



Wellard

ASX Announcement

TOTAL PAGES: 2

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Anticipated Delay in M/V Ocean Drover Settlement

Further to Wellard Limited's ("Wellard") announcement of 11 May 2023, Wellard believes that Ruchira Ships Limited ("Ruchira") will not reconvey clear title to the M/V Ocean Drover ("Drover") from Ruchira to Wellard by the due date of 30 June 2023.

While the delay has no impact on Wellard's 9-year bareboat charter of the vessel, with no further repurchase or charter payments due, it will defer Wellard's receipt of full unencumbered ownership of the vessel.

This issue arises due to Ruchira's bank, UOB, being unlikely to provide Ruchira with the necessary discharge of mortgages which it has registered over the Drover in the existing timeframe. Wellard has actively engaged with all parties, however UOB has indicated that it will not provide discharges of mortgages which it has registered over the Drover by 30 June 2023.

WELLARD WILL CONTINUE TO OPERATE THE DROVER

Importantly, Wellard's long-term bareboat charter ("BBC") over the Drover remains in place until the vessel is reconveyed. The BBC provides Wellard with 9 further years of operational access to the Drover. In this respect, Wellard's ability to charter the vessel to customers and to earn revenue on the vessel remains unaffected. There are no further repurchase or charter payments due to Ruchira between now and the eventual repurchase date of the M/V Ocean Drover.

The Drover has been repositioned to the emerging South America to Turkey trade. It has been booked for several voyages and is receiving strong enquiry for future work for the remainder of the 2023 calendar year.

WELLARD MAY COMMENCE ACTION AGAINST RUCHIRA AND/OR UOB

Under the terms of the agreements with Ruchira, the Drover is due to be reconveyed on the contractual date of 30 June 2023. (See ASX announcement 20 June 2022).

To receive clear title to the Drover, UOB must provide a discharge of those mortgages. At present, UOB has not yet agreed to provide the discharges of mortgage to Ruchira on 30 June 2023. Wellard does not have full details of the arrangements between Ruchira and UOB, however we are aware that as part of its security arrangements with Ruchira, UOB holds group mortgages over Ruchira assets including the Drover.

Should the Drover not be reconveyed by 30 June 2023, Wellard has various options. Any course of action is speculative at this stage, with possible outcomes including damages and/or specific performance. It is also possible that Wellard may not regain full legal title to the Drover.

As noted above, there are no further payments to be made to Ruchira under the BBC, so effectively Wellard's remaining 9-year right to operate the ship under the BBC is at no charter cost to Wellard.

Wellard has reserved its rights in all respects.

Wellard experienced similar issues with the reconveyance of the M/V Ocean Ute 12 months ago.

For further information:

Company

Executive Chairman

John Klepec

Phone: + 61 8 9432 2800

Media

FTI Consulting, Cameron Morse

Phone: + 61 8 9485 8888