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Singapore Exchange (SGX)
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RE: UPDATE ON GORGON CONTRACT

Please find attached a copy of a media release issued by CIMIC Group Limited, parent company of CIMIC Finance (USA) Pty Ltd.

Yours faithfully
CIMIC GROUP LIMITED

LOUISE GRIFFITHS
Company Secretary

22 FEBRUARY 2016 UPDATE ON GORGON CONTRACT

CIMIC notes recent media reports regarding the status of negotiations between CPB Contractors Pty Ltd (**CPB**), a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA (together the **Consortium**) and Chevron Australia Pty Ltd (**Chevron**) in connection with the Gorgon LNG Jetty and Marine Structures Project (**Gorgon Contract**).

- In November 2009 the Consortium was announced as the preferred contractor to construct the 2.1 kilometre Chevron Gorgon LNG Jetty and Marine Structures project on Barrow Island, 70 kilometres off the Pilbara coast of Western Australia.
- The scope of work consisted of the design, material supply, fabrication, construction and commissioning of the LNG Jetty. The scope also included supply, fabrication and construction of marine structures including a heavy lift facility, tug pens and navigation aids.
- The jetty comprised steel trusses approximately 70 metres long supported by concrete caissons leading to the loading platform approximately 4 kilometres from the shore.
- Initial acceptance of the jetty and marine structures took place on 15 August 2014.
- During the project, changes to scope and conditions led to the Consortium submitting Change Order Requests (**CORs**). The Consortium, Chevron and Chevron's agent remain in negotiations in relation to some of the CORs.

Although negotiations continue, as noted in our announcement of 10 February 2016, CIMIC determined that the process needed to progress to the next step. CIMIC therefore confirms that on 9 February 2016 a Notice of Dispute was formally issued by the Consortium to Chevron pursuant to the relevant provisions of the Gorgon Contract. That Notice requires the Consortium to enter into a further prescribed negotiation process which, if unsuccessful, may lead to a private arbitration.

As the Gorgon Contract does not specify a time limit within which the process must be determined, there can be no certainty as to when the matter will be finalised.

As at today's date, CIMIC's share of the Consortium's total amount under negotiation equals approximately \$1.86 billion. CIMIC confirms its view that CPB remains entitled to that amount plus interest (being an amount exceeding \$500 million which will continue to accrue) and costs (**Total Entitlement**).

CIMIC has only recognised revenue equal to the costs incurred in respect of the Gorgon Contract in accordance with the relevant accounting standard, AASB 111, resulting in an amount equal to \$1.13 billion (approximately 50% of the Total Entitlement) being recognised as Contract Debtors at 31 December 2015 (**Contract Debtors**). The Contract Debtors are included as a component of the Total Contract Debtors as set out in Note 8 – Trade and other receivables, in the CIMIC 2015 financial report.

CIMIC reiterates the guidance for 2016 NPAT is in the range of \$520 million to \$580 million, subject to market conditions.

ENDS

Issued by CIMIC Group Limited ABN 57 004 482 982 www.cimic.com.au

Further information

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CIMIC Group Limited (ASX: CIM) is one of the world's leading international contractors and the world's largest contract miner. CIMIC (previously Leighton Holdings) has operations that have been in existence since 1934, was listed on the Australian Securities Exchange in 1962 and has its head office in Sydney, Australia. CIMIC provides construction, mining, engineering, concessions, and operation and maintenance services to the infrastructure, resources and property markets. It operates in more than 20 countries throughout the Asia Pacific, the Middle East, Sub-Saharan Africa and South America and, as at 31 December 2015, employed approximately 43,400 people directly and through its proportional ownership of HLG and Ventia.