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ASX RELEASE

15 September 2014

ARRIUM ANNOUNCES FULLY UNDERWRITTEN \$754 MILLION CAPITAL RAISING

Arrium Limited (ASX:ARI) today announced a capital raising to raise approximately \$656 million from a fully underwritten 1 for 1 pro rata accelerated renounceable entitlement offer with retail entitlements trading (Entitlement Offer), and a placement to institutional investors to raise a minimum of \$98 million (Placement).

The net proceeds of the capital raising will be used to repay debt, in line with the company's stated priority of debt reduction. The raising will strengthen the company's balance sheet and provide it with a more appropriate capital structure for the current environment.

The key details of the capital raising are:

- Fully underwritten 1 for 1 pro rata accelerated renounceable entitlement offer with retail entitlements trading to raise approximately \$656 million
- Fully underwritten 15% institutional placement to raise at least \$98 million
- Entitlement Offer price of \$0.48 per new share with Placement to be priced via a bookbuild with an underwritten floor of \$0.48
- Institutional Entitlement Offer is accelerated
- Retail entitlements may be traded on ASX from Thursday, 18 September 2014 to Tuesday, 30 September 2014
- New shares issued under the Entitlement Offer and Placement (New Shares) will not be entitled to the FY14 final dividend of 3.0 cents per share announced on 19 August 2014
- Placement shares will not be entitled to participate in the Entitlement Offer
- The offer price of \$0.48 per New Share represents:
 - A 26% discount to Arrium's closing share price on 12 September 2014; and
 - A 15% discount to the theoretical ex-rights price (TERP)¹

Arrium's Chairman, Mr Peter Smedley said: "This positions the company for current markets. Debt reduction is a key priority for the company and today's announced capital raising reduces our debt significantly in a single step.

"While the company last month reported it had achieved significant progress with debt reduction, iron ore prices have fallen significantly in the last month to 5 year lows and there is increased uncertainty over the extent and timing of recovery. We are taking this action to position Arrium with a more appropriate capital structure in the current environment.

"In addition, we believe the Offer provides shareholders with a good opportunity to increase their investment in Arrium on attractive terms. The company will have a strengthened balance sheet with significant leverage to improved iron ore prices, a sustained lower Australian dollar, increased steel volumes including from stronger investment in infrastructure and recovery in steel margins."

Arrium also announced today that its previously announced DRP will not apply to the 2014 final dividend of 3.0 cents per share payable on 16 October 2014 in order to facilitate shareholders participating in the Entitlement Offer.

Entitlement Offer

The Entitlement Offer comprises an accelerated institutional entitlement offer and a retail entitlement offer that includes the ability to trade retail entitlements on the ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Arrium ordinary share for every 1 existing Arrium ordinary share (Entitlement) held as at 7.00pm (Sydney time) on Thursday, 18 September 2014 (Record Date).

New Shares issued under the Entitlement Offer will rank equally with existing Shares from the date of allotment. New Shares will not be entitled to the FY14 final dividend of 3.0 cents per share announced on 19 August 2014.

Institutional Entitlement Offer

Eligible Institutional Shareholders² will be invited to participate in the institutional entitlement offer which will take place from Monday, 15 September 2014 to Tuesday, 16 September 2014 (Institutional Entitlement Offer).

Eligible Institutional Shareholders² can choose to take up all, part or none of their Entitlement.

Institutional entitlements cannot be traded on the ASX. Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional bookbuild on Wednesday, 17 September 2014 (Institutional Bookbuild). Any proceeds from the sale of institutional Entitlements under the Institutional Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those institutional shareholders.

Arrium shares have been placed in trading halt whilst the Institutional Entitlement Offer and Institutional Bookbuild are undertaken.

Retail Entitlement Offer

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer (Retail Entitlement Offer). The Retail Entitlement Offer will open on Monday, 22 September 2014 and close at 5.00pm (Sydney time) on Wednesday, 8 October 2014.

Eligible Retail Shareholders will be allotted Entitlements which can be traded on the ASX. If they do not wish to take up all or part of their Entitlements, they can seek to sell all or part of their Entitlements on the ASX or by transferring it directly to another person to realise value for those Entitlements ahead of the Retail Shortfall Bookbuild. Retail Entitlements can be traded on the ASX from Thursday, 18 September 2014 (on a deferred settlement basis) to Tuesday, 30 September 2014.

Retail Entitlements which are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the Retail Shortfall Bookbuild on Monday, 13 October 2014 (Retail Shortfall Bookbuild). Any proceeds from the sale of Entitlements under the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet³ and an accompanying personalised entitlement and acceptance form which are expected to be despatched on Monday, 22 September 2014. Copies of the Retail Offer Booklet will be available on the ASX website and our website at www.arrium.com from Friday, 19 September 2014.

