



ASX Release

15 December 2016

ASX: EHL ('EMECO' OR 'THE COMPANY')

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Emeco Holdings Limited ACN 112 188 815

RECAPITALISATION AND MERGER TRANSACTION UPDATE

On 23 September 2016, Emeco announced that it had signed a Restructuring Support Agreement (**RSA**) with the Company's financiers and the shareholders and creditors of Orionstone and Andy's Earthmovers (**Andy's**). The RSA established a framework for the proposed recapitalisation of Emeco, the merger with Orionstone and Andy's and a rights issue (**Transaction**).

A condition to completion of the Transaction was approval by Emeco's Noteholders through a creditors' scheme of arrangement (**Creditors' Scheme**). Emeco announced that at the Creditors' Scheme meeting held at 6.00pm on Wednesday, 14 December 2016, the requisite amount of votes required to approve the Creditors' Scheme was not reached.

Notwithstanding the Creditors Scheme not being passed, Emeco confirms the Company has been, and remains, a going concern with sufficient near term liquidity and is able to pay its debts as and when they become due and payable. With the Transaction not succeeding, the indenture governing the Company's senior secured notes due in 2019 (**Indenture**) will remain in place. As disclosed in the creditors' scheme booklet lodged on ASX on 8 November 2016, the members of the ad hoc noteholder committee agreed under the terms of the RSA not to commence any action or exercise any rights or instruct any person to take any enforcement action in respect of the notes. In addition, a forbearance has been granted by over 50% of noteholders in respect of the commencement of the Creditors Scheme and the associated recognition proceedings in the United States.

The Company continues to operate with its focus on operational excellence, innovation and broadening the customer value proposition. The Emeco board and management team remain committed to strengthening the Company's balance sheet to provide a platform to capture growth opportunities, with a range of options available to the Company.

Ian Testrow, Emeco Managing Director, said: "Notwithstanding the strong support we have received from our shareholders, customers, suppliers and a significant proportion of noteholders, as well as the shareholders and creditors of Andy's and Orionstone, I am disappointed that not all of our noteholders have agreed to support the Transaction. As a result the Transaction will not proceed in its current form."

Mr Testrow continued: "The Transaction was one of a number of strategic options assessed to strengthen Emeco's balance sheet and provide a strong platform for growth. We continue to believe in the strategic merits of the Transaction and remain committed to exploring alternative options to achieve mergers with Andy's and Orionstone stakeholders and a more robust capital structure."

Peter Richards, Emeco Chairman, said: "I am extremely encouraged by the way in which Emeco's employees, shareholders, customers and many of our creditors have worked tirelessly and constructively towards a common goal of creating a sustainable platform for the growth and prosperity of Emeco. We look forward to continuing this engagement as we seek the best outcome for all stakeholders."

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About Emeco

Established in 1972, Emeco is the world's largest, independent mining equipment rental business and currently services major resource projects across Australia, Canada, and Chile. Emeco pursues a best in class asset management strategy and operates a global fleet of equipment from a range of original equipment manufacturers to deliver the most effective equipment rental and maintenance solutions for its customers. Emeco is a publicly listed company on the Australian Securities Exchange (ASX:EHL).

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