

KordaMentha

Restructuring

21 September 2017

MEDIA RELEASE

First \$500 million begins to flow for Arrium creditors

KordaMentha Restructuring today began distributing a first dividend of \$500 million to Arrium admitted creditors from the proceeds of the sale of the steel and mining group.

The distribution represents 10 cents in the dollar and should be completed by the end of October. A further two distributions, each of 2.5 cents in the dollar, are expected later in December and during 2018/2019, depending on further claims and realisation of some remaining assets.

About 5,000 unsecured creditors will share in the distributions from the sale three weeks ago of the Arrium companies to the GFG Alliance headed by the Gupta family. About 2,000 creditors were receiving money today.

The distributions follow payments of \$7.2 million in entitlements two weeks ago to over 400 Arrium employees who left the company after KordaMentha Restructuring was appointed Voluntary Administrators in April last year. This represented 100 cents in the dollar.

The Arrium administration was one of the largest and most complex administrations in Australia. It involved almost \$4 billion of debt, 6,000 employees, thousands of suppliers, 40,000 customers, 40 banks and 20 bondholders and noteholders.

Administrator Mr Mark Mentha said the Whyalla-based steel business was on the brink several times during the 17 month administration because of a severe power blackout, a fire on a barge that carried 9 million tonnes of iron ore per year and volatile prices for electricity, gas, coal and iron ore.

Mr Mentha said: "It is a tribute to the employees, managers, unions, suppliers and the local community that the Whyalla businesses were kept alive with reduced costs for long enough to attract buyers. It was critical to the sale process that Whyalla was not carved off from the other Arrium businesses. Arrium now has an outstanding new owner who is ready to provide the capital investment it needs for a bright and sustainable future."

Financier creditors will receive over 70 cents in the dollar, including proceeds of the sale of Arrium's international Moly-Cop business.

Arrium shareholders may be eligible for tax relief on capital gains, depending on individual circumstances. Information for shareholders will be posted on www.kordamentha.com in the coming weeks.

Media inquiries:

Michael Smith – (03) 9440 9387 or 0411 055 306

About KordaMentha Restructuring

KordaMentha Restructuring is the distressed business division of KordaMentha, an advisory and investment firm that helps clients to grow, protect and recover value.

KordaMentha Restructuring works with companies in financial distress – to restructure and to stabilise the business or to recover value on behalf of stakeholders. They have over 170 professional staff with diverse backgrounds and deep experience from accounting and agriculture to mining and real estate.