

4 July 2016

ASX Announcement

UPDATE ON THE RECAPITALISATION / SALE PROCESS FOR THE ARRIUM GROUP OF COMPANIES (ADMINISTRATORS APPOINTED)

As announced to the ASX on 23 May 2016, KordaMentha has been preparing for a sale/recapitalisation of the Arrium Group.

Following a review of the businesses, KordaMentha is proposing two processes as follows:

- A dual track process for Moly-Cop, involving a trade sale or an initial public offering; and
- A sale/recapitalisation of Arrium Australia's combined steelworks, port and mining operations at Whyalla, together with its manufacturing, distribution and recycling businesses.

KordaMentha partner Mark Mentha said he believed the proposed approach would achieve the optimal outcome for all stakeholders.

"Progress at this preliminary stage is encouraging," he said.

"Moly-Cop is the largest and most experienced manufacturer and supplier of grinding media to mining operations worldwide. It is a strong business and is expected to attract global interest.

"We have also received significant interest in the Arrium Australia businesses, with enquiries from parties including global steel companies, large mining companies and global private equity firms.

"Significant progress is being made to reduce the cost base of the mining and steel operations at Whyalla. We are now targeting total annualised cost savings since the commencement of initiatives in October 2015 of approximately \$300 million.

"As reported to the ASX on 10 June 2016, the South Australian Government has announced its intention to contribute \$50 million in assistance for Arrium's Whyalla business. While the Federal Government election outcome remains uncertain, we look forward to progressing the opportunity to safeguard the future of Arrium's Australian businesses with key stakeholders."

Due diligence and other materials for potential investors are being prepared and a data room established. It is anticipated that the marketing program for the sale/recapitalisation processes will commence in mid to late July 2016.

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About KordaMentha

KordaMentha is an advisory and investment firm with prominent Forensic, Real Estate, Turnaround and Restructuring practices. Established by Mark Korda and Mark Mentha in 2002, today the firm employs over 300 specialists across Asia-Pacific with diverse backgrounds including accounting, agriculture, real estate, law enforcement, data analytics, retail, investment banking, restructuring and the C-suite who apply their real world experience, together with rigour and creativity to help clients overcome complex commercial matters.