions.

Governments in many countries are now intervening to support their domestic steel industries in recognition of the vital role they play in economic health and growth. Now more than ever, Australia needs to have a globally competitive anti-dumping system. We have seen improvements in recent years, but more is needed, and it is needed now. We are currently working with the Government to help achieve this. For the system to be competitive globally, it needs to have greater rigor and robustness, and be able to respond quickly to competitive developments.

Another area where we believe Government has a key role is the use of local supply in large construction projects, particularly Government funded infrastructure. The local industry is well positioned to compete and supply these projects. In addition to providing broader economic benefits, local supply provides advantages of service, flexibility and quality that can significantly reduce project risk and budget overruns. There is a solid pipeline of large construction projects that have been announced, and it is vital that both the Federal and State governments provide leadership to ensure the local steel supply chain is provided with full, fair and reasonable opportunities. We have already seen some positive action from the Victorian and South Australian government to achieve this, but we need to see urgent action from the NSW Government, particularly given its strong pipeline of new projects. The Federal Government also has a key leadership role to play, particularly given it is funding a substantial proportion of the infrastructure pipeline.

Turning now to our other strategic focus of debt reduction. This continues to be a key priority as I have outlined since May 2014. Unfortunately the fall in iron ore prices has also affected our expectations around the timing and rate of future debt reduction. For this reason, we announced in June that we were commencing a Strategic Review to assess options for providing both an appropriate structure and level of debt in a low iron ore price environment. As the Chairman indicated, this work is continuing and progressing well.

The second stage of the Mining Consumables process is continuing with a strong field of interested parties. The broader Strategic Review continues to progress with options being reviewed to achieve an appropriate structure and level of debt in a low iron ore price environment. No final decisions have been made by the Board at this time. We will keep you informed with progress on the Review as appropriate.

Finally and more broadly, we have an unrelenting approach to our two core values of safety and the customer, as well as strengthening our commitment on diversity and inclusion.

So to sum up. It has been a difficult and challenging year for Arrium, mainly due to the extent of the fall in iron ore prices. This has had implications for our employees in the level of work required, and through remuneration outcomes. And for you our shareholders, unfortunately our share price has been very disappointing. I can assure you we are continuing to work very hard and with speed on what we can control, and I believe this work will significantly improve our position going forward.

The transformation of our Steel, Recycling and Mining businesses, in addition to providing greater resilience, delivers increased upside to improvements in the external drivers of our earnings.

I would like to sincerely thank all our employees for their considerable efforts and commitment during the year, and our shareholders for their continued support.

I would also like to thank our customers for your business, which is fundamental to the success of the company. Finally, to Arrium's Board of Directors, thank you for your ongoing support throughout the year.

I will provide a further update on the performance of our business and the Strategic Review at the first half FY16 results.

Safety and Evacuation Procedures

Welcome to Arrium's 2015 Annual General Meeting

17 November 2015

Arrium Limited Board

Jeremy Maycock
Chairman and Independent Non-Executive Director

Colin Galbraith AM
Independent Non-Executive Director

Rosemary Warnock
Independent Non-Executive Director

Douglas Ritchie
Independent Non-Executive Director

Andrew Roberts
Managing Director and Chief Executive Officer

Louise Hicks
Company Secretary

Arrium Limited Board

Peter Nankervis
Independent
Non-Executive Director

Denise Goldsworthy
Independent
Non-Executive Director

Bryan Davis
Independent
Non-Executive Director

Graham Smorgon AM
Independent
Non-Executive Director

Items of business

1. Receive and consider the Financial Report, Directors' Report, Notes to the Financial Statements and Auditor's Report for the year ended 30 June 2015;

2. Election of Mr D C W Ritchie as a Director of the Company;

3. Election of Mrs D Goldsworthy as a Director of the Company;

4. Re-election of Mr R B Davis as a Director of the Company; and

5. Adopt the Remuneration Report for the year ended 30 June 2015

FY15 financial results

- Underlying and statutory earnings substantially lower
  - ~40% decline in iron ore prices
  - Asset impairments (primarily Mining)
- Mining business restructured
- Mining Consumables – strong performance and outlook
- Steel – significantly improved earnings
- Company cost base further reduced
- Capital raising – proceeds used to pay down debt
- Asset divestments – proceeds used to pay down debt

