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The Manager
Company Announcements Platform
Australian Stock Exchange Ltd

EAL Operations Update

Diversified listed investment company, E&A Limited (ASX: EAL) operates ten businesses who service clients across the mining, resources, oil & gas, water, renewable energy and defence industries.

EAL advises the difficult trading conditions it experienced last financial year continued through the first quarter of FY16, however the Company was pleased to announce its subsidiaries have been awarded several contracts which are now delivering improved trading results, albeit at competitive margins.

Contract Wins

Ottoway Engineering, a wholly owned subsidiary of EAL, has recently secured in excess of \$20M of construction, tank fabrication, well-head skid fabrication and capital equipment repair work.

Fabtech Australia (**Fabtech**), a wholly owned subsidiary, has recently been awarded more than \$15M worth of geomembrane supply and installation work across the mining, oil& gas, landfill and water industries.

ICE Engineering & Construction, a wholly owned subsidiary, has recently secured more than \$8M of electrical installation and associated upgrade work across the oil & gas, mining and water industries.

The electrical maintenance division of Tasman Power, a wholly owned subsidiary, has continued to expand its maintenance, shutdown and sustainability project work in the Pilbara with Australia's leading iron ore producers.

Tasman Rope Access, a wholly owned subsidiary, was established as a new business earlier this calendar year. The business continues to expand in line with the business plan approved by the board and has secured a number of new customers for the provision of its specialist rope access services.

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Trading Update

EAL's first quarter performance was adversely impacted by the finalisation of the New Royal Adelaide Hospital (**NRAH**), the finalisation of the construction of the Dewatering facilities for Sino Iron and general challenging market conditions experienced by a number of EAL's trading entities on the back of lower iron ore, oil and gas commodity prices.

EAL's recent trading performance has been profitable as a consequence of the newly secured works for a number of EAL's trading subsidiaries.

Further contributing to EAL's improved trading performance are the earnings improvement initiatives which were identified and are being implemented. EAL remains on track to deliver more than \$8M in savings since the commencement of Calendar Year 2015 on an annualised basis.

Contract Claims Update

GELOR - Laing O'Rourke

EAL announced on 23 October 2015 that Fabtech had received a cheque for \$4.249M being the amount of the Adjudication Decision awarded as a result of Fabtech Australia's claim under the Building and Construction Industry Payments Act, 2004 Qld.

Subsequent to this date, Laing O'Rourke has called the two bank guarantees provided by Fabtech for Defects Liability totalling \$1.1M under the contract. Fabtech Australia was unsuccessful in its attempt to obtain an injunction in the Federal Court against the calling of its bank guarantees. Fabtech intends to pursue the recovery of the amount of the bank guarantees.

NRAH - Adjudication Decision

Ottoway Engineering received yesterday afternoon an Adjudication Decision in relation to a claim lodged under the Building and Construction Industry Security of Payment Act 2009 (SA) (**Act**), in relation for work performed by Ottoway Engineering for the NRAH project.

The value of the Adjudicated amount is \$5,882,886.01, plus interest from 19 October 2015, plus reimbursement of 100% of the Adjudication Fees.

Under the Act payment is required to be paid within 5 business days.

SINO IRON

Ottoway Engineering has now demobilised the tradespeople it was providing on labour hire following the practical completion of the contract works. Ottoway Engineering is pursuing payment of outstanding monies owed in relation to this project.

McConnell Dowell - ROMA

Ottoway Engineering has commenced the recovery of funds it claims it is owed under the Arbitration clause in the contract with McConnell Dowell for mechanical pipe installation works undertaken in Roma Queensland.

LIM Advisors - Second Advance

As a consequence of the first quarter trading and the delays in recovering claims, EAL intends to draw down the Second Advance for USD \$4.0M under the Loan Agreement with LIM Opportunistic Credit Master Fund (**LIM OCMF**) prior to the end of the Calendar year.

AGM

As shareholders are aware from the ASX release dated 1 September 2015, the conversion rights attached to the LIM Loan Agreement require shareholder approval. EAL has been discussing with ASIC their requirements in respect of the Explanatory Memorandum included in the Notice of Meeting to be submitted to shareholders prior to a vote being conducted.

EAL has also commissioned an Independent Expert's Report in relation to the proposed conversion rights.

EAL intends to ask shareholders to vote on the LIM Loan Conversion Rights at the AGM. EAL has received approval from ASIC for an extension of time for the holding of its AGM in order for the shareholders to consider the LIM OCMF Conversion Rights under the Loan Agreement with EAL.

The Company now intends to hold its AGM at 11.00am on Friday, 29th January 2016. Information in relation to the AGM will be mailed to shareholders next week.

For further information:

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