



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800

Fax +61 8 9432 2880

Email info@wellard.com.au

www.wellard.com.au

25 July 2017

Wade Baggott
Principal Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

By email: wade.baggott@asx.com.au and tradinghaltsperth@asx.com.au

Dear Mr Baggott

Wellard Limited - ASX Aware Letter

Wellard Limited (ASX:WLD) (**WLD** or the **Company**) refers to the letter received from ASX Limited (**ASX**) dated 20 July 2017 (**Aware Letter**).

An overview of the relevant background and prevailing circumstances, which includes our response to the questions posed in the Aware Letter, is set out below. Unless otherwise defined, capitalised terms in this letter have the same meaning as given to those terms in the Aware Letter.

1 ASX's Policy on Financial Disclosure

ASX Guidance Note 8 - *Continuous Disclosure: Listing Rule 3.1-3.1B* (**Guidance Note 8**) states, at paragraph 7.3, the following:

"An entity's earnings for a particular period are not required to be reported to the market until the due date for release of that information under Chapter 4 of the Listing Rules. However, for many entities, the market's expectations of its earnings over the near term will often be a material driver of the price or value of its securities. Therefore if any entity becomes aware that its earnings for the current reporting period will differ from market expectations, it needs to consider whether it has a legal obligation to notify the market of that fact."

"In ASX's opinion, for an entity to have to disclose under Listing Rule 3.1 market sensitive information about an expected difference in its earnings for the current reporting period compared to market expectations, there needs to be a reasonable degree of certainty that there will be such a difference."

2 Wellard's Disclosure

2.1 Financial Disclosure

Prior to 17 July 2017, the Company had not published quantitative earnings guidance for the 2017 financial year.

For personal use only



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800
Fax +61 8 9432 2880
Email info@wellard.com.au

www.wellard.com.au

The Company's half-year financial results published in its Half Year Report dated 27 February 2017 (**Half Year Report**) identified a net loss for the period of AUD 16.295 million. The Half Year Report contained the following statement from the Company's auditors:

*"We draw attention to Note 1(c) in the financial report, which comments on the consolidated entity being in net current asset deficiency of \$134.8 million as at 31 December 2016. The note comments on the ability of the Group to continue as a going concern being dependent on the Group having sufficient funds available to continue normal business operations and remedy banking covenant breaches. These conditions, along with other matters as set forth in Note 1(c) indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."*¹

2.2 Other Disclosure

On 3 April 2017, the Company released an offer document in respect of the Company's fully underwritten non-renounceable pro-rata entitlement offer (**Offer Document**), in which the Company stated:

*"Trading conditions currently remain difficult. Whilst Australian cattle prices have reduced from their recent historical highs they remain above long term averages, making Australian cattle less attractive to customers in our traditional markets and also slowing the development of new market opportunities."*²

*"The Company's margins and working capital position remains under pressure, with expectations that improvements will be seen in line with somewhat better Australian supply conditions."*³

*"Despite a projected increase in vessel utilisation in the 4th quarter of the current financial year, the Company is now not expected to return to net profit in the final quarter of FY 2017."*⁴

*"The Company has maintained volume and market share in its traditional markets. However, the shortage of Australian cattle at competitive prices has led to an excess of shipping capacity across the industry resulting in lower margins, and hence reduced profitability across the industry."*⁵

"The Company has incurred trading losses for the first half of 2017 which has resulted in the breach of several financial covenants on working capital and ship financing facilities. As previously reported, those breaches either have been waived or are in the process of being waived, reflecting the Company's positive working relationship with its banks and finance providers. Given the nature of the Company's financial covenants which are based on historical earnings, it is envisaged that those covenants will continue to be breached

¹ Half Year Report, final page.

² Offer Document dated 3 April 2017, pg 28

³ Offer Document dated 3 April 2017, pg 28

⁴ Offer Document dated 3 April 2017, pg 28

⁵ Offer Document dated 3 April 2017, pg 28



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800
Fax +61 8 9432 2880
Email info@wellard.com.au

www.wellard.com.au

at times during this financial year and the next, and, if so, the Company will continue to rely on waivers from its bankers.”⁶

On 1 June 2017, the Company released an announcement to the market regarding its sale of the M/V Ocean Outback (**Outback Announcement**), in which the Company stated:

“The Company is reviewing the carrying value of its assets, and subject to valuation, this may result in impairments when it finalises its accounts at year-end, which, together with expected higher trading losses, will lead to a second half loss higher than the first half. The quantum of such losses is yet to be determined as the year is not complete.”

3 Background to Announcement

3.1 Market Expectations

Based on the Company's reported loss for the first half of the 2016-17 financial year, and considering statements made by the Company in the Offer Document and the Outback Announcement, the Company believes the market was expecting the Company's loss for the second half of the 2016-17 financial year to be higher than that reported for the first half.

The Company is also cognisant of the fact that investors often rely on first-half financial results as an indication of expected full-year financial results. The Outback Announcement disclosed to investors that the Company's half-year financial results will not be a reliable indicator for the Company's expected full-year results.

