



**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
19 February 2019

**AUSGROUP ENTERS INTO A SETTLEMENT DEED IN CONNECTION WITH
ACCOMMODATION VILLAGE LOCATED AT PORT MELVILLE**

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of AusGroup Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, together with its subsidiary NT Port and Marine Pty Ltd (“**NTPM**”), on 18 February 2019 entered into a General Deed of Settlement and Release (the “**Settlement Deed**”) with Charisma Energy Services Limited (“**CES**”), Aus Am Pte Ltd (“**Aus Am**”) and Kingpost 2 International Ltd (“**Kingpost**”) (collectively, the “**Parties**”), pursuant to which all legal title and interests in the accommodation village and ancillary facilities located at Port Melville (the “**Village**”) is proposed to be transferred to the Company or its nominee on an as-is where-is basis free of mortgage or security interests (the “**Proposed Transfer of Title**”), on the terms and conditions set out in the Settlement Deed.

2. INFORMATION ON THE VILLAGE

The Village comprises a 119-man accommodation camp, kitchen, administration building and recreational facilities at Port Melville, Melville Island in the Northern Territory of Australia, supporting the Northern Territory oil and gas industry and marine transport industry.

3. CONSIDERATION

- 3.1. The consideration for the Proposed Transfer of Title is AU\$11,800,000 (equivalent to approximately S\$11,357,000 at the exchange rate of S\$1:AU\$1.03904) (the “**Consideration**”). The Consideration was arrived at following arm’s length negotiations between the Parties and on a willing-buyer and willing-seller basis, taking into account including but not limited to, the global settlement of obligations between a related party of CES and the Group, the restructuring of the shareholder’s loan from a related party of CES to the Group, resolution of obligations relating to the Village between the Parties and the valuation of the Village.
- 3.2. Pursuant to the Settlement Deed, the Consideration of AU\$11,800,000 shall be paid by the Company to CES or its nominee as follows: -
- (a) By payments made by the Company or NTPM to CES or its nominee from April 2018 up until the satisfaction of the Condition Precedent (as defined in paragraph 5.1 below);
 - (b) Monthly instalments of AU\$220,000 per month by the 25th of each month, starting from the 25th day of the calendar month subsequent to the Condition Precedent (as defined in paragraph 5.1 below) being satisfied up until 25 September 2020; and
 - (c) A final payment of the outstanding balance of the Consideration by the 25th of October 2020, subject to any express agreed deductions and/or set-off by the Company or its nominee and CES (“**Final Payment**”).

- 3.3. The Consideration shall be satisfied in cash and is intended to be funded by the Company's internal resources.

4. **RATIONALE FOR THE PROPOSED TRANSFER OF TITLE**

As part of a long-term corporate strategy to better position the Group for sustainable growth across diverse economic conditions, the Board is exploring all strategic options including acquisitions and divestment of the Group's assets. The Board is of the view that the Proposed Transfer of Title, if completed, could potentially lead to strategic divestment plans for Port Melville and improving the Group's financial performance and position over a longer term.

5. **PRINCIPAL TERMS OF THE PROPOSED TRANSFER OF TITLE**

5.1 **Condition Precedent to be satisfied on or before 15 May 2019**

The rights and obligations of the Parties under the Settlement Deed are conditional upon the approval from the financier of the Village for CES and Aus Am to enter into the Settlement Deed, such approval being obtained on or before 15 May 2019 (the "**Condition Precedent**").

5.2 **Other key principal terms**

Pursuant to the terms of the Settlement Deed, the Parties agree, *inter alia*, that:

- (a) whilst payments of the Consideration are being paid in accordance with the manner set out in paragraph 3.2 above, NTPM has the custody and control, including but not limited to exclusive possession, of the Village (including all assets, fixtures and any interests);
- (b) by 15 May 2019, CES shall provide to the Company a letter from the financier of the Village confirming that it will consent to the release of its security interest and agrees to execute and perform a partial deed of release upon payment of the Final Payment;
- (c) on the date that CES or its nominee (as the case may be) receives the full amount of the Consideration, all legal title and interests in the Village (including all assets, fixtures and any title or interest in the Village) shall be transferred to the Company or its nominee on an as-is where-is basis free and clear of mortgage, lien or security interests;
- (d) all other transaction agreements and project documentation entered into by any or all of the Parties pertaining to the Village shall terminate upon satisfaction of the Condition Precedent;
- (e) upon execution of the Settlement Deed, NTPM will and the Company shall procure that NTPM does assume all obligations and liabilities for the Village including any removal and remediation works in respect of the existing construction;
- (f) in the event that the Company and NTPM sell or otherwise transfer their interest in Port Melville to a third party prior to payment of the Final Payment, the Parties agree that the Company and NTPM may novate their rights and obligations under the Settlement Deed to any purchaser of Port Melville upon 30 days' written notice to the CES, Aus Am and Kingpost, provided that, subject to sub-paragraph (h) below, the Company issues a deed of guarantee, assignable by CES or its nominee, to guarantee the payment obligations of the aforesaid purchaser of Port Melville under the Settlement Deed (as so novated) as a primary obligation and not as a mere surety ("**Corporate Guarantee**");
- (g) in the event that the Company and NTPM novate their rights and obligations under the Settlement Deed, the obligations of the Company under the Corporate Guarantee may, with the consent of the CES, Aus Am and Kingpost (at their sole discretion), be replaced with a guarantee by the purchaser or an associated entity of the purchaser; and

