

ASX RELEASE

2 April 2015

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Update on mining services contract with BC Iron

Watpac Limited (**Watpac** or **Company**) wishes to advise that it has today been notified that BC Iron (**BC Iron**) has exercised its right for the early termination of Watpac's mining services works for the Nullagine Joint Venture (**NJV**).

Watpac has provided mining services to the NJV since late 2010, with the majority of works under the Company's existing contractual arrangements due to complete in September 2015.

Watpac's works on site will formally conclude in early July 2015, following our work-through of the 90-day termination notice period. Consequently there will be no impact on the Company's previously provided FY15 full year underlying profit guidance.

BC Iron will make a one-off contract termination payment to Watpac and may exercise a right to purchase certain items of plant and equipment currently on site at the NJV. The value of these amounts have not yet been quantified and as such it is not known at this time how much of Watpac's plant & equipment assets currently employed at the NJV will be retained by the Company post-July 2015.

The early termination of the contact will result in only \$20 million in revenue associated with previously assumed mining works being forgone by Watpac and will therefore not have a material impact on profitability in FY16. Given the uncertainty around achieving a contract extension at the NJV, Watpac had already commenced with preparations for the redeployment of employees and plant and equipment to other operations, where possible.

Watpac has a strong reputation for providing high-quality mining services in the gold, mineral sands and iron ore sectors and looks forward to continuing to work with existing key clients to deliver exceptional outcomes at all of its other operations.

Yours sincerely,

WATPAC LIMITED



Mark Baker
COMPANY SECRETARY

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