Strategic Review

- Debt reduction continues to be a key priority
- Adjusted expectations for timing and rate of reduction – lower iron ore prices
- Assessing options to provide appropriate structure and level of debt
  - Includes potential sale of significant assets or businesses
- Significant initial interest in Mining Consumables business
- Commenced process to understand nature and extent of interest
  - Stage 1 completed – strong interest received
  - Stage 2 progressing – interested parties shortlisted and due diligence
- Continuing to assess alternatives to provide more diverse and flexible debt funding

Share price

arrium MINING AND MATERIALS

- Share price performance extremely disappointing
- Influenced by factors such as:
  - Negative sentiment around China growth
  - Outlook for iron ore prices
  - Steel overcapacity/supply in Asia
  - Level of debt
  - Uncertainty around Strategic Review outcomes
- Board is focused on decisions that are in the best interests of shareholders

Safety

- Safety is a core value
- Committed to achieving highest level of safety performance
- A key element of our focus:
  - Improving our capability to recognise, assess and manage high consequence as well as high frequency risks
- Further improvement in key safety measures:
  - Lost Time Injury Frequency Rate
  - Recordable Injury Frequency Rate
- New initiatives delivering early benefits

Remuneration

- Executives and salaried employees
  - No salary increases for FY16
  - No short term incentive payments for FY15
  - No long term incentive payments for FY15
- Board
  - Non executive director fees unchanged – 4th consecutive year
  - Chairman's fee reset based on market review on appointment – down 14%

Board Renewal

- Ongoing focus on Board renewal
  - Tenure
  - Diversity
  - Skills and attributes
- Doug Ritchie joined Board in May
- Denise Goldsworthy joined Board in September
- Graham Smorgon AM not seeking re-election
- Colin Galbraith retirement to be finalised in coming months

Andrew Roberts
Managing Director & CEO

FY15 summary

- Underlying and statutory earnings substantially lower – iron ore prices down ~40%
- Statutory NLAT includes asset impairments and restructuring costs – mainly Mining
- Mining
  - Restructured for lower iron ore prices – focus on lower cost Middleback Ranges
  - Significant reduction in targeted average breakeven cash price
- Steel – significantly improved earnings
  - Lowered cost base, increased volumes, EBIT positive in 2H15
- Mining Consumables
  - Continued strong earnings performance

Key priorities

- Lowering company's cost base
  - Delivered ~$100 million of annualised cost reductions (~$60 million in FY15)
- Reducing debt and strengthening balance sheet
  - Asset divestments – doubled FY15 target
  - Refinanced ~A$200 million of FY17 debt facilities – 4 years
  - Fully underwritten capital raising

Safety

- World class safety
- "Swear by Safety"

Strategic focus

Mining Consumables

- Capturing more than our high market share of expected strong grinding media growth
  - High levels of copper and gold production and deteriorating head grades
  - Est. grinding media demand growth for North and South America ~7% CAGR FY15 – FY20
- Further strengthening our competitive advantage
  - Roll out of our next generation (NG) SAG ball
  - Capacity expansions
- Rail wheel demand improving in 1H16
- Mining Consumables earnings expected to be weighted to 2H16

Strategic focus

Mining

- Maximising cash generation and maintaining portfolio and infrastructure flexibility
- Identifying additional cost and capital reduction opportunities
- Update
  - Q1 FY16 loaded cash cost of A$34.1/wmt[1] (below target of A$35/wmt or US$25/wmt)
  - Targeting net increase in reserves of ~10Mt at end FY16
  - Targeted sales for FY17 and FY18 increased to ~8 – 10Mtpa (was 6 – 8Mtpa)[2]

1 Includes mining, crushing, beneficiation, road haulage and transshipping costs. Excludes capitalised costs (infrastructure, pre-stripping and mining licences) and depreciation, amortisation charges in respect of those costs, royalties, sales and marketing and corporate costs. Excludes Southern Iron capital costs to be expensed through the Mining transition period.

