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2 September 2015

WDS APPOINTS VOLUNTARY ADMINISTRATOR

Brisbane, 2 September 2015: WDS Limited (ASX: WDS) Board announced that it has appointed Martin Madden, Cassandra Mathews and Robert Hutson of Korda Mentha as Voluntary Administrators to oversee the affairs of the WDS Group.

Further to our announcements of 25 and 27 August 2015, on the afternoon of 25 August 2015 the Company received advice that Eagle Downs Coal Management (EDCM) had cashed an insurance bond for \$14.2m creating a new liability on the Company. This was a completely unexpected development and inconsistent with discussions that had been underway with EDCM about the future of the project.

Since receipt of that advice the Board has been closely and constantly engaged with:

- EDCM to explore a range of solutions to resolve the issues arising from EDCM's action to cash the insurance bond including to terminate the contract by mutual agreement and agree to the return of certain monies to the Company;
- the issuer of the insurance bond to negotiate continued forbearance in relation to repayment of the monies owed;
- the Company's secured lender to continue to forbear and provide liquidity to the Company enabling it to progress a sale of the business to a strategic purchaser or effect an alternative debt restructuring;
- a prospective purchaser with a view to conducting a timely transaction.

These discussions had been progressing expeditiously and in an encouraging, cooperative and constructive direction.

Until today the Company, based on the information it had received and the progress with the negotiations that had occurred, believed that it would be able to continue to trade as a going concern and remain solvent.

Latest advice from the secured lender that it had decided against continuing to provide the Company with future drawdowns this week has diminished confidence that the Company's obligations could be met. Coupled with the lack of viable and timely alternative funding, the Board is unable to reasonably form the view that the Company can remain solvent.

END

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