



ASX RELEASE

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Wartsila contract update

Multi-disciplinary engineering and contracting firm Primero Group Limited (ASX:PGX) (**Primero**) advises of an update with respect to its contract with Wartsila Australia (**Wartsila**) for the Barker Inlet Power Station in South Australia.

Changes to the design and variations directed by Wartsila saw progressive and significant extension of the scope, the contract period, and the value of works performed by Primero for Wartsila under this contract. The changes were performed through the contract via a typical 're-measurable contract' process whereby quantities installed are remeasured and verified by the principal prior to payment being made. Primero claims significant outstanding monies remain to be paid by Wartsila under this contract.

In late April 2020, Primero was awarded the sum of approximately \$16.9 million in an adjudication determination against Wartsila under the South Australian Security of Payment Act (**SOPA**). This initial SOPA application by Primero concerned only approximately 25% of the total outstanding monies claimed by Primero under the contract.

Wartsila elected to transfer payment into the courts of South Australia and seek judicial review of the adjudication decision in the Supreme Court of South Australia (**Court**). The judicial review did not seek to challenge the adjudicator's findings with respect to the merits of Primero's claims, but rather whether the adjudicator had jurisdiction to make a determination in circumstances where the trigger for payment (namely Sub-Contractor Works (**SW**) Completion) had been satisfied on the date claimed by Primero, being 28 February 2020. These proceedings were heard and the decision reserved for judgment on 29 May 2020.

The judgment was handed down at 2.30pm AEST yesterday. The Court directed that the adjudication decision of 27 April 2020 be quashed on the basis that the trigger for payment (i.e. SW Completion) had not been achieved on 28 February 2020.

The Court held that the information required to establish SW Completion was incapable of being accessed by Wartsila until 2 March 2020. For this reason the Court found Primero was unable to establish that SW Completion had been achieved on 28 February 2020, meaning the adjudicator did not have jurisdiction to make his determination.

Primero is naturally disappointed with the Court's decision. However, the decision does not pertain to the merits of Primero's claims against Wartsila – simply the adjudicator's jurisdiction to determine a limited number of Primero's claims under the initial SOPA application.

Primero also highlights that while Wartsila asserted that SW Completion was not achieved on 28 February 2020, Primero received Final Completion notification under the contract from Wartsila on 17 June 2020.



Primero has reserved all its legal rights in relation to the SOPA process and its contract with Wartsila.

This ASX release was authorised on behalf of the Primero Board by:
Cameron Henry, Managing Director and CEO

For further information please contact:

INVESTORS

Cameron Henry
Managing Director
 investor@primero.com.au

MEDIA

Michael Vaughan
Fivemark Partners
 +61 422 602 720

ABOUT PRIMERO

Primero provides engineering design, construction and operational services to the minerals, energy and infrastructure sectors. Primero has specialist expertise in project implementation and delivery with a complementary service offering comprising civil, structural, mechanical and electrical solutions. Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy houses.

