

23 September, 2016

The Manager
Companies Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

Wharf design, anticipated cost and investigation of procurement options

The Company advises that, in conjunction with its design engineers Aztec Analysis and its construction partners Maritime Constructions, it has determined the optimal configuration for its proposed Smith Bay wharf on Kangaroo Island, South Australia.

The proposed design employs a sealed roadway on a rock and fill causeway, extending towards a large floating pontoon barge permanently moored in deep water and accessed by a link span bridge (refer to plan in Appendix A). There are associated shore works to enable the facility to export timber and to operate as a multi-user, multi-cargo facility. The cost of the proposed wharf facility is expected to be around \$25m, including the cost of a newly-built pontoon barge.

The Company is committed to ensuring that the capital costs of the wharf project are recouped through a charge on scheduled timber exports, with non-timber importers and exporters being able to access the wharf at other times based on incremental costs only.

The Company further advises that it has authorised Maritime Constructions to undertake a three-week, six-country inspection tour of various Asian shipyards and marine facilities. Eleven suitable reconditioned barges have been identified, ranging in length between approximately 130m and 170m and with beams in the vicinity of 40m, sufficient for heavy vehicle turning. These barges will be inspected. In addition, four suitable shipyards have been identified as having the capacity to fabricate a new barge built to specifications.

The scope of the inspection tour to be undertaken by Maritime Constructions includes:

- Determining the condition, expected useful life and maintenance requirements of the reconditioned barges;
- Identifying any further reconditioning that could cost-effectively extend the asset's life and reduce or delay the maintenance requirement;
- Determining the extent of any modifications required for ballasting, decking and permanent mooring;
- Establishing the capacity of shipyards to supply a new barge or to make necessary modifications to a reconditioned one; and



- Creating a short-list of options for further investigation and more detailed costing.

The cost of the inspection tour is not expected to exceed \$60,000 plus GST. The Company believes that the savings in time and money that may be available by securing a suitable reconditioned barge, and the benefits in engaging early with potential suppliers of a new barge, justify this expenditure, notwithstanding the fact that the project has not yet received development consent.

Yours faithfully

A handwritten signature in blue ink, appearing to read "V Allinson", with a horizontal line extending to the right.

Ms Vicky Allinson
Company Secretary

Appendix A

