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Tuesday, 16 December 2008

**Bisalloy Steel Group Limited Rights Issue – Panel Receives Application**

The Panel has received an application dated 15 December 2008 from Balron Nominees Pty Limited in relation to the affairs of Bisalloy Steel Group Limited. Balron holds a 16.1% interest in Bisalloy, which is conducting a renounceable rights issue to raise approximately \$20.9 million, offering 4 new shares for every 5 existing Bisalloy shares.

The rights issue is sub-underwritten by Anchorage BSG Pty Limited. Anchorage is wholly owned by the Anchorage Capital Partners 1 Fund, in which Mr Phillip Cave, chairman of Bisalloy, and Mr Kym Godson, a director of Bisalloy, have interests. According to the prospectus for the rights issue, if Bisalloy shareholders do not take up their rights under the offer, the sub-underwriter's voting power in the company would be deemed to increase from 3.6% to 48%.

The application alleges that unacceptable circumstance exist in relation to the rights issue and the sub-underwriting agreement in that they are likely to have a substantial control effect on Bisalloy contrary to the principles of Chapter 6 of the *Corporations Act* and no opportunity was given to other shareholders or other independent parties to provide sub-underwriting services.

Balron seeks interim orders, and final orders including that an open tender for sub-underwriters be conducted and preference be given to independent parties.

The sitting panel for this matter is Guy Alexander (sitting President), Marian Micalizzi and Mike Roche. No decision has been made whether to conduct proceedings and the Panel makes no comment on the merits of the application.

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