ROGER D. SIMPSON & ASSOCIATES PTY. LTD.
ANTI – DUMPING SPECIALISTS
ACN 056 514 213 ABN 87 056 514 213

19 March 2014 NON-CONFIDENTIAL

Ms Candy Caballero
Director Operations
Australian Anti-Dumping Commission
Customs House
1010 La Trobe St
Docklands Vic 3008

Dear Ms Caballero,

HOT ROLLED STRUCTURAL STEEL SECTIONS FROM JAPAN, KOREA, TAIWAN AND THAILAND

This submission, made on behalf of Siam Yamoto Steel Co Ltd ("SYS") and ThyssenKrupp Mannex Pty Ltd ("TKM"), refutes the allegation of OneSteel Manufacturing Pty Ltd ('OneSteel") that it has experienced material injury because of dumped imports of hot rolled structural steel sections ("HRS") from Japan, Korea, Taiwan and Thailand.

Material injury

The Financial Year 2013 Annual Report and 2013 Annual General Meeting Report of OneSteel's parent company, Arrium Ltd, in which OneSteel is referred to as "Arrium Steel" (extracts at attachments 1 and 2) contradict OneSteel's claims per section A-8 of its application that –

- *it commenced to experience increased material injury from the dumping of HRS exported from Japan, Korea, Taiwan and Thailand during its 2013 financial year; and*
- *its profit deteriorated in 2012 and further again in 2013.*

The Segment Performance section of Arrium's FY 2013 Annual Report in relation to Arrium Steel, ie OneSteel, reports:

- Improved performance in Steel business, despite further weakness in external environment;
- EBITDA for Steel was $76 million, a 15% increase over the improved performance achieved in the prior financial year;
- EBIT for the year was a loss of $43 million compared to an EBIT loss of $56 million in the prior financial year, with cost reductions and operational improvements contributing to this result.

In the Results Commentary of Arrium's FY 2013 Annual Report, Arrium's Managing Director and CEO, Mr Andrew Roberts said –

- our Steel business maintained the significant improvement achieved in the prior year, despite weaker domestic and international steel markets; and

- EBITA for the Steel business was up 15% compared to the previous financial year, to $76 million.

In his address to Arrium's 2013 Annual General Meeting, Arrium's Chairman, Mr Peter Smedley said –

- in Arrium Steel, cost reductions and operational improvements helped deliver a further lift to the earnings performance of the Steel business despite a weaker external environment.

In his address to Arrium's 2013 Annual General Meeting, Arrium's Managing Director and CEO, Mr Andrew Roberts said –

- overall, the 2013 financial year was another transformational one for Arrium, delivered further improvements in the Steel business despite very adverse market conditions, and we produced very strong cash flow across the group;
- our Steel business built on the significant improvement achieved in the prior year despite weaker domestic and international steel markets; and
- we again improved the performance of our Steel business, including restructuring the business into a single Steel business to take advantage of our integrated value chain, which is where we have clear competitive advantage.

At attachment 3 are hard copies of certain slides presented to the 2013 Annual General Meeting which reinforce the above statements to the effect that OneSteel's economic performance improved in FY 2013.

One Steel's FY 2013 (July 2012-June 2013) constitutes the majority of the investigation period (October 2012-September 2013) and there are no references in Arrium's FY 2013 annual Report or 2013 Annual General Meeting Report which support OneSteel's claims in its application that –

- it experienced increased material injury during FY 2013; and
- its profit deteriorated in FY 2013.

In fact the said reports are in direct conflict with these claims, with these reports repeatedly reporting OneSteel's improved performance and increased profit (EBITD and EBIT) during FY 2013.

It is possible that to demonstrate a profit decline in FY 2013, OneSteel may have inappropriately taken into account the substantial asset impairment and restructuring costs incurred by Arrium during FY 2013 as reported in its FY 2013 Annual Report. However, the fact remains that OneSteel's EBIT improved by 23% in FY 2013 according to its FY 2013 Financial Report (from $56 million to $43 million).

We consider it necessary for the Commission to seek OneSteel's explanation of the conflict between its claim of material injury during FY 2013 and Arrium's FY 2013 Annual Report and 2013 Annual General Meeting Report of improved economic performance by OneSteel during FY 2013.

Causation

If, despite the rebuttal of OneSteel's claim of material injury during FY 2013 by Arrium's FY 2013 Annual Report and 2013 Annual General Meeting Report, OneSteel is able to satisfy the Commission that it experienced material injury during the investigation period ("the IP"), we submit that dumping was not, of itself, the cause of material injury.

Arrium's FY 2013 Annual Report and 2013 Annual General Meeting Report do not support OneSteel's claim that dumped imports caused material injury to it during FY 2013. The said reports contain no reference to injury being caused by dumped imports during FY 2013. While recognising an improved economic performance during FY 2013, the said reports attribute OneSteel's difficulties during this period to the following factors:

- High Australian dollar;
- Generally weak construction and manufacturing markets;
- Weaker demand from the resource sector;
- Lower volumes due to weakness in domestic demand and completion of a major rail contract; and
- Generally weak domestic and international steel markets.

The Segment Performance section of Arrium's FY 2013 Annual Report in relation to Arrium Steel, ie OneSteel, reports:

- The Steel business continued to be challenged in FY13 by the difficult external environment including the high Australian dollar and generally weak construction and manufacturing markets. Domestically, large infrastructure projects in the engineering construction sector continued to support strong demand for steel reinforcing products, but deterioration in commodity prices adversely affected demand from the resource sector (particularly coal, gas and iron ore) as companies reduced maintenance and some project expenditure. In the non-residential and residential construction sectors, activity levels remained generally weak due to credit availability issues and soft business and consumer sentiment; and

- Revenue decreased 14% to $3,486 million compared to the prior financial year due to a 8% decrease in sales volumes and a lower average net sales price. Volumes were lower due to some further weakness in domestic demand and the impact of a major rail contract with ARTC being completed in the first half.

In the Chairman's Address to Arrium's 2013 Annual General Meeting it is stated:

- The first half has seen a continuation of the generally weak domestic and international steel markets.

In the Managing Director and CEO's Address to Arrium's 2013 Annual General Meeting it is stated:

- In Steel in the 2013 financial year, we continued to face a very challenging external environment with a high Australian dollar and generally weak construction and manufacturing markets.

In its application and discussions with the Commission per the Commission's Visit Report – Australian industry, OneSteel has identified factors other than dumping which have caused it injury during the injury analysis period, viz-

- reduced demand in the Australian market since 2011 as a result of, among other things, reduction of the government's school stimulus program;
- a strong Australian dollar;
- no recovery of the market for HRS since the GFC;
- a downturn in the non-residential construction sector of the HRS market, eg mining industry; and
- completion of a major rail contract.