The Entitlements may only be exercised by eligible retail shareholders, persons with a registered address in Australia or New Zealand and certain categories of investors in Canada (British Columbia, Ontario and Quebec), China (QDII only), Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malaysia, the Netherlands, Norway, Singapore, Sweden, Switzerland, the United Kingdom, and United Arab Emirates (excluding DIFC).

In addition, Entitlements may only be purchased by persons meeting certain eligibility criteria that are set out in the Appendix to the investor presentation which Arrium has filed with the ASX today. In particular, persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on the ASX or exercise or trade Entitlements purchased on the ASX or transferred directly from another person.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. If holders are not able to take up their Entitlements, those Entitlements will be sold into the retail shortfall bookbuild and holders may receive no value for them.

Institutional Placement

A Placement of approximately 204.9 million new shares will be offered to qualified and sophisticated institutional investors. New shares issued under the Placement will be priced via the Institutional Bookbuild on Wednesday 17 September 2014, with an underwritten floor price of \$0.48 per new share. The number of shares issued under the Placement is equal to 15% of issued capital before the Entitlement Offer. Shares issued under the Placement will rank equally with existing Arrium shares and new shares issued under the Entitlement Offer. New Shares issued under the Placement will not be entitled to the FY14 final dividend of 3.0 cents per share announced on 19 August 2014 or entitled to participate in the Entitlement Offer.

Notes

1. TERP is the theoretical price at which Arrium shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Arrium shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Arrium's closing price on 12 September 2014
2. Eligible Institutional Shareholders as defined in Section 6.2 of the Retail Offer Booklet
3. The Retail Offer Booklet is an offer booklet in relation to the Retail Entitlement Offer and will be lodged with the ASX and will be despatched to Eligible Retail Shareholders on or around 22 September 2014

Ends

Further inquiries:

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Indicative Timetable¹

Institutional Entitlement Offer and Placement	Date - 2014
Announcement of equity raising and trading halt	Monday, 15 September
Institutional Entitlement Offer opens	Monday, 15 September
Institutional Entitlement Offer closes	Tuesday, 16 September
Institutional Bookbuild (Placement and shortfall under Institutional Entitlement Offer)	Wednesday, 17 September
Trading halt lifted	Thursday, 18 September
Record date for eligibility in the Institutional Entitlement Offer	7.00pm Thursday, 18 September
Settlement of Institutional Entitlement Offer and Placement	Thursday, 25 September
Issue and quotation of New Shares under the Institutional Entitlement Offer and Placement	Friday, 26 September
Retail Entitlement Offer	Date - 2014
Record date for eligibility in the Retail Entitlement Offer	7.00pm Thursday, 18 September
Retail Entitlements commences trading on ASX on a deferred settlement basis	Thursday, 18 September
Retail Entitlements Offer opens	Monday, 22 September
Retail Offer Booklet despatched	Monday, 22 September
Retail Entitlements allotted	Monday, 22 September
Retail Entitlements commence trading on ASX on a normal settlement basis	Tuesday, 23 September
Retail Entitlements trading on ASX ends	Tuesday, 30 September
New Shares under the Retail Entitlement Offer commences trading on ASX on a deferred settlement basis	Wednesday, 1 October
Retail Entitlement Offer closes	Wednesday, 8 October
Retail shortfall bookbuild (after market close)	Monday, 13 October
Settlement of the Retail Entitlement Offer	Thursday, 16 October
Issue of New Shares under the Retail Entitlement Offer	Friday, 17 October
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 20 October
Holding statements sent to Retail holders	Tuesday, 21 October
Retail premium (if any) despatched	Wednesday, 22 October

The above timetable is indicative only and subject to change. All times represent Sydney time. Arrium reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, Arrium reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation and trading of Entitlements and New Shares is subject to confirmation from the ASX.

¹Timetable subject to variation and, in relation to retail rights trading, receipt of an ASIC modification.

Shareholder Enquiries

Eligible Retail Shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be despatched on or around Friday, 19 September 2014 and a retail offer booklet to be lodged with ASX on Friday 19 September 2014 and despatched on or around Monday, 22 September 2014.

Retail shareholders who have questions relating to the Retail Entitlement Offer should call the Arrium Offer Information line on 1300 131 856 (within Australia) or +61 2 9290 9688 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday or go to our website www.arrium.com.

Further information in relation to the Entitlement Offer described in this announcement is set out in an investor presentation which Arrium has filed with the ASX today. The investor presentation contains important information including key risks, key assumptions relating to certain forward looking information in this announcement and foreign selling restrictions with respect to the Entitlement Offer.

Important Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements and the New Shares may not be offered or sold in the United States unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed to persons in the United States.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Arrium, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to Arrium as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules) Arrium undertake no obligation to update these forward-looking statements.