

ASX RELEASE

3 November 2014

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Update on Mining Services Contract at Cockatoo Island

On 31 October 2014, Watpac Limited (**Watpac** or **Company**) was informed that Rizhao Port Group Logistics Co Ltd (a secured creditor of Pluton Resources Limited (**Pluton**)) had appointed Ian Charles Francis and Michael Joseph Ryan (**Receivers**) of FTI Consulting (Australia) Pty Ltd as receivers and managers of all of the assets and undertakings of Pluton.

As noted in Watpac's announcement on 31 October 2014, Watpac is a shareholder and unsecured creditor of Pluton. This shareholding arose as a consequence of the conversion of part of the indebtedness due to Watpac under the terms of its existing mining services contract (**Contract**).

Following the Receivers' appointment, Watpac has taken steps to suspend the Contract. Watpac expects to meet with the Receivers early this week, following which the Company will assess the status of the Contract and whether to resume mining services at Cockatoo Island. As an unsecured creditor, Watpac will also consider its options in respect of the amounts owing to it under the Contract.

As was noted in Watpac's announcement of 31 October 2014, based on the Company's current conservative accounting approach to the Contract, Watpac has no material dependency on recovering any amounts currently outstanding from Pluton from an asset valuation perspective. Substantial potential future profit does exist in a proposed secured promissory note (**Note**), however any embedded profit associated with this Note will only be brought to account upon actual future cash receipts.

The Cockatoo Island project is expected to contribute approximately \$50-60 million in revenues to Watpac's National Mining & WA Civil business unit in the 30 June 2015 financial year (\$35-40 million of which is still to be completed) and as such, should mining services works not resume at Cockatoo Island, the Company's revenues and net profit in FY15 will be adversely affected. Watpac is not currently in a position to estimate the quantum of any adverse impact.

The Company will continue to keep the market informed of any further developments on the Contract.

Yours sincerely,

WATPAC LIMITED



Mark Baker
COMPANY SECRETARY

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