- (h) upon full payment of the Consideration but subject to the terms and conditions of the Settlement Deed:-
- i. The Company and NTPM and each of them shall irrevocably release and forever discharge Aus Am, CES and Kingpost and each of them from all claims that they jointly or severally have or may have had but for the Settlement Deed and any deed / agreements which the Parties may enter into concurrently with or around the same date as the Settlement Deed, against them;
 - ii. Aus Am, Kingpost and CES and each of them shall irrevocably release and forever discharge NTPM and the Company and each of them from all claims that they jointly or severally have or may have had but for the Settlement Deed and any deed / agreements which the Parties may enter into concurrently with or around the same date as the Settlement Deed, against them;
 - iii. CES and Aus Am will cause the security interest of the financier of the Village to be discharged and will provide evidence to the Company as soon as reasonably practicable (and in any event, within ten business days) of the full receipt of the Consideration that such security interest has been discharged.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 The relative figures in respect of the Proposed Transfer of Title computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profit ⁽²⁾ attributable to the assets acquired, compared with the Group's net profit	Not meaningful ⁽³⁾
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	10.96% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁵⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁶⁾

Notes:

- (1) This basis is not applicable as the Company is not disposing of any assets pursuant to the Proposed Transfer of Title.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) The relative figure under Rule 1006(b) is not meaningful as there is neither net profit nor net loss attributable to the Village.
- (4) Based on the Consideration of AU\$11,800,000 (equivalent to approximately S\$11,357,000 at the exchange rate of S\$1:AU\$1.03904), and the Company's market capitalisation of approximately S\$103,639,835. The Company's market capitalisation is determined by multiplying the number of Shares in issue of 3,048,230,431 (excluding treasury shares) by the volume weighted average price of S\$0.034 per Share on 15 February 2019, being the full market day immediately preceding the signing of the Settlement Deed.

(5) There will be no issuance of consideration shares in relation to the Proposed Transfer of Title.

(6) The Company is not a mineral, oil or gas company.

6.2 As the relative figures under Rule 1006 exceed 5% but do not exceed 20%, the Proposed Transfer of Title constitutes a discloseable transaction as defined under Chapter 10 of the Listing Manual. Accordingly, shareholders' approval for the Proposed Transfer of Title is not required.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSFER OF TITLE

7.1 For illustrative purposes only, the financial effects of the Proposed Transfer of Title on the net tangible assets per share and earnings per share of the Group based on the latest announced audited financial statements of the Group for FY2018 are as follows:

Effects on net tangible assets

Had the Proposed Transfer of Title been completed on 30 June 2018, the financial effect on the net tangible assets ("NTA") of the Group from the Proposed Transfer of Title is as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Consolidated NTA / (NTL) attributable to the shareholders of the Company (AU\$'000)	(1,973)	(1,973)
Number of issued shares (excluding treasury shares) ('000)	1,504,805	1,504,805
Net tangible assets / (liability) per share (AU\$ cents)	(0.13)	(0.13)

Effects on earnings per share

Had the Proposed Transfer of Title been effected on 1 July 2017, the financial impact on the effect on Company's earnings per share for FY2018 is as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Net profit attributable to shareholders after tax (AU\$'000)	13,476	13,476
Weighted average number of issued shares (excluding treasury shares) ('000)	1,479,474	1,479,474
Earnings per share (AU\$ cents)	0.9	0.9

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after

the Proposed Transfer of Title. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Transfer of Title.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Transfer of Title (other than their direct or indirect shareholdings in the Company).

9. SERVICE CONTRACTS

No person will be appointed to the board of directors of the Company in connection with the Proposed Transfer of Title and accordingly, no service contracts in relation thereto will be entered into by the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Settlement Deed is available for inspection at the Company's registered office at 15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316, during normal business hours for three (3) months from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their shares in the Company. The Proposed Transfer of Title is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Transfer of Title will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Transfer of Title and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transfer of Title, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Eng Chiaw Koon
Executive Director

Ends

Issued by AusGroup Limited.

For further information in Singapore, please contact Romil Singh

T +65 6438 2990 | F +65 6438 0064 | E romil@financialpr.com.sg

For further information in Australia, please contact Christian Johnstone

T +61 8 6210 4500 | E Christian.Johnstone@ausgrouppltd.com

ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit www.agc-ausgroup.com