



CIVMEC LIMITED
(Company Registration Number 201011837H)

Civmec pursues Altura Lithium for payment

PERTH, 17th July 2020 – Australian-based **Civmec Limited** (“**Civmec**” or the “**Group**”) today announced its subsidiary Civmec Construction & Engineering Pty Ltd has lodged a writ and statement of claim in the Supreme Court of Western Australia against Altura Lithium Operations Pty Ltd (“**Altura**”), for the recovery of payment for works undertaken in the delivery of process plant construction and installation works at Altura’s Pilgangoora Lithium Project in Western Australia (“**Works**”).

Civmec was awarded the contract for the performance of the Works in November 2017 (“**Contract**”). The Works were comprised of the installation of structural steel, platework, grating, handrails and mechanical equipment for a lithium process plant. The Works are complete, and the plant was commissioned and operational in 2018.

During the course of the Works, Civmec carried out substantial additional works beyond the original scope and also experienced delays because of Altura’s failure to fulfil its obligations under the Contract, including as to engineering deliverables and the supply of free issue items.

Despite countless efforts, including through the dispute resolution procedures under the Contract, Civmec has been unsuccessful in securing its final payment from Altura for the amounts owing in relation to the Works. Civmec maintains that during negotiations which occurred in January 2019, Altura agreed to pay Civmec an amount of approximately \$2.4 million excluding GST to settle Civmec’s outstanding claims.

Immediately following the agreement, Altura requested Civmec to consider taking equity in the form of shares in lieu of some or all of the agreed settlement sum, which Civmec declined. Some five months after this time and approximately 10 months after the completion of the works, Civmec issued a statutory demand for payment on Altura for the settlement sum. Altura then asserted, for the first time, that it had an entitlement to be paid and offset liquidated damages under the Contract totaling approximately \$2.4 million including GST. This is a position Civmec considers to be incorrect and unfounded.

In the court proceedings, Civmec claims the settlement sum or in the alternative, the full amount of its outstanding claims which total approximately \$4.5 million excluding GST. That full amount includes \$2.1 million which Civmec previously offered to compromise in order to achieve the above settlement in January 2019.

Civmec’s Chief Executive Officer, Mr. Patrick Tallon said: “This is an extremely disappointing stance that Altura has forced us to take, particularly given the efforts made by Civmec throughout the project and the continuing flexibility afforded to Altura, even to the extent of



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agreeing to payment plans to assist them throughout their ongoing difficult financial circumstances. To be publicly praised by Altura management for the works done at the plant's official opening and to be still awaiting payment two years later is unreasonable".

Civmec is confident of its position and does not consider that the proceedings will have a material impact on the financial performance of the company for the year ending 30 June 2021 or any subsequent financial years.

All amounts stated above are in Australian dollars.

This announcement was authorized for release to the SGX and ASX by the Board

*******End of Release*******

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About Civmec Limited

Civmec is an integrated, multi-disciplinary construction and engineering services provider to the Oil & Gas, Metals & Minerals, Infrastructure and Marine & Defence sectors. Headquartered in Henderson, Western Australia, Civmec has regional offices in Newcastle (New South Wales, Australia) and Gladstone (Queensland, Australia). The company is listed on the SGX (Singapore) and the ASX (Australia). Its core capabilities include heavy engineering, shipbuilding, modularisation, SMP (structural, mechanical, piping), EIC (electrical, instrumentation and control), precast concrete, site civil works, industrial insulation, maintenance, surface treatment, refractory and access solutions.

For more information, please visit our website at www.civmec.com.au