It is clear from the forgoing that there are a number of factors other than dumped imports from Japan, Korea, Taiwan and Thailand that have caused injury to OneSteel over the injury analysis period. Contrary to the provisions of section 269TAE(2A) of the Customs Act ('the Act") and Article 3.5 of the WTO Anti-Dumping Agreement ("the Agreement"), OneSteel has attributed injuries caused by these other factors to dumped imports. It is of important note that one of the key other factors causing injury to OneSteel during the injury analysis period and incorrectly attributed to dumped imports is *contractions in demand or changes in patterns of consumption.* This factor is specifically mentioned in s269TAE(2A) of the Act and Article 3.5 of the Agreement as a factor which must not be attributed to dumping.

It is made clear by WTO jurisprudence[1] that where there are factors other than dumping contributing to a domestic industry's injury, to be able to determine whether dumping has, of itself, caused injury which is material, it is necessary to separate and distinguish the injuries caused by these other factors. It is paramount that the Commission does this in this case, where there are a number of factors other than dumping that have contributed to OneSteel's injury over the injury analysis period.

Factors other than dumping that have been the primary cause of injury to OneSteel during the injury analysis period are –

- the high Australian dollar; and
- contractions in demand and changes of patterns of consumption for the various reasons outlined above.

The impact of the value of the Australian dollar on OneSteel's selling prices is clearly demonstrated by the increase in OneSteel's selling price during the July-September 2014

[1] WTO Appellate Body Report: US – Hot rolled steel products from Japan (WT/DS184/AB/R).

quarter[2] when the Australian dollar depreciated by more than 10% against the US dollar from its value during FY 2013

In these circumstances it is not possible to apply the "but for" principle, ie but for the dumped imports OneSteel would not have experienced material injury, unless it can be demonstrated that without dumping OneSteel would not have experienced material injury. That is , in the absence of dumping, the high Australian dollar and contractions in demand and changes of patterns of consumption would not have caused material injury to OneSteel. We submit that this cannot be demonstrated.

We reiterate that in Arrium's FY 2013 Annual Report and 2013 Annual General Meeting Report OneSteel does not attribute any of its injury to dumped imports, but rather attributes it all to the various other factors outlined above. We would expect the Commission to question OneSteel concerning this matter.

We disagree with OneSteel's claim that it is a price taker on the Australian market.[3] OneSteel is the sole Australian producer of HRS and dominates the Australian market with a market share of ~70%.[4] With such domination of the Australian market we consider OneSteel to be a price setter rather than a price taker.

OneSteel attributes its price depression/suppression and reduced profit and profitability to price undercutting by dumped imports from Japan, Korea, Taiwan and Thailand.[5] The fact is that imports from these countries do not undercut OneSteel's prices, OneSteel determines its prices by charging a premium over the FIS price of imports.[6] In these circumstances, the fact that the prices of imports are lower than those of OneSteel cannot be considered price undercutting. In addition, that OneSteel is able to charge a premium over the price of imports supports the above consideration that OneSteel dominates the Australian market and is a price setter rather than a price taker.

There is undisputable evidence in Arrium's FY 2013 Annual Report and 2013 Annual General Meeting Report that the high Australian dollar and weak market conditions ("external environment") have made substantial contributions to OneSteel's poor economic performance over the injury analysis period. OneSteel has provided no evidence to support a conclusion that dumping has, of itself, caused material injury. It has attributed injuries caused by other factors to dumping. There is no foundation for a conclusion that in the absence of dumping OneSteel would not have experienced material injury by reason of these other factors.

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[2] Visit Report – Australian Industry, figure 4.

[3] Consideration Report No. 223, section 7.3.

[4] Ibid, figure 6.

[5] OneSteel's Application, section A-9.2.

[6] Ibid, section A-4.2.

Future outlook

For anti-dumping measures to be imposed on future exports of HRS from Japan, Korea, Taiwan and Thailand, the Minister must be satisfied that, besides those exports already made being dumped and the cause of material injury to the Australian industry, future exports are likely to be dumped and the cause of material injury to the Australian industry.[7] In addition to there being no grounds upon which the Commission can reasonably conclude that allegedly dumped exports have caused material injury to OneSteel during the investigation period for reasons outlined above, OneSteel has made it clear in Arrium's FY 2013 Annual Report and its 2013 Annual General Meeting Report that it expects its economic performance to improve in the foreseeable future due to –

- a sustained lower Australian dollar;
- an improvement in demand;
- prices increases; and
- cost reductions and operational improvements.

In the Outlook segment of Arrium's FY 2013 Annual Report it is reported:

- Domestic construction markets are expected to slowly recover in FY14 after experiencing the impact of weaker activity in the resource and non-residential construction sectors in the prior half;
- Earnings in FY14 for Steel and Recycling are expected to benefit from further cost reductions and operational improvements, as well as from the impact of a sustained lower Australian dollar. We expect the full benefit of a sustained lower Australian dollar from the second quarter; and
- Arrium Steel has significant leverage to improved demand, particularly from domestic construction.

In his address to Arrium's 2013 Annual General Meeting, Arrium's Chairman, Mr Peter Smedley said –

- A further significant strategic initiative in Steel was announced late May. This was the formation of a single steel business through combining the steel Manufacturing and Distribution businesses. This is expected to reduce complexity and cost and help to further improve the earnings and cash performance of the Steel business;
- We have put a number of price increases through early in the second quarter;
- Going forward, we are encouraged by a recent lift in market confidence and quote activity in key construction markets, and expect our second half Steel earnings to benefit from an increase in volumes associated with a recommencement of the slow recovery in domestic construction markets, as well as from the full impact of our cost savings; and
- We do expect underlying net profit after tax for the second half to benefit from delivering the expanded rate of iron ore sales, from continued growth in Mining

[7] Customs Act s269TG(2).

Consumables, increased sales volumes in Steel, as well as the full impact of the Steel cost reductions.

In his address to Arrium's 2013 Annual General Meeting, Arrium's Managing Director and CEO, Mr Andrew Robert's said –

- I announced at the end of May this year that we were combining our steel Manufacturing and Distribution businesses to form a single Steel business. We expect this to deliver annualised savings of approximately $40 million, of which $30 million is expected in this current financial year;
- While in Steel, the external environment remains difficult but we are continuing to do well with what we can control, and we are encouraged by a recent lift in market confidence and quote activity; and
- We again improved the performance of our Steel business, including restructuring the business into a single Steel business to take advantage of our integrated value chain, which is where we have clear competitive advantage.

It is paramount to the consideration of imposition of anti-dumping measures on future exports of HRS that the grounds for OneSteel's application of dumping duty on the goods under consideration ("GUI"), viz a downturn in its economic performance during its FY 2013 (July '12-June '13), no longer exist. OneSteel is no longer experiencing the material injury it claims to have experienced in FY 2013 – as predicted by OneSteel in its FY 2013 Annual Report and 2013 Annual General Meeting. As predicted by OneSteel, among other things, Australian market prices have increased significantly since FY 2013, which will, because of OneSteel's cost reductions and operational improvements, significantly improve OneSteel's revenue and profitability in the foreseeable future.

