

ASX Announcement

TOTAL PAGES: 2

22 August 2019

Standstill Agreement with Noteholders

Wellard Limited (ASX:WLD) (**Wellard** or the **Company**) advises that it has reached agreement with its noteholders for a further standstill period. The standstill achieves a key condition precedent required to support the proposed US\$22M sale of the M/V Ocean Swagman to Heytesbury Holding Company Pty Ltd (**Heytesbury**)¹.

KEY POINTS

- The noteholders will standstill in respect of all existing defaults;
- Payment of US\$10M to noteholders from the proceeds of the US\$22M sale of the M/V Ocean Swagman will substantially reduce outstanding noteholder debt to approx. US\$5.5M;
- Another milestone in Wellard's financial restructure, providing stability whilst the vessel sale is finalised, and upon completion of the sale, further lowering debt burden and improving its standing with remaining financiers.

Wellard Executive Chairman, Mr. John Klepec said "Wellard is pleased to have had the ongoing cooperation of noteholders. The standstill arrangements with our noteholders will allow us to pay out the majority of debt owed to them, leaving a maximum of approx. US\$5.5 million to be paid off in the six months following the sale of the M/V Ocean Swagman."

Further details of the noteholder Standstill transaction follow.

NOTEHOLDER STANDSTILL OVERVIEW

Standstill:	During the Standstill Period and the Repayment Period, the Noteholders will not take any step to enforce their rights under or in connection with their notes, including to require redemption of the notes, in each case, in respect of any existing defaults.
Standstill Period:	So long as no further defaults occur, the Standstill Period runs until 7 September 2019, and may be extended to 31 October 2019 if Noteholders are satisfied that the Heytesbury

¹ For further details in respect of both of those transactions, refer to Wellard's announcements of 4 July 2019, 30 July 2019 and 6 August 2019.

	transaction is proceeding.
Repayment Period:	The Repayment Period starts on completion of the Standstill Period, and runs for 6 months thereafter.
Amortisation during Standstill Period:	Nil.
Amortisation during Repayment Period:	US\$10 million will be paid upon settlement of the Heytesbury transaction. Wellard will redeem notes by monthly payment instalments of US\$400,000, for 5 months, followed by a final bullet redemption.
Interest:	Interest on the notes will be 14% p.a. during the Standstill Period (capitalised during the Standstill Period) and the Repayment Period, but 21% thereafter (i.e. if no ship sale transaction completes or if a subsequent default occurs).

For further information:

Investors

Executive Chairman, John Klepec
Phone: + 61 8 9432 2800

Media

FTI Consulting, Cameron Morse
Phone: + 61 8 9485 8888
Mobile: + 61 (0) 433 886 871