2 For details see Appendix of this presentation lodged with ASX.

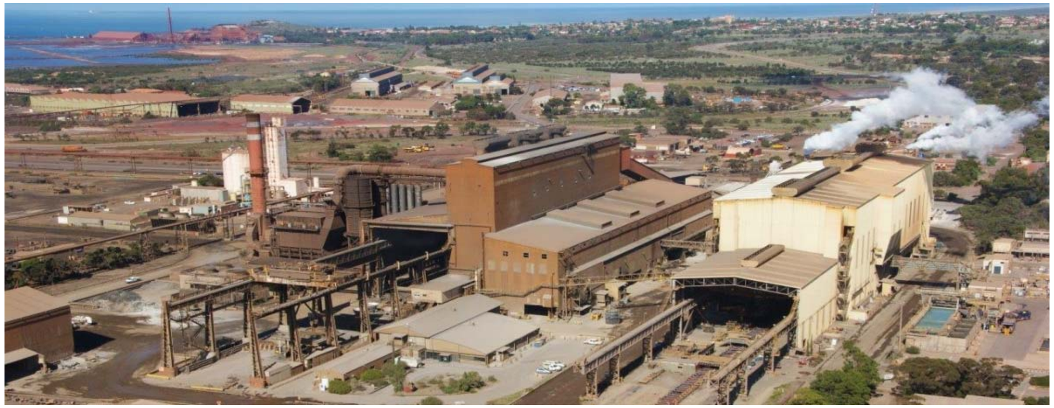
Strategic focus

Steel

- Building on our leading market positions
- Volume growth through leverage to increasing construction (particularly infrastructure)
- Transformational approach to cost reductions and productivity improvements
- FY16 earnings expected to be weighted to 2H16

Arrium's cost base

- Reset underway for challenging external environment
- Targeted annualised cost reductions and productivity improvements. Includes:
  - Company-wide ~$60 million – announced August 15
  - Whyalla Steelworks ~$100 million – announced October 15



.FY16 restructuring costs ~$60-$70 million.

Government

Anti-dumping

- A significant global problem due to steel overcapacity/supply position
- Australia's system needs to by globally competitive
- Improvements made, but more needed immediately
- Greater rigor, robustness and ability to respond quickly to competitive developments
- Working with Government to help achieve this

Local content

- Local Steel industry well positioned to compete and supply
- Solid pipeline of large construction projects, including Government funded infrastructure
- Governments needs to ensure local steel supply chain is given full, fair and reasonable opportunity
- Positive action from South Australia and Victoria, NSW Government needs to act now

Strategic Review

- Debt reduction continues to be a key priority
- Expectations around timing and rate of future debt reduction altered – lower iron ore prices
- Strategic Review June 15
  - Assessing options for providing appropriate structure and level of debt
  - Strong interest in Mining Consumables
  - Process being progressed to understand nature and level of interest
    - Currently in second stage – strong field of interested parties
  - Also assessing options in relation to structure of debt
  - No final decisions have been made by the Board at this time

Summary

- Difficult and challenging year for Arrium and its shareholders
- Continuing to work hard and with speed on what we can control
- Transforming Steel, Recycling and Mining businesses to improve performance and cash generation
- Strategic Review progressing well
- Further update on business performance and Strategic Review at 1H16 results



Questions received prior to the Meeting

Questions received prior to the meeting

1. The possible sale of Mining Consumables and the sale process
2. Progress of the Strategic Review
3. Future of the Whyalla Steelworks

AGM Matters

- Proxy votes received prior to the Meeting will be displayed.
- A poll will be called on each resolution put to the Meeting.
- Voting will be electronic using the handsets provided.
- Voting instructions will be provided.
- To activate your handset, insert your white smartcard.
- The results of votes cast by proxy and by poll will be lodged with the ASX and posted on our website.

Questions for the Auditor

Tony Young of KPMG, Arrium’s external audit partner is in attendance.

Tony is present today to answer any questions you may have with respect to the conduct of the audit, the preparation and content of the audit report, accounting policies adopted by Arrium in relation to the preparation of the Financial Statements and the independence of the Auditor in relation to the conduct of the external audit.

Questions for the Auditor – Handset Instructions

- Register to ask a question using your handset.
- Press the Microphone button followed by the
  Green button to join the queue.
- When introduced to the meeting, speak into the inbuilt microphone.

Resolution 2
Election of Mr D C W Ritchie as a Director

Douglas Ritchie

Independent Non-Executive Director

LLB, FAusIMM, FAICD

Resolution 2 – Election of Mr D C W Ritchie as a Director
Questions – Handset Instructions

arrium
MINING AND MATERIALS

- Register to ask a question using your handset.

- Press the Microphone button followed by the
  Green button to join the queue.

- When introduced to the meeting, speak into the inbuilt microphone.

Resolution 2
Election of Mr D C W Ritchie as a Director

"That Mr D C W Ritchie be elected as a Director in accordance with Article 9 of the Company's Constitution."