At attachment 4 is evidence of Australian market price movements between October 2010 and February 2014. This evidence demonstrates the cyclical nature of the Australian market and that the downturn during FY 2013 was merely an ebb in the business cycle for the GUI. It demonstrates that between June 2013 and February 2014 Australian market prices of the GUI increased by ~25%, which would have removed any material injury experienced by OneSteel during the investigation period. It is of important note that the increases in Australian market prices commenced well before initiation of this investigation.

At attachment 5 is evidence of OneSteel's December 2013 announcement of a 7% price increase for the GUI. We also understand that this month (March '14) OneSteel has announced a further 2% price increase for the GUI.

OneSteel's alleged material injury during FY 2013 was because of an ebb in the business cycle for the GUI, which has now reverted into a flow and does not provide grounds for the imposition of anti-dumping measures. There is no likelihood of material injury because of dumped imports in the foreseeable future.

It must be concluded from the above that significant changes to the factors other than dumping which contributed substantially to OneSteel's poor economic performance during the investigation period, together with its strategic cost saving initiatives, make it unlikely that OneSteel will experience material injury in the foreseeable future because of dumped imports.

Consequent upon the forgoing, there is no justification for the imposition of anti-dumping measures on future imports of the GUI from Japan, Korea, Taiwan or Thailand.

Conclusion

It is demonstrated by this submission that –

a) OneSteel's economic performance improved during FY 2013 and it can therefore be reasonably concluded that it experienced no material injury during the investigation period;
b) If despite this submission's demonstration of no material injury experienced by OneSteel during FY 2013, the Commission concludes that OneSteel did experience material injury during the investigation period, such material injury cannot be attributed to dumped imports; and
c) Even if, contrary to this submission, the Commission concludes that dumped exports already made caused material injury to OneSteel, there is no likelihood that this material injury will continue in the foreseeable future and therefore no justification for the imposition of anti-dumping measures.

Yours sincerely,

Roger Simpson

List of Attachments

Attachment

1. Extracts from Arrium's FY2013 Annual Report.
2. Chairman's and Managing Director/CEO's addresses to Arrium's 2013 Annual General Meeting.
3. Certain slides presented to Arrium's 2013 Annual General Meeting.
4. Australian market price trends – July '10 to 16 February '14 (confidential).
5. OneSteel's 2014 price increase (confidential).

Attachment 1.

EXTRACTS FROM ARRIUM'S FY2013 ANNUAL REPORT

arrium
MINING AND MATERIALS

ASX RELEASE

20 August 2013

ARRIUM LIMITED FY13 RESULTS

ARRIUM FINANCIAL RESULTS[1,2,3]

- Underlying Net Profit After Tax (NPAT) $168 million, compared to $195 million for FY12
  - Weighted to 2H in line with guidance (2H underlying NPAT $117 million)
- Statutory Net Loss After Tax $695 million (incl. $961 million impairments and restructuring charges)
- Statutory operating cash flow $590 million, up 26% on FY12
- Statutory net debt $2,115 million, down compared to $2,143 million at end of FY12
- Statutory gearing up 3.9 percentage points from FY12 to 36.2% (includes increase of 5.1 percentage points related to impairments and restructuring costs)
- Underlying interest cover 5 times[4]
- Final dividend 3 cents per share

ARRIUM HIGHLIGHTS

- Strong earnings from Mining – EBITDA $340 million
- Continued strong earnings growth from Mining Consumables – EBITDA $197 million, up 15% pcp
- Maintained underlying positive EBITDA and cash performance in Steel despite further deterioration in domestic and international steel markets
- Strong statutory operating cash outcome of $590 million
- Net debt reduced after capital expenditure of $459 million (includes $218 million Mining expansion expenditure)

Arrium Mining

- Delivered expansion to double business on time and on budget
  - Reached 12Mtpa sale rate in June
- Full year sales 8.28Mt up 32% pcp
- 2H13 sales volumes of 4.86Mt up 42% on 1H13
- EBITDA $340 million – flat pcp despite significant decrease in iron ore prices

Arrium Mining Consumables

- EBITDA $197 million, up 15% pcp
- Sales volumes up 8% pcp
- Maintained stable margins
- A substantial contributor to group earnings and growth

Arrium Steel

- Improved performance in Steel business despite further weakness in external environment
- Steel business EBITDA $76 million, up 15% pcp
- Increased leverage to improvement in demand or lower dollar
- Recycling result reflects significant deterioration in prices for ferrous and non-ferrous scrap
- Further initiatives announced focused on cash generation through cost reductions, driving down working capital, as well as divesting non-integrated businesses and properties

A reconciliation of non-statutory underlying results to statutory results can be found in the Appendix to this document.

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RESULTS COMMENTARY

Mining and materials group, Arrium Limited (ASX:ARI) announced today that underlying net profit after tax (NPAT) for the year ended 30 June 2013 was $168 million, compared to $195 million for previous financial year. Statutory NPAT for the year was a loss of $695 million compared to a profit of $58 million for the previous financial year, and includes asset impairments and restructuring costs of $961 million.

The decrease in underlying NPAT for the year was primarily due to the impact of lower iron ore prices in the Mining business, which more than offset the benefit from increased iron ore sales volumes, and higher earnings in the Mining Consumables and Steel businesses.

Statutory operating cash flow for the year was strong at $590 million, up 26% compared to the previous financial year. The continued focus on cash generation, including initiatives in the Steel business such as driving down working capital and the sale of the company's 50.3% share of Steel & Tube Holdings during the first half, helped lower net debt to $2,115 million. Gearing increased 3.9 percentage points to 36.2%, including 5.1 percentage points related to the impairment of assets and restructuring costs. The underlying interest cover for the financial year ended 30 June 2013 was 5 times.

Arrium Managing Director and CEO, Mr Andrew Roberts said: The year was a very significant one in our growth as a Mining and Materials company. In June, our Mining business reached a sales run rate for iron ore of 12Mtpa, marking the on time and on budget delivery of our expansion to double the size of the business – a pleasing achievement.

Operationally, the ramp up in iron ore sales led to underlying earnings for the year being heavily weighted to the second half, in line with guidance. Both our Mining and Mining Consumables businesses continued to perform very well during the year and were substantial contributors to earnings, while our Steel business maintained the significant improvement achieved in the prior year despite weaker domestic and international steel markets.

"Our Mining business again delivered a very solid result with EBITDA of $340 million. Iron ore prices were down significantly compared to the 2012 financial year, but the adverse impact on earnings was offset by a 32% increase in sales volumes to 8.28Mt – a record for the business, largely reflecting the ramp up of our Southern Iron expansion in the second half.

"Our Mining Consumables business delivered strong earnings growth with EBITDA up 15% to $197 million and maintained relatively stable margins. The business has continued to grow strongly year on year since the Moly-Cop acquisition at the end of 2010, leveraging its strong market positions in key growth areas for grinding media such as North and South America.

