



ASX Announcement

22 September 2014

SubZero Updates Market

Further to the update of 8 September 2014, Subzero Group Ltd (SZG) advises that the operational restructuring is progressing in a satisfactory manner and expects that the forecast annualised cost saving targets of \$15 million will be achieved by the end of FY2015. Market conditions continue to remain soft, negatively impacting profitability and working capital, although there are some early indications of improvement through modest revenue increases and the impacts of the restructuring.

The company continues to pursue plans to recapitalise the business and is working closely with its financiers and advisors. An update will be provided as soon as a plan is finalised.

Given the current circumstances and the number of announcements by the company in recent weeks the forecasts announced in June 2014 are no longer applicable. The company's best estimates FY15 revenue will be in the order of \$80m and EBITDA after minority interests will be in the order of \$12.5m, including \$8.9m of the cost savings for the current year. This best estimate is subject to:

- No further deterioration in mining services market conditions;
- Retaining support of key customers and suppliers;
- The operational restructure being completed on time;
- The successful recapitalization of the Balance Sheet; and
- Retention of support of its from financiers.

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About SubZero Group Limited

The SubZero Group carries on an established mining service business based in the Hunter Valley, New South Wales. Its clients are almost exclusively involved in the Hunter Valley thermal coal mining industry. SubZero Group's services include Mechanical Support (on and off-site mining machinery support), Structural Support (on and off-site engineering support) and Production Support (mining production support). SubZero has a presence in over 25 coal mines and over 90 clients including Rio Tinto, BHP Billiton and Xstrata. Further information can be found at the SubZero website: <http://subzeroservices.com.au/>