In line with good corporate governance practices, the Announcement was released with the intention of updating the market's expectations based on the factors outlined in section 4.1 below. These factors, which had come to light following the Outback Announcement, were not, in the opinion of the Board, sufficiently complete or certain to warrant fulsome disclosure in accordance with Listing Rule 3.1.

The Company believes it had set market expectations of full-year losses and continuing volatility, without any quantitative guidance in respect of those full-year losses.

3.2 Awareness of full-year trading losses

The Company became progressively more conscious of the potential for the full-year trading losses referred to in the Earnings Guidance by monitoring internal management reports for the period. However, these internal management reports were confidential, incomplete, were considered estimates, and it was considered that they could not provide an accurate estimate of the Company's likely full-year trading result. Factors being monitored that had the potential to affect the Company's trading losses included:

⁶ Offer Document dated 3 April 2017, pg 29



- (a) the nature of the Company's business, being that the Company requires some time to calculate profit and loss, both for individual shipments and for trading represented by a series of shipments; and
- (b) the potential for increased shipment volumes in the months of April, May and June due to:
 - (i) increased demand for Australian beef from Indonesia resulting from the fasting month of Ramadan, which this year commenced on 26 May 2017 and ended with the Idul Fitri celebrations on 24 June 2017; and
 - (ii) a history of domestic cattle prices falling during the second quarter of the calendar year due to a seasonal increase in cattle being available for sale in Northern Australia.

4 The Announcements

4.1 Updating Market Expectation

On 7 July, an internal management report identified that trading for the months of May and June had not met expectations and, accordingly, the year-to-date losses had not improved. This internal report was based on estimates, supposition and assumed facts, and the senior management of the Company (**Senior Management**) identified that further analysis was required regarding the possible trading losses the Company would recognise at year-end.

On 17 July, this further analysis was prepared and communicated to the Company's Chief Financial Officer. At 2.30pm (AWST) that afternoon, the Company's Chief Financial Officer provided a briefing to the Board, summarising the trading results for the months of May and June and concluding the Company's full-year trading losses had not seen improvement from better trading conditions that might emerge during the last financial quarter in more normal agricultural cycles. This briefing was based on early figures, estimates, supposition and assumed facts.

At that Board meeting the Company's directors determined that although the Company's full-year financial losses had already been well foreshadowed to the market in previous announcements, and whilst the quantum of the financial losses was still to be determined, it was appropriate given the lack of market improvement, as a matter of good corporate governance, to provide some further understanding regarding the full-year trading losses given:

- (a) the close of the 2016-17 financial year;
- (b) Senior Management's analysis and confirmation that the potential for increased profitability due to the traditional seasonal increase in cattle supply in the months of May and June had not materialised; and
- (c) the sale of the M/V Ocean Outback having been completed.

The Board approved the Announcement on 17 July 2017, which contained the Earnings Guidance and Extraordinary Loss described in a qualitative manner. The Company released the Announcement pre-market opening on 18 July 2017.

For personal use only



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800
Fax +61 8 9432 2880
Email info@wellard.com.au

www.wellard.com.au

Following lodgement of the Announcement, the Company was contacted by ASX, which requested that the Company provide quantitative guidance regarding the Company's likely full-year trading losses. At that time, the Company had not prepared a sufficiently defined range of expected full-year trading losses, given that analysis and internal reporting had been based on estimates, supposition and assumed facts.

Based on the information known at that time, and the Company's best estimates of information not yet finalised, the Company disclosed its best estimate of the range of full-year trading losses in the Company's second announcement dated 18 July 2017 (**Clarification Announcement**).

5 Materiality of the Announcements

5.1 Earnings Guidance

After considering the statements listed in section 2.2 above, the Board considered any further statements regarding full-year trading losses would be regarded as a repetition of, and providing further understanding regarding, cautionary messaging already provided to the market. The Board considered the manner in which the Company had repeatedly emphasised the likelihood of full-year trading losses was such that any reasonable person would not expect additional messages regarding trading losses to have a material effect on the price or value of the Company's securities.

The Company released the Clarification Announcement after having been requested by ASX to provide additional clarification regarding the Announcement. The Company had earlier determined it was not helpful guidance to the market to include the range of potential losses relating to the Earnings Guidance and the Extraordinary Loss that was included within the Clarification Announcement, as these figures were incomplete and insufficiently certain to warrant disclosure. However, the Company included these ranges at the request of the ASX along with re-stated qualifications that such ranges were preliminary, pre-tax estimates due to the ongoing work needed to finalise those numbers, and because there are tax adjustments to be made that may change the Company's overall year-end results.

5.2 Extraordinary Loss

Wellard's business model

The Company notes the nature of its cattle trading business is such that months of work are only realised upon delivery of and payment for each individual shipment of livestock, or in some cases only after a series of shipments of livestock, and thus large segments of the Company's overall revenue are received upon completion of intermittent shipments.

Large cattle trades can involve multiple shipments to multiple