"In Steel, our continued focus on cash generation including cost and operational improvements enabled the business to maintain the significantly improved performance achieved in the prior year, despite some further deterioration in the external environment. EBITDA for the Steel business was up 15% compared to the previous financial year, to $76 million. The recently announced establishment of a single Steel business is expected to drive further improvement, and the business is well positioned to benefit from the recent fall in the Australian dollar.

The company also recently announced that as part of its focus on cash generation in Steel, it intends to divest non-integrated steel businesses and properties. The decision to hold these businesses for sale was a significant contributor to the extent of the asset impairment charge recorded in the year.

"As expected, our net debt at $2,115 million finished lower than its level at the end of both the prior half and financial year after expenditure of $218 million on the expansion of our Mining business. Gearing finished up 3.9 percentage points to 36.2%, but includes an increase of 5.1 points related to the $961 million impairment of assets and restructuring costs in the Steel and Recycling businesses.

"Our strategic focus has been on growing our Mining and Mining Consumables businesses, and generating positive EBITDA and cash in Steel. We have delivered on our growth expectations to date, and are now focused on reducing debt through capturing the benefits of this growth, as well as from improvement in earnings and cash generation in Steel", Mr Roberts said.

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RESULTS SUMMARY

Statutory	Jun-13 $m	Jun-12 $m	% Change
Sales revenue	6,841	7,595	(10%)
EBITDA	497	498	-
EBIT	(708)	135	-
Net loss after tax	(695)	58	-
Operating cash flow	590	470	26%
Net debt	2,115	2,143	(1%)
Gearing (net debt / net debt + equity)	36.2%	32.3%	3.9 pct
Earnings per share (weighted average) - cents	(51.5)	4.3	-

Underlying	Jun-13 $m	Jun-12 $m	% Change
Sales revenue	6,841	7,595	(10%)
EBITDA	590	581	2%
EBIT	316	360	(12%)
Net profit after tax	168	195	(14%)
Operating cash flow	596	519	15%
Earnings per share (weighted average) - cents	12.7	14.6	(13%)

Details of the reconciliation of non-statutory underlying results to statutory results can be found in the Attachment to this document.

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SEGMENT PERFORMANCE

ARRIUM MINING

- **Strong earnings with EBITDA $340 million and EBIT $249 million**
- **Record level of ore sales for year – 8.28Mt**
- **Expansion to double size of business delivered on time and budget**

Revenue increased 19% compared to the prior financial year to $977 million due to an increase in iron ore sales volumes from 6.29Mt to 8.28Mt, partly offset by lower average iron ore prices. The record sales volumes includes 1.6Mt related to the successful ramp up of the new Southern Iron operation, and improved volumes from the Middleback Ranges operation largely related to recent supply chain improvements.

Market conditions were, on occasion, volatile with iron ore prices declining steeply through the first quarter, reaching their lowest level post the GFC in September at US$87/t (CFR 62% Fe fines), before improving strongly and reaching US$160/t at the end of the March quarter. The average Platts 62% dmt fines benchmark price for the year was 16% lower at US$127/t compared to US$151/t for the prior financial year.

In September, Arrium Mining assumed full responsibility for all sales agency services with marketing teams based in Australia and North Asia. The business sold its first cargo outside of China, and also launched two new blended fines products, the Whyalla blend and Opal blend which are well placed for the evolving iron ore market. Both the transition and new blended products have been well received by customers.

In November, contract mining services changed to BGC Contracting at the South Middleback Ranges operation. The changeover has progressed well, and the average cost loaded on the ship (excluding royalties and depreciation) for the Middleback Ranges operation was in line with guidance at $42/wmt. Southern Iron costs reflect the costs associated with the ramp up and commissioning.

EBIT for the year was strong at $249 million, but down on EBIT for the prior financial year of $303 million. The decrease was due to lower average iron ore prices and increased depreciation and amortisation related to the higher level of investment in Southern Iron and the Whyalla Port expansion, partly offset by the higher level of sales volumes.

In June, the business achieved a major milestone for its Mining expansion with sales being ramped up to a run rate of 12Mtpa, effectively marking a doubling of the business. The year incorporated a number of significant achievements towards delivering this outcome, including commencing the sale of first ores from Peculiar Knob in October (53 weeks after 'turning first dirt'), receiving and transshipping first ores from Southern Iron through the new Whyalla Port facilities in December, and then receipt in May of first ores from the Middleback Ranges mines on the new narrow gauge rail for blending with Southern Iron ores. The new higher capacity shiploader was commissioned early July. The capacity of the Whyalla Port has now also been doubled to 13Mtpa.

Both the Southern Iron and Whyalla Port expansion projects were delivered on time and budget.

The June 2013 quarterly production report for Arrium Mining was released today, which provides additional information regarding Arrium Mining's activities.

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ARRIUM MINING CONSUMABLES

- **Strong performance from North America, South America and Australasia**
- **EBITDA up 15% to $197 million, EBIT up 13% to $153 million**
- **Sales volumes up 8%**
- **Stable margins**

Revenue increased 2% compared to the prior year to $1,567 million, reflecting 8% growth in sales volumes partly offset by a lower average net sales price. The lower sales price reflects lower raw material costs over the year.

Despite some softening in commodity prices, strong levels of copper, gold and iron ore mining activity in the Americas and Australasia continued to underpin robust demand for our mining consumables products, particularly grinding media.

The business continued to deliver strong earnings growth with EBITDA of $197 million compared to $172 million for the prior financial year, reflecting increased contributions from North America, South America and Australasia. In the Americas, the Moly-Cop grinding media businesses again performed very well. In Australasia, the grinding media, rail wheels and ropes businesses all recorded stronger performances.

The Moly-Cop grinding media business has leading market positions in some of the world's key growth and low cost regions for copper, gold and iron ore mining. Its 'value in use' proposition underpinned by its ball quality, supply chain and technical support is widely recognised by its high quality customer base, and has helped deliver a history of relatively stable margins.

The capacity expansion at Lima, Peru is currently being commissioned, while the Cilegon, Indonesia expansion is progressing well with completion expected at the end of the March 2014 quarter. Work has also commenced on a 120 thousand tonne capacity expansion at Kamloops, Canada.

ARRIUM STEEL

- **Improved performance in Steel business despite further weakness in external environment**
- **Steel business EBITDA $76 million, up 15% pcp**
- **Increased leverage to improvement in demand or lower dollar**
- **Recycling result reflects significant deterioration in prices for ferrous and non-ferrous scrap**
- **Continued focus on cash generation**
- **Announced divestment of non-integrated businesses and properties**
- **Single steel business (annualised cost savings $40 million[5])**

The Steel business continued to be challenged in FY13 by the difficult external environment including the high Australian dollar and generally weak construction and manufacturing markets. Domestically, large infrastructure projects in the engineering construction sector continued to support strong demand for steel reinforcing products, but deterioration in commodity prices adversely affected demand from the resource sector (particularly coal, gas and iron ore) as companies reduced maintenance and some project expenditure. In the non-residential and residential construction sectors, activity levels remained generally weak due to credit availability issues and soft business and consumer sentiment.

