

ASX / MEDIA ANNOUNCEMENT
12 March 2020

DECMIL UPDATE

Decmil Group Limited (ASX:DCG) (“**Decmil**” or “**Company**”) wishes to provide an update to the market in relation its Rapid Deployment of Prisons (“RDP”) project for the Department of Corrections (“DOC”) in New Zealand.

Decmil confirms that it believes it is entitled to all amounts claimed for its performance under the contract. Decmil also confirms that the dispute will move immediately to arbitration. However, as a matter of prudence, Decmil will make full provision in its accounts for moneys that remain unpaid under the contract, which total approximately \$50 - \$60 million.

Decmil is confident in its position that it will recover what it is entitled to. Immediately referring the disputed items to arbitration is the best outcome for the business and the shareholders.

Similarly, Decmil is continuing to pursue its rights under the disputed solar farm contract with Sunraysia. Decmil has received robust legal advice in support of its position. If current negotiations to resolve the dispute are not successful, the dispute will move into arbitration.

All other ongoing Decmil projects continue to operate normally with all suppliers paid under agreed contractual terms. Decmil’s debt facilities are in place and unchanged. Beyond the New Zealand issue, Decmil continues to operate as normal, while acknowledging the significant impact of the legal dispute with the DOC.

Decmil considers it prudent to raise a provision in respect to RDP, which will result in a loss for the Company for the 6 months ended 31 December 2019. Decmil is quantifying the impact of this provision and will release its financial results in early April.

In addition, Decmil has appointed Vantage Performance and Moelis Australia to assist with managing the Company’s debt position and develop options to strengthen the Company’s balance sheet position.

The Company will provide a further update when it announces its financial results for the half year to 31 December 2019.

About Decmil

Decmil Group Limited (DGL) offers a diversified range of services to the Australian resources and infrastructure industries. Companies within the group specialise in engineering and construction; accommodation services; and maintenance. Listed on the Australian Securities Exchange (ASX Code: DCG), Decmil’s goal is to maximise returns from our operations to deliver value to our shareholders, clients and other stakeholders.

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