

CSM Group Limited

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Auckland

10 May 2017

BY MAP.NZX

NZX Limited

WELLINGTON

For: Market Information

#### Winding down of Australian Commercial Operations

CSM Group Limited ("CSM") advises that it has resolved to wind down the commercial scrap metal operations of its wholly owned subsidiary China Scrap Metal Resources Pty Ltd ("CSM Pty").

The lease for the land utilised by CSM Pty for its operations was due to expire in July this year. Given the poor performance of the operations in Australia historically, and with little expectations that the extended low demand for exported scrap metal will improve, the decision was made that it would not be prudent to renew the lease for a further two year period and commit to the fund the operations for another two year period. Instead CSM Pty will seek to extend the lease for a further three month period to enable it to undertake an orderly wind down of its commercial operations from the site.

As previously advised to the market CSM Pty has sold 4,000 tonnes of scrap metal to Norstar Recycling Pty Ltd ("Norstar") a Victoria, Australia based scrap metal recycling company. It is estimated this quantity comprises approximately 80% of CSM Pty's inventory of scrap metal. The transfer of this scrap metal is proceeding according to plan.

CSM Pty will undertake a sales process for the balance of its scrap metal inventory and following that will sell its plant and equipment. CSM Pty expects to be able to completely exit its operation in Lara, Victoria by mid-October 2017 with all realised net proceeds from the sale of inventory, plant and equipment returned to CSM Group Limited.

Given the nature of the scrap metal inventory, which is held in very large stockpiles at CSM's yard in Lara, Victoria, it is very difficult to calculate with absolute precision the exact volume of scrap metal to be sold.

For further queries please contact:

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