The business continued to focus on cash generation including delivering cost reductions and operational improvements. EBITDA for Steel was $76 million, a 15% increase over the improved performance achieved in the prior financial year.

In the Recycling business, the adverse impact of weaker ferrous and non ferrous scrap prices more than offset the benefit of cost and operational improvements.

Arrium Steel's focus is cash generation through improved earnings from cost reductions, driving down working capital, as well as divesting non-integrated Steel businesses and properties. The company recently announced that, in line with this focus, it was combining its Steel Manufacturing and Distribution businesses to form a single Steel business (expected to deliver additional annualised cost

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savings of \$40 million[5]), undertaking additional rationalisation work predominantly in its Recycling business, as well as holding its non-integrated Merchandising and US Recycling businesses for sale.

In Steel, revenue decreased 14% to \$3,486 million compared to the prior financial year due to a 8% decrease in sales volumes and a lower average net sales price. Volumes were lower due to some further weakness in domestic demand and the impact of a major rail contract with ARTC being completed in the first half. EBIT for the year was a loss of \$43 million compared to an EBIT loss of \$56 million in the prior financial year, with cost reductions and operational improvements contributing to this result.

In the Recycling business, total revenue decreased 15% to \$1,350 million compared to the prior financial year due to lower average prices and lower volumes for ferrous scrap. EBIT for the year was a loss of \$8 million reflecting a breakeven result for the second half driven by cost and operational improvements.

The Steel & Recycling businesses are positioned with significant leverage to an improvement in demand and a lower Australian dollar.

FINAL DIVIDEND

The Board announced today an unfranked final dividend of 3 cents per share. The company has previously indicated that it has had insufficient franking credits for paying franked dividends due to factors such as deductible research and development and prior year tax adjustments. The extent to which Arrium is able to frank future dividends will depend on future earnings and the level of franking credits generated from tax paid in Australia.

OUTLOOK

Arrium Mining

Economic growth in China is expected to continue at high levels despite recent downward revisions in the rate of growth, and this is expected to underpin continued strong demand for iron ore. We expect volatility in prices to continue, but on average to remain at solid levels particularly given the impact of the lower Australian dollar.

Earnings for FY14 are expected to significantly benefit from the completion of our expansion that led to iron ore sales doubling to a rate of ~12Mtpa at the end of FY13. We expect an average Fe grade of ~60% and a loaded cash cost of ~\$50/wmt[6] at the 12Mtpa rate.

We are continuing to assess opportunities to increase sales above 12Mtpa and utilise the full capacity of the recently expanded Whyalla Port. We also expect to further diversify our customer base into North Asia.

We have reasonable aspirations of being able to maintain sales at the rate of 12Mtpa for at least 10 years based on our reserves and resource, beneficiation of low grade ore and our on-going ferrous exploration program.

Arrium Mining Consumables

We expect demand for grinding media to remain strong driven by high levels of copper and gold production, particularly in North and South America despite commodity prices coming off their recent highs.

Over the medium to longer term, demand for grinding media is expected to grow strongly at a compound annual growth rate of approximately 8% (FY13 – FY17) in both North and South America. The business is well placed through its ball quality, supply chain, technical support, and its strategy of expanding capacity ahead of demand to capture at least its high market share of this growth.

In mining ropes and rail wheels, demand in the first half of FY14 is expected to be adversely impacted by some miners in Australia (coal and iron ore) reducing inventory levels.

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Arrium Steel

We expect generally weak domestic and international steel markets to continue through the first half. However, domestic construction markets are expected to slowly recover in FY14 after experiencing the impact of weaker activity in the resource and non-residential construction sectors in the prior half.

Earnings in FY14 for Steel and Recycling are expected to benefit from further cost reductions and operational improvements, as well as from the impact of a sustained lower Australian dollar. We expect the full benefit of a sustained lower Australian dollar from the second quarter.

Arrium Steel has significant leverage to improved demand, particularly from domestic construction.

Over the medium to longer term, we remain confident we will see improvements in the fundamentals for key domestic and international steel markets as economic conditions improve.

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Attachment 2.

CHAIRMAN'S AND MANAGING DIRECTOR/CEO'S ADDRESSES TO ARRIUM'S 2013 ANNUAL GENERAL MEETING

2013 ANNUAL GENERAL MEETING ADDRESSES

CHAIRMAN'S ADDRESS – MR PETER SMEDLEY

Good afternoon ladies and gentlemen.

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

Before we proceed to formal business, I would like to turn our attention to consideration of the 2013 financial results.

I will provide some commentary on the company's financial and strategic outcomes for the year, before turning to some other important matters including the outlook for our businesses.

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

As an overall comment, the year was another very significant one in our growth as a mining and materials company.

Financially, the company delivered an underlying net profit after tax of $168 million. Statutory net profit after tax was a loss of $695 million, and includes asset impairments and restructuring costs of $961 million.

A significant contributor to the extent of the asset impairment charge for the year was our decision to hold the non-integrated steel businesses for sale – I will discuss this further shortly.

Strategically, we continued to deliver on our commitments in relation to growing our Mining and Mining Consumables businesses and improving the performance of our Steel business. We are well positioned to realise the value from these strategic investments – which is the theme of this year's Annual Report.

The Board declared dividends for the year totalling 5 cents a share, unfranked.

When I stood before you at last year's AGM, I explained how the company had transformed from being solely an Australian domestic steel long products producer and steel distributor at the time of being spun out from BHP in 2000, to its position today as an international diversified mining and materials company.

This transition included major milestones such as the commencement of Project Magnet in 2005, which led to the creation of a new export iron ore revenue stream for the company; the acquisition of Smorgon Steel in 2007 which, in addition to providing us with domestic and international grinding media businesses, delivered $100 million in synergy benefits and helped us to weather the GFC period; and the acquisition of Moly-Cop at the end of 2010, which made us the largest supplier of grinding media in the world with leading market positions in key growth areas such as North and South America.

Our most recent milestone was achieved this year with the doubling of our Mining business, which I am pleased to advise was completed on time and on budget – uncommon in the resources sector in recent years. This included doubling our rate of iron ore sales to 12Mtpa in June this year, and doubling the capacity of our Whyalla Port in July to 13Mtpa – both 1Mtpa more than the target originally announced.

The benefits of this transformation can be clearly seen in the charts on the screen behind me. These show the significant growth in revenue, EBITDA and operating cash flow compared to when we were spun out as a steel company 13 years ago, as well as the substantial contributions our strategic investments in Mining and Mining Consumables made to group revenue and earnings in FY13. We have been very focused on putting the physicals in place to deliver this.

Our level of debt – which increased as a result of these strategic growth investments – is above where we would prefer it to be in this environment, so we now have debt reduction and improving our leverage as a key focus for enhancing shareholder value.

We expect to achieve this through the earnings and cash benefits from our Mining and Mining Consumables growth, improved earnings and cash generation in Steel, and from the divestment of non-integrated steel businesses and properties.

