



NEWS RELEASE dated 21/6/13

MERCER GROUP LIMITED

MARKET UPDATE

Mercer Group is providing a market update on some recent developments and providing further guidance for the year's trading, as follows:

1. S-Clave License

Mercer is pleased to advise that it has signed a Heads of Agreement to license its S-Clave technology with a large multinational company. The Heads of Agreement is subject to 30 days further due diligence and is therefore conditional at this stage. However, the Company believes that if this deal is consummated as expected, it would have a positive impact on the business. We will make further announcements as this process progresses.

2. Year – End Forecast

As we come towards the end of the financial year, the Company is better able to forecast its year-end position. Two large sales of Titan equipment have missed this financial year, and with the S-Clave license deal unlikely to be consummated until next financial year, we expect the EBITDA for the year to June 2013 to be lower than forecast, at between \$2.2-\$2.5m.

3. Forward Order Book

The Company has a solid forward order book, particularly in the Stainless business, and therefore expects a strong first half to the 2014 financial year. The Interiors business continues to improve and the Company believes it is well positioned to capitalise on the forecast growth in the construction sector. More detail around this will be provided at the Year-End announcement.

4. Funding

The Company is pleased to have expanded its banking facility with BNZ that provides further debt financing facilities (a total of \$8.8m facility is now in place) that can be drawn against when opportunities present themselves. In addition, there are \$1.7m of warrants that expire on 16 December 2013 which, if exercised, would provide further capital to the Company for growth initiatives.

For further information, please contact Rodger Shepherd, Group CEO on +649 837 7540