



ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

PPK Group Limited – ASX Code: PPK

Thursday 2 March 2017

Market Update

Proposed controlling share subscription

Further to previous announcements, PPK Group Limited (the "**Company**"), advises that it is continuing negotiations with a major state owned Chinese mining equipment manufacturer in respect of subscribing for a controlling equity interest in PPK.

Whilst PPK remains supportive of the proposed transaction, and is hopeful of a positive outcome, PPK has communicated in writing to the potential Chinese investor its dissatisfaction with the ongoing delays and the intention to cease exclusive negotiation rights on Friday 10 March 2017. Beyond this time, PPK retains the right to continue negotiations with the potential Chinese investor and other interested parties simultaneously.

Overdue financial reports

Further to previous announcements, the Company advises that suspension of the Company's securities will continue until the Company lodges:

- the audited financial report for the year ended 30 June 2015 under Listing Rule 4.5;
 - the Annual Report for the year ended 30 June 2015 under Listing Rule 4.7;
 - the Half-year report for the 6 month period ended 31 December 2015 under Listing Rule 4.2A;
 - the preliminary final report for the year ended 30 June 2016 under Listing Rule 4.3A;
 - the audited financial report for the year ended 30 June 2016 under Listing Rule 4.5;
 - the Annual Report for the year ended 30 June 2016 under Listing Rule 4.7; and
 - the Half-year report for the 6 month period ended 31 December 2016 under Listing Rule 4.2A
- together, the "**Overdue Reports**".

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The Overdue Reports were not lodged by the due date because the directors are of the opinion that until it is clear whether the proposed transaction, as detailed above, will proceed the directors are not in a position to determine an appropriate collective carrying value for the mining services business assets.

Once it is clear whether this transaction is proceeding, the Company will be able to:

- (a) finalise and lodge the Overdue Reports; and
- (b) ensure that it will be able to comply with its reporting obligations and the Listing Rules in a timely manner in the future.

In the interim, the Company will provide quarterly operating updates for release to the market.

Quarter 2 and Half Year 2017 Financial Results

The Company advises that it has sustained an unaudited loss of \$2,890,000 before tax (\$2,890,000 after tax) for the six months to 31 December 2016. This compares to an unaudited loss of \$4,397,000 before tax (\$4,264,000 after tax) for the half year ended 31 December 2015.

Whilst trading conditions in the mining services businesses remain challenging, ongoing improved performance was noted in:

- The 1HY2017 unaudited mining services segment loss before tax of \$2,125,000 (compared to 1HY2016 unaudited segment loss of \$3,443,000 and 2HY2016 unaudited segment loss of \$2,680,000); and
- The second quarter 2017 mining services business unaudited loss before tax of \$953,000 (first quarter unaudited loss of \$1,172,000).

This improvement is consistent with indicators of a coal mining sector recovery and PPK's cost reduction efforts.

Income and capital gains generated by the PPK property and investment division continue to support the mining services businesses.

For further information contact:

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