Over the short to medium term we continue to have good growth opportunities in our Mining and Mining Consumables businesses, which do not require significant capital investment. These include utilising the full capacity of the Whyalla Port, and capturing at least our high market share of the expected strong growth in grinding media.

Turning now to performance highlights for the year. Our Mining and Mining Consumables businesses continued to perform strongly. The Mining business contributed a very strong $340 million of EBITDA after recording a record 8.2mt of iron ore sales for the year, reflecting the ramp up of the new Southern Iron operation, and operational improvements at the Middleback Ranges operation.

The Mining Consumables business continued to grow strongly and is now a business of scale. EBITDA for the year was up 15% to $197 million, with sales volumes up 8% on the prior financial year.

In Arrium Steel, cost reductions and operational improvements helped deliver a further lift to the earnings performance of the Steel business despite a weaker external environment. However in Recycling, the adverse impact of weaker scrap prices more than offset the benefit of cost and operational improvements. Arrium Steel was again underlying EBITDA and cash positive for the year, and has significant leverage to a sustained lower Australian dollar and a modest improvement in demand.

The Steel business remains a key part of our business portfolio. However, going forward the company's focus will be on its integrated steel value chain, which is where it has competitive advantage. As I mentioned earlier, at year end our non-integrated steel businesses were held for sale. Mr Roberts will be providing an update on how we are progressing with these sales.

A further significant strategic initiative in Steel was announced late May. This was the formation of a single steel business through combining the steel Manufacturing and Distribution businesses. This is expected to reduce complexity and cost and help to further improve the earnings and cash performance of the Steel business.

Overall cash generation was also a highlight for the year. Statutory operating cash flow for the company was very strong at $590 million, up 26% compared to the prior financial year.

Safety is a core value for the company and every effort is made to continue to improve our capability to recognise, assess and manage risk, as well as reduce injury and incidents.

While I am pleased to report further improvements this year in our safety practices and key safety performance metrics, I am extremely saddened to advise you that just last month a contractor at our Moly-Cop operation in Arequipa, Peru was fatally injured while undertaking a task near an overhead bridge crane. This incident is being fully investigated, with appropriate responses both at the site and across the company being taken. Counselling and other support has been provided to those impacted by this tragic accident.

I would now like to update you on the businesses and their outlook.

Firstly, Mining. This business is continuing to perform well, with iron ore sales tracking in line with our target of 6mt for the half year and 12mt for the full year.

In addition to its hematite iron ore stream, the business is progressing well with its magnetite optimisation work designed to deliver an additional 400ktpa of magnetite ore products, as well as providing other benefits such as reduced mining activity and related cash outlays. This work includes the installation of a tertiary grinder and modifications to the grinding circuit. We expect the benefits of this project to commence in the second half.

In relation to prices, continued strong demand from China is expected to underpin solid average iron ore prices over the balance of this financial year, particularly given the outlook for a sustained lower Australian dollar.

Guidance for the grade of our hematite iron ore sales is unchanged at an average of approximately 60% Fe for FY14, and our Q1 FY14 loaded cash cost is approximately $49/wmt – and we expect this to be subject to inflation going forward.

As previously mentioned, our short to medium term growth focus for this business is through lifting sales to utilise the full capacity of the newly expanded Whyalla Port. We are continuing to progress this work.

Moving to Mining Consumables. This business has, and continues to perform well, underpinned by strong demand for grinding media, particularly in North and South America.

Going forward, we see no change to this strong demand. In fact we expect a compound annual growth rate of approximately 8% in the demand for grinding media in North and South America over the FY13 to FY17 period. And, we are well placed to at least capture our high market share of this expected growth.

Continued high levels of copper, gold and iron ore production in our key markets, as well as declining head grades are key factors in the growth.

In our mining ropes and rail wheels businesses, demand in the first half has been impacted by some miners in Australia destocking, as we flagged at our August full year results briefing.

Turning now to Steel. The first half has seen a continuation of the generally weak domestic and international steel markets, as indicated at our August results briefing.

However, we have continued to do well with what we can control, and this includes tracking to plan with the $40 million of cost savings associated with the establishment of the single Steel business.

Overall, we expect Steel earnings for this half to be similar to the prior half. Volumes have continued to be relatively weak, but we have put a number of price increases through early in the second quarter. Although these are under some pressure due to the subsequent increase in the Australian dollar and lower steelmaking raw material prices.

Going forward, we are encouraged by a recent lift in market confidence and quote activity in key construction markets, and expect our second half Steel earnings to benefit from an increase in volumes associated with a recommencement of the slow recovery in domestic construction markets, as well as from the full impact of our cost savings.

In Recycling, we expect the difficult external environment for the global scrap market to continue over the short term, but earnings are expected to benefit from rationalisation and cost reductions in the Australia and Asia businesses.

As I mentioned, reducing debt and improving our leverage – which is calculated as Net Debt divided by EBITDA – is now our primary focus.

I am pleased to advise that we are making good progress here. EBITDA is benefiting from our recent growth investments in Mining and Mining Consumables, and this, together with good progress with our divestment program – which we continue to expect will deliver proceeds of between $200 to $250 million in FY14 – is helping to reduce net debt.

In line with our normal practice, we are not providing quantitative guidance for the group at this time due to the uncertainty around key drivers such as iron ore prices, the exchange rate and the rate of growth in the international and domestic economy.

However, we do expect underlying net profit after tax for the second half to benefit from delivering the expanded rate of iron ore sales, from continued growth in Mining Consumables, increased sales volumes in Steel, as well as the full impact of the Steel cost reductions.

I would now like to make a few comments on the appointment of Mr Roberts as the company's new Managing Director and CEO.

At last year's AGM, I advised that Geoff Plummer had indicated that he would be leaving Arrium, and that the Board would be commencing the process of identifying and appointing a replacement.

In February, the Board was delighted to announce the appointment of Mr Roberts from a strong pool of both internal and external candidates. Andrew has extensive experience across all our business segments, most recently as Chief Executive of Mining Consumables, and he has been a key figure in the development and implementation of Arrium's transformation strategy.

His succession included a transition period with Mr Plummer, in which Mr Roberts was responsible for planning the company's strategy, operations and organisation from the 2014 financial year. Pleasingly, this enabled a very smooth and seamless succession, which became effective 1 July.

I would like to thank Geoff Plummer for his outstanding contribution during his tenure as our Managing Director and Chief Executive Officer. The company is now well positioned to take advantage of our new growth platforms.

I would now like to turn to Board succession activities. Board succession implementation was deliberately put on hold in 2011 to ensure that we were fully focussed on, and accountable for the tasks of:

- Ensuring the integration and development of the major acquisitions of Moly-Cop and Southern Iron;
- Implementing plans for iron ore production and port capacity to double our export sales to 12Mtpa, and our port capacity to 13Mtpa; and
- To develop the necessary process for a potential internal or external succession at the chief executive level.

