

ASX Announcement

23 June 2021

The Manager
ASX Market Announcements
ASX Limited

Dear Sir/Madam,

MMA OFFSHORE LIMITED (“MMA” or “COMPANY”) – JEBSEN & JESSEN OFFSHORE PTE LTD CLAIM – FINAL ARBITRATION AWARD

Further to its announcement on 15 June 2020, the Company wishes to provide an update about the proceedings brought by Jebesen & Jessen Offshore Pte Ltd (**J&J**) against the Company’s wholly owned subsidiary, MMA Offshore Shipyard and Engineering Services Pte Ltd (formerly known as Jaya Shipbuilding and Engineering Pte Ltd) (**MMAOSE**) in the Singapore International Arbitration Centre (**SIAC**).

SIAC handed down its final award on 22 June 2021 and has ordered as follows (**Final Award**):

- MMAOSE pay J&J damages in the sum of SGD8.26M (**Principal Sum**) for the wrongful termination of the two crane contracts; plus
- MMAOSE pay J&J interest on the Principal Sum at the rate of 5.33% per annum from the 6 November 2015 to the date of payment of the Principal Sum; plus
- MMAOSE pay J&J’s legal costs in the sum of SGD900,000 plus a portion of the Arbitration Costs in the sum of approximately SGD136,000.

MMA had previously provisioned the sum of SGD5.38M in the event of an adverse finding. As a result of the Final Award, MMA will need to make an additional provision of SGD6.5M.

Further background about the J&J claim and next steps for MMAOSE are provided below:

- In 2015, J&J commenced arbitration proceedings in SIAC against MMAOSE for the cancellation of two contracts entered into between the parties for the construction, sale and delivery of two identical fibre rope Active Heave Compensation Knuckle Boom cranes (**Cranes**).
- The Cranes were to be delivered to MMAOSE and mounted on its vessels – being the new build vessels the “*MMA Prestige*” and “*MMA Pinnacle*”. However, due to late delivery and non-conformance with their contractual specifications, MMAOSE terminated both contracts for the Cranes prior to delivery. MMAOSE believed that it was entitled to do so under both contracts. On termination of the Contracts, MMAOSE then sourced MacGregor cranes for both the “*Prestige*” and “*Pinnacle*” so that these new build Vessels could be completed.
- Despite MMAOSE’s position that it was entitled to terminate the contracts (a position that it continues to steadfastly hold and has done throughout), in its Interim Award SIAC held that MMAOSE

wrongfully terminated the Contracts, but also that J&J breached both contracts in the construction of the Cranes that exceeded contractual specifications as to weight.

- In its Interim Award, SIAC ordered further hearings to assess the quantum of damages suffered by both J&J and MMAOSE (**Damages Hearings**).
- Following the conclusion of these Damages Hearings, SIAC handed down its Final Award (which is described at the beginning of this announcement).

MMA is extremely disappointed with the Final Award handed down by SIAC – particularly in circumstances where:

- In its Interim Award, SIAC held that J&J had breached both contracts in the construction of the Cranes (by exceeding their contractual specifications as to weight);
- In its Interim Award, SIAC held that MMAOSE was entitled to damages due to excess weight of Cranes (including in relation to a loss of cargo carrying capacity, increased fuel consumption and the associated modification and rectification works to the two Vessels to accommodate the heavier Cranes);
- Despite this finding, in its Final Award SIAC only awarded MMAOSE nominal damages for the required modification and rectification works (USD154,000) and failed to award MMAOSE any damages in relation to the loss of cargo carrying capacity and increased fuel consumption due to the excess weight of the Cranes;
- SIAC only attributed a nominal scrap value of SGD250,000 for both Cranes rather than the loss of profit on the sale of the Cranes or the costs of conversion to conventional steel wire rope cranes.

MMAOSE is in the process of taking Singapore legal advice about its next steps, and is yet to make any decision about how to proceed.

Based on previous legal advice, MMAOSE would be entitled to apply to the Supreme Court of Singapore for orders setting aside the Final Award - a course of action which MMAOSE is currently considering. If MMAOSE adopts this course of action, it will need to apply to the Supreme Court of Singapore by no later than 21 September 2021 (ie 3-months from the date of the Final Award).

MMA will continue to keep the market up to date in accordance with its continuous disclosure obligations. This announcement has been authorised for release to ASX by the Company's Board of Directors.

If you have any queries in relation to this announcement, please do not hesitate to contact the Company's Managing Director/Chief Executive Officer on +61 8 9431 7431.



MMA
OFFSHORE

Kind regards,

MMA OFFSHORE LIMITED

DYLAN ROBERTS
Company Secretary

