

The Manager
Companies Announcements Office
Australian Securities Exchange

27 September 2017

Dear Sir/Madam,

Pontoon purchase and finance

The Company (KPT) announced on 26 April 2017 that it had agreed to buy a suitable pontoon barge to form the floating berth of its proposed Smith Bay deep-water wharf (currently at the stage of Environmental Impact Statement preparation). The vendor of the pontoon is Hyundai Heavy Industries Co. Ltd of Ulsan, South Korea and the purchase price is US\$2.9 million.

The pontoon was purchased on extended settlement terms and KPT today announces that it has completed the transaction and taken possession of the pontoon. It will now be towed to a suitable shipyard for lay-up, reconditioning and refit.

When the Company agreed to the pontoon purchase, it anticipated that development approval for the wharf would have been secured by the time the pontoon settlement was due. It was therefore anticipated that the pontoon costs would have been financed using the second (\$30m) tranche of CBA funding, a construction facility that is activated by development approval.

However, there have been delays associated with the determination of the development assessment pathway and release of the guidelines for assessment, coupled with recent unfavourable weather at Smith Bay that has delayed essential offshore geotech fieldwork, with consequential impacts on the submission of the Environmental Impact Statement. The net effect is that the pontoon purchase cannot be financed using the CBA construction facility.

The Company advises that it has arranged an unsecured, second-ranking \$3 million facility from its major shareholder Samuel Terry Asset Management. The facility is on arm's length commercial terms and has enabled the pontoon acquisition to be completed. Had this not been the case, wharf completion might have been further delayed by the need to purchase or construct a suitable pontoon after development approval.

Yours sincerely,



Ms Vicky Allinson
Company Secretary