We have now achieved all of those aspirations, and will now return to Board succession.

Dean Pritchard, Colin Galbraith and I have been on the Board for the full period of transition from our October 2000 listing as an Australasian long products steel producer and distribution company, to what it is now, an international diversified mining and materials company which derives the bulk of its income offshore.

This is now the ideal time for the Board to take on new directors for the next phase of the company's development.

To facilitate this, Dean and I will not stand for re-election when our current terms expire in November 2014. This will allow two new directors to join the Board and stand for your endorsement at the AGM in 2014.

Colin is standing for re-election at this AGM to ensure an orderly transition of knowledge, as Chairman of the Governance and Nominations Committee, to my successor post the AGM in November 2014.

I will keep you informed of our progress on this important transition.

On behalf of Arrium's Board of Directors, I would like to thank all of our shareholders for their continuing support in what has been a transformational year for the company. We are now very well placed to realise the benefits from our recent investments in this transformation.

Finally, I would like to thank Mr Roberts and Mr Plummer, the Executive Management team and all of our employees for their dedication and performance.

MANAGING DIRECTOR & CEO'S ADDRESS – MR ANDREW ROBERTS

Thank you Chairman, and good afternoon ladies and gentlemen.

After almost 25 years with the company, I am very honoured to be here with you today as Arrium's Managing Director and CEO, and for the exciting opportunity that the Board has entrusted to me to lead this company through its next era of growth and prosperity.

I have been part of the management team that has helped chart Arrium's remarkable transformation from a domestic steel business into the international mining and materials company we are today.

We face the future with great confidence and conviction. We have the right strategy, and our growth prospects are very encouraging.

A few months ago we completed our latest growth project – doubling our iron ore sales rate to 12 million tonnes per year, and the capacity of our Whyalla Port to 13 million tonnes per a year.

Having set up the growth platforms in our Mining and Mining Consumables businesses, we are now concentrating on deploying our strong cash flows to pay off debt and improve our leverage to reflect the current external environment. We have outlined a clear plan to achieve this.

As the Chairman mentioned, paying off debt and improving leverage provides the most value to you, our shareholders, in the short to medium term.

I would now like to turn to the highlights for the past year.

Overall, the 2013 financial year was another transformational one for Arrium, and one in which we continued to deliver our strategic commitments. As well as doubling the size of our Mining business on time and on budget, we generated strong earnings and volume growth in our Mining Consumables business, delivered further improvements in the Steel business despite very adverse market conditions, and we produced very strong cash flow across the group.

The successful doubling of the Mining business to 12Mtpa means we are now the fourth largest exporter of hematite iron ore in Australia, albeit a long way short of the majors.

Let me recap the key financial metrics.

As the Chairman highlighted both our underlying and statutory results, I will focus my comments on the underlying performance for the year.

Underlying net profit after tax was $168 million compared to $195 million for the previous financial year, with earnings significantly weighted to the second half as guided, due to the ramp up of iron ore sales from our mining expansion.

The lower underlying profit compared to the prior year was due mainly to lower average iron ore prices that more than offset the benefit we got from increased iron ore sales volumes, and higher earnings in Mining Consumables and the Steel business.

Pleasingly, operating cash flow was up 26% to $590 million for the year.

Our net debt at year end was in line with our guidance at just over two billion, despite the impact of a sharp fall in the Australian dollar towards the end of the financial year.

Gearing at 36% is well below the threshold in our debt covenant.

We refinanced $800 million of US dollar debt facilities that were due to mature in the second half of 2014, and that means we now have no significant debt maturing until the 2016 financial year.

Turning now to our businesses. Both our Mining and Mining consumables businesses continued to perform very well during the year, while our Steel business built on the significant improvement achieved in the prior year despite weaker domestic and international steel markets.

In Mining, the business again delivered a strong result with EBITDA and EBIT, $340 million and $249 million respectively.

Revenue increased 19% to $977 million as the impact of lower iron ore prices was more than offset by a 32% increase in sales volumes to 8.2mt – a record for the business. This pleasing result was driven by record sales from our operations at the Middleback ranges of 6.7mt, and the ramp up of our southern iron expansion in the second half.

Arrium assumed responsibility for all iron ore sales and marketing activities, with marketing teams based in Australia and North Asia. The business sold its first cargo outside of China, and also launched two new blended products, our Whyalla blend and our Opal blend. These new products provide benefits for customers through their lower impurities and moisture – and I am pleased to say they have been very well received.

In doubling the size of our Mining business we:

- Commenced sales of first ores from Southern Iron in October last year, only 53 weeks after 'turning first dirt' at the mine;
- Received and transhipped first ores from Southern Iron through the expanded Whyalla port in December 2012;
- In May this year we received the first ores from the Middleback Ranges mines on our new narrow gauge rail line for blending with Southern Iron ores;
- And then in June 2013, we reached our targeted run rate of 12 million tonnes per year – which was a very pleasing outcome.

Today we released our Mining Production Report for the first quarter of this financial year. In summary, it shows that we have maintained the expanded run rate of 12 million tonnes per annum, and that we are on track to deliver our target for the full year.

Average market prices for iron ore have remained relatively strong, and somewhat better than many were forecasting for the quarter.

Our average realised fob price was US$113/dmt, up from us$104/dmt in the previous quarter. In Australian dollars, the realised average fob price was significantly higher at $123/dmt.

Our average iron ore grade for the quarter was 60.3% Fe, in line with guidance, as was our loaded cash cost which averaged A$49 a wet metric tonne for the quarter.

Further information on our first quarter performance can be found in the report on our Arrium website or from the ASX.

Turning now to Mining Consumables, this is a great story. This business has continued to grow strongly in both earnings and volumes, and is now a substantial contributor to the Arrium group, delivering around one third of the company's total EBITDA in FY13.

EBITDA was up 15% to $197 million, and EBIT up 13% to $153 million, reflecting the increased contributions from North America, South America and Australasia.

We are a major supplier of grinding media to copper and gold miners and with strong growth in the production of these commodities we enjoyed strong growth in our sales volumes.

There is an attractive and transparent pipeline of new mine projects and expansions either planned or underway that underpins our confidence around grinding media demand going forward.

In terms of our Mining Consumables businesses, the Moly-Cop grinding media business again performed very well, as did the Australasian rail wheels and ropes businesses. All these businesses recorded increased contributions compared to the prior year.

We have expanded grinding media capacity at Lima, Peru and our Cilegon, Indonesia expansion is tracking to plan. The additional 40 thousand tonnes of capacity at Lima was completed on time and on budget in August this year, while the additional 50 thousand tonnes of capacity at Cilegon is expected to be completed at the end of the March 2014 quarter. We have also announced that work has commenced on adding 120 thousand tonnes of capacity at our Kamloops facility in Canada.

This business generates a significant amount of cash which is funding its organic growth projects, with plenty left over to return to the group to pay down debt.

Moving now to the Arrium Steel segment, which includes both our Steel and Recycling businesses.

