

5 October 2016

ASX Announcement

**UPDATE ON THE ADMINISTRATION OF THE ARRIUM GROUP OF COMPANIES
(ADMINISTRATORS APPOINTED)**

Further to our announcement dated 4 July 2016, the Administrators are continuing with the sale process for Arrium Australia and a dual track sale process of Moly-Cop.

Arrium Australia

As previously announced to the market, Morgan Stanley has been appointed as the Administrators' financial advisors for the sale of Arrium Australia. Marketing efforts for the Arrium Australia business commenced during August 2016 via the release of summary information to potential interested parties. During September, a detailed Information Memorandum was provided to interested parties that executed non-disclosure agreements. Non-binding indicative offers are due in October 2016.

The Administrators have a strong preference for offers that will allow for the sale of the business in one line as a going concern, with a view to maximising value to all creditors.

The Administrators and Arrium management are in the process of preparing the detailed due diligence materials to be made available to bidders that are shortlisted to advance to stage two of the sale process. The Administrators remain committed to completing a sale of Arrium Australia as soon as possible and will keep the market updated with respect to material developments. Shortlisted bidders are expected to submit final binding offers during December 2016.

Moly-Cop

The dual track process for Moly-Cop, involving a trade sale or an initial public offering, is continuing. Participants in the trade sale process are advancing their due diligence through management presentations, meetings with due diligence providers and Q&A. The drafting of the IPO prospectus is nearing completion.

South Australia power blackout

As a result of the power outage in South Australia, the Arrium Australia mining and steelworks operations have been significantly impacted. Internal power generation was able to be restored in a timely manner to provide sufficient power to run critical plants and systems. Operations are gradually being reinstated as more power is accessed. The current expectation based on guidance from electricity providers and the South Australian government is that full power will be restored during the week commencing 10 October 2016.

Notice of extension of time to hold 2016 Annual General Meeting ('AGM')

In August 2016, the Administrators requested that ASIC grant Arrium Limited relief from section 250N of the Corporations Act 2001 ('the Act') to extend the time to hold its 2016 AGM.

On 12 September 2016, ASIC granted an extension to the period within which Arrium Limited must hold its 2016 AGM to 7 December 2018.

Notice of exemption from disclosing entity provisions

On 12 September 2016, ASIC also granted Arrium Limited deferral relief with respect to its obligations under Part 2M.3 of the Act in relation to the financial year ending 30 June, or half-year ending 31 December, during the deferral period to 7 October 2018. Accordingly, the Administrators are not required to prepare, audit and lodge financial statements with ASIC during this period.

Shareholders

It is noted that ASIC provides an Insolvency Guide for Shareholders (Information sheet 43) at: <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>. This document and all other updates to shareholders are located on KordaMentha's website at <http://kordamentha.com/creditor-information/australia/164/shareholders>.

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About KordaMentha

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