



ASX ANNOUNCEMENT

12 February 2016

SubZero Group Limited Market Update

SubZero Group Limited (ASX Code: SZG) advises that its financial performance has continued to improve with January 2016 being the 9th consecutive month of positive EBITDA.

In view of the continued improved performance its financiers agreed in January 2016 to provide the following further support:

1. Waiving \$1.6m of interest accrued during the first half of FY16; and
2. Providing additional working capital of \$1.5M.

Whilst the Board and its financiers have been pleased with the turnaround of the group with the assistance of corporate turnaround firm Vantage Performance, and whilst there are a number of parties still in discussion about a recapitalisation plan, a transaction has not been completed. As a result the main financier has decided to place the Group into Voluntary Administration and Receivership to allow for a more effective way to recapitalise the balance sheet. Ernst & Young have been appointed as Voluntary Administrators and Ferrier Hodgson have been appointed as Receivers and Managers.

All stakeholders remain very supportive and it is very much business as usual whilst the Voluntary Administrators and Receivers negotiate a suitable transaction with interested parties.

Joe Clayton, SubZero Group CEO, today said: "The collective efforts of the team at Subzero and the support from our customers, suppliers, financiers and staff have achieved continuing improved business performance which has given our financiers the confidence to continue supporting the Group. This is a very important step forward for SubZero towards a successful recapitalisation."

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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