In Steel in the 2013 financial year, we continued to face a very challenging external environment with a high Australian dollar and generally weak construction and manufacturing markets.

However, our focus on cost reductions and operational improvements helped lift EBITDA to $76 million for the year, a 15% improvement over the prior year.

We remain focused on cash generation in the Steel business. This includes improved earnings from cost reductions and driving down working capital, as well as through divesting non-integrated steel businesses and properties.

In line with this focus, I announced at the end of May this year that we were combining our steel Manufacturing and Distribution businesses to form a single Steel business. We expect this to deliver annualised savings of approximately $40 million, of which $30 million is expected in this current financial year.

In Recycling, the business was adversely impacted by weaker ferrous and non-ferrous scrap prices and volumes. EBIT for the year was a loss of $8 million, but included a breakeven result in the second half driven by cost and operational improvements.

The continued focus on cost reductions in both the Steel and Recycling businesses has resulted in a further lowering of their breakeven point and an increase to their already significant leverage to any improvement in demand or any sustained reduction in the Australian dollar.

To recap on the outlook. As the Chairman outlined, the Mining and Mining Consumables businesses are continuing to perform well and their outlook remains positive. While in Steel, the external environment remains difficult but we are continuing to do well with what we can control, and we are encouraged by a recent lift in market confidence and quote activity.

We are making good progress with our key strategic priority of paying down debt and improving our leverage. This is being achieved by a lift in group earnings, as well as cash proceeds from our non-integrated steel divestment program.

The Chairman indicated that we expect total proceeds from the divestment program to total $200 to $250 million this financial year. I am pleased to advise that we have either completed, or have under contract, divestments totalling approximately $120 million, and expect approximately $90 million of this to be received in cash by the first half of this financial year.

To sum up ladies and gentlemen, it was another significant year of growth as an international mining and materials company.

We completed our mining expansion on time and on budget, and both the Mining and Mining Consumables businesses continued to be major contributors to our earnings and growth.

arrium
MINING AND MATERIALS

We again improved the performance of our Steel business, including restructuring the business into a single Steel business to take advantage of our integrated value chain, which is where we have clear competitive advantage.

Our short to medium term priority for delivering enhanced shareholder value is to pay down more debt and improve our leverage, and we have outlined a clear plan for achieving this.

We have the right operating strategy. We are, and expect to continue, to generate good cash outcomes to bring down debt. And the growth prospects for our Mining and Mining Consumables businesses are very encouraging.

To all of Arrium's customers, thank you for your ongoing support and custom, and most importantly, our relationship.

To all of Arrium's employees and contractors, on behalf of the entire management team I would like to acknowledge and extend our thanks and appreciation of your dedication and efforts during the year.

Our ongoing focus on our core values of safety and customer will not waiver.

To the Chairman and Board, thank you for your guidance, support and direction throughout the year.

I would also like to thank Mr Geoff Plummer for his support and guidance, which ensured my transition into this role, was both a smooth and seamless one.

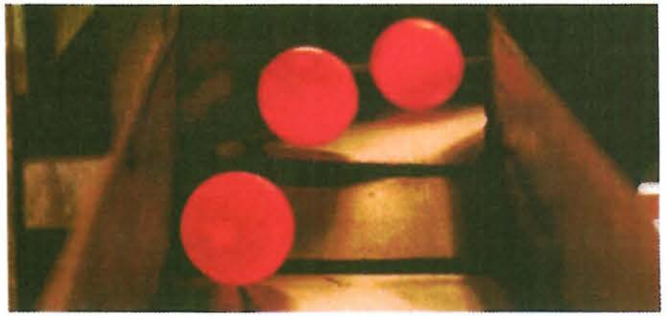
And finally, to you our shareholders thank you for your continued support and confidence in our company.

Attachment 3.

CERTAIN SLIDES PRESENTED TO ARRIUM'S 2013 ANNUAL GENERAL MEETING

FY13 performance highlights

- Arrium Mining
  - Strong EBITDA contribution $340 million
  - Record iron ore sales 8.28Mt
- Arrium Mining Consumables
  - EBITDA up 15% to $197 million
  - Sales volumes up 8% pcp
- Arrium Steel
  - EBITDA and cash positive
  - Formation of single Steel business
  - Non-integrated businesses held for sale
- Statutory operating cash flow up 26% to $590 million



Summary

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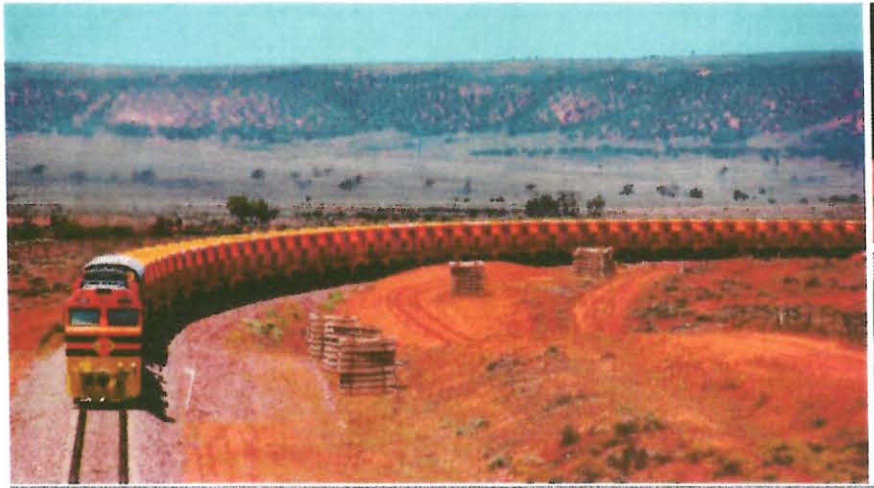
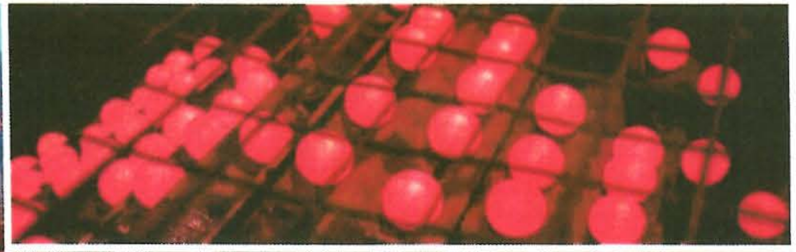
MINING AND MATERIALS

Highlights

- Transformational year
- Doubled Mining business and Whyalla Port on time and on budget
- Continued strong earnings and volume growth in Mining Consumables
- Further improvement in Steel despite weaker external environment
- Strong cash flow is helping drive down debt





Arrium Steel

- Improved performance in Steel
- Continued focus on cash generation
- Formation of a single Steel business
- Divestments – non-integrated
- Recycling – lower volumes and prices
- Significant leverage to improvement in external environment
  - Demand
  - Sustained lower AUD