Douglas Ritchie
Independent Non-Executive Director

LLB, FAusIMM, FAICD

Voting with your Handset

- To vote “FOR”, press “1”.
- To vote “AGAINST”, press “2”.
- To “ABSTAIN”, press “3”.
- The word “*Received*” will appear on your handset screen with your selected vote
- To change your vote, press “1”, “2” or “3”.
- To cancel your vote, press “x”

Resolution 2
Election of Mr D C W Ritchie as a Director

MINING AND MATERIALS

Proxies received prior to the commencement of the Meeting

	For	%	Against	%	Open	%	Abstain
Proxy							

Resolution 2
Election of Mr D C W Ritchie as a Director

Poll Results

	For	%	Against	%	Open	%	Abstain

Resolution 3
Election of Mrs D Goldsworthy as a Director

Denise Goldsworthy
Independent Non-Executive Director

B.Met (Hons. + Uni medal), FTSE, FAIM, GAICD

Resolution 3 – Election of Mrs D Goldsworthy as a Director
Questions – Handset Instructions

- Register to ask a question using your handset.

- Press the Microphone button followed by the
  Green button to join the queue.

- When introduced to the meeting, speak into the inbuilt microphone.

Resolution 3
Election of Mrs D Goldsworthy as a Director

"That Mrs D Goldsworthy be elected as a Director in accordance with Article 9 of the Company's Constitution."

Denise Goldsworthy
Independent Non-Executive Director

B.Met (Hons. + Uni medal), FTSE, FAIM, GAICD

arrium
MINING AND MATERIALS

Voting with your Handset

- To vote “FOR”, press “1”.
- To vote “AGAINST”, press “2”.
- To “ABSTAIN”, press “3”.
- The word “*Received*” will appear on your handset screen with your selected vote
- To change your vote, press “1”, “2” or “3”.
- To cancel your vote, press “x”

Resolution 3
Election of Mrs D Goldsworthy as a Director

Proxies received prior to the commencement of the Meeting

	For	%	Against	%	Open	%	Abstain
By Proxy							

Resolution 3
Election of Mrs D Goldsworthy as a Director

Poll Results

	For	%	Against	%	Open	%	Abstain

Resolution 4
Re-election of Mr R B Davis as a Director

Bryan Davis

Independent Non-Executive Director

BSc (Tech), FAIMM, MAICD

Resolution 4 – Re-election of Mr R B Davis as a Director
Questions – Handset Instructions

- Register to ask a question using your handset.
- Press the Microphone button followed by the
  Green button to join the queue.
- When introduced to the meeting, speak into the inbuilt microphone.

Resolution 4
Re-election of Mr R B Davis as a Director

"That Mr R B Davis be re-elected as a Director in accordance with Article 9 of the Company's Constitution."

Bryan Davis

Independent Non-Executive Director

BSc (Tech), FAIMM, MAICD

Voting with your Handset

- To vote "FOR", press "1".
- To vote "AGAINST", press "2".
- To "ABSTAIN", press "3".
- The word "*Received*" will appear on your handset screen with your selected vote
- To change your vote, press "1", "2" or "3".
- To cancel your vote, press "x"

Resolution 4
Re-election of Mr R B Davis as a Director

Proxies received prior to the commencement of the Meeting

	For	%	Against	%	Open	%	Abstain
By Proxy							

Resolution 4
Re-election of Mr R B Davis as a Director

MINING AND MATERIALS

Poll Results

	For	%	Against	%	Open	%	Abstain

Remuneration Report

- No structural or process changes to remuneration arrangements from those included in Report approved at 2014 AGM
- No short term or long term incentives awarded for FY15
- No increases to executive salaries for FY16
- Share performance rights have been issued to executives over 3 year period to appropriately incentivise executives to deliver financial and strategic outcomes

Resolution 1 – Remuneration Report Questions – Handset Instructions

- Register to ask a question using your handset.

- Press the Microphone button followed by the
  Green button to join the queue.

- When introduced to the meeting, speak into the inbuilt microphone.

Resolution 1 - Remuneration Report

"That the Remuneration Report for the year ended 30 June 2015 be adopted."

Voting with your Handset

- To vote “FOR”, press “1”.
- To vote “AGAINST”, press “2”.
- To “ABSTAIN”, press “3”.
- The word “*Received*” will appear on your handset screen with your selected vote
- To change your vote, press “1”, “2” or “3”.
- To cancel your vote, press “x”

Resolution 1 - Remuneration Report

Proxies received prior to the commencement of the Meeting

	For	%	Against	%	Open	%	Abstain
By Proxy							

No votes can be cast on this resolution by or on behalf of a member of Key Management Personnel and their closely related parties (Prohibited Voters). Prohibited Voters may vote directed proxies for someone other than a Prohibited Voter.

