



ASX ANNOUNCEMENT

18 December 2015

SubZero Group Limited Market Update

SubZero has now delivered positive normalised Operating EBITDA for 7 consecutive months to the end of November.

While constrained by a shortage of working capital, revenue for FY 2016 is running at a YTD average of greater than \$5m per month and normalised Operating EBITDA Margin is averaging 5%. Further overhead reductions and other initiatives are being implemented to drive top and bottom line performance improvement and deliver ongoing Operating EBITDA margins of around 10%.

SubZero retains the ongoing support of its financiers and is continuing to work towards an appropriate recapitalisation of the business with discussions being held with a number of parties.

SubZero Group CEO, Joe Clayton, today said: "It is important that SubZero continues to provide services to the Hunter Valley mining industry and we are pleased that we are doing exactly that. The results being achieved demonstrate SubZero's improved business performance and the confidence that local miners have in our business strategy and our capacity to deliver. The recapitalisation we are working to achieve will improve our working capital and consequently generate more revenue and improved profitability. "

Ends

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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: www.subzeroservices.com.au