The Chairman is able to vote undirected proxies on this resolution, so long as he does not vote on behalf of a Prohibited Voter.

Resolution 1 - Remuneration Report

Poll Results

	For	%	Against	%	Open	%	Abstain

Thank you. Please join us outside for refreshments

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, 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.

Unless otherwise stated, 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 of the FY15 Financial Report. 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 Group's operations. Other than results for the Mining Consumables segment, segment results referred to throughout this presentation are those reported in the 2015 Financial Report. Results for the Mining Consumables segment are the results of its total operations over the 12 months ended 30 June 2015, including continuing and discontinued operations. Except as otherwise stated, other Segment results are equivalent to segment underlying results for continuing operations only. Details of the reconciliation between non-statutory and statutory financial measures can be found in the Appendix of the FY15 Results presentation. The presentation forms part of a package of information about the Group's Full Year Financial Results for the year ended 30 June 2015 and should be read in conjunction with the other FY15 financial results materials including the FY15 ASX Release and the FY15 Financial Report for the 12 months ended 30 June 2015.

All balance sheet items are based on statutory financial information. Except as otherwise expressed, references in this document to net profit/loss after tax refer to net profit/loss attributable to equity holders of the parent.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Paul Leevers BSc (Hons), MSc Min Eng, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Arrium. Mr Leevers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Leevers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Geoff Johnson BSc (Hons), PhD, Grad Dip Env Sc., a Competent Person who is a Fellow of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy and is a full-time employee of OneSteel Manufacturing Pty Limited. Dr Johnson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Johnson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix

Targeting Sales ~10Mtpa at ~60% Fe FY17-FY18

	Mt*
Ore sourced from FY15 Ore Reserves	
Current proved and probable hematite reserves scheduled from FY15 Reserves and Resources Statement	18 - 19
Magnetite concentrate sourced from current probable Magnetite Reserves[1]	1 - 2
TOTAL	**~19.5 – 20.5**

Material assumptions underpinning production target:

- required infrastructure remains in place at Arrium Mining facilities
- costs of extraction, pricing, inflation and foreign exchange rates remain in line with Arrium forecasts[2]
- Arrium beneficiation plants operational; beneficiation yields 58% plant recovery and 100% recovery of feed material from stockpiles currently declared in the FY15 Reserves and Resources Statement

The estimated reserves and resources underpinning the production target are those as at 1 July 2015 and have been prepared by a competent person in accordance with the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Refer to the competent persons statement at p.53 of this Presentation.

1 Concentrate derived from Probable MBR Magnetite Project Reserves @ scheduled mass recovery average for the 2 years of 36%
2 These forecasts have not been disclosed as they are commercially sensitive to Arrium. Long term iron ore pricing is based on an independent external forecast, with inflation and foreign exchange been based on internal estimates. Arrium uses a consistent methodology for determining its internal forecasts, which are subject to Board and external Auditor review. Costs outlook underpinning reserves is based on current mine plans
*All numbers are approximate

Replacing and increasing Arrium Reserve Base FY15

	Mt*	Fe*
Targeted conversion of Existing Resources	11.5 – 17.5	57 – 59%
Additional exploration targets from current exploration program The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realised.	2 - 4	55 – 57%
Total	**~ 13.5 – 21.5**	**~ 57% – 59%**

Material assumptions underpinning exploration target and existing resource conversion: continued development of Iron Chieftain and Iron Monarch Beneficiation Projects. Initial metallurgical testing has been completed at Iron Monarch and Iron Chieftain with scoping studies commenced. Mine planning and further metallurgical evaluation studies at the Iron Monarch and Iron Chieftain Beneficiation Projects are currently underway. The targets are also based on current exploration projects on wholly owned Arrium tenements; established infrastructure near current tenements to support new projects inclusive of the Camel Hills and Iron Warrior Prospects where approximately 3100m of RC drilling has been completed year to date ; Arrium's historical performance of reserve replacement from within the Middleback Range mining area (primarily from the western side of the ranges prior to 2007 and greater than 55Mt DSO hematite reserves added since 2007, with 18Mt from the eastern side of the range); the use of focused and targeted drilling campaigns for brownfields exploration over the next 2-3 years on the eastern side of the ranges, including the identification of further beneficiation opportunities; and the combination of all geological data for that area.

The exploration target has been prepared by a competent person in accordance with the 2012 edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (2012 JORC Code). Refer to the competent persons statement at p.53 of this Presentation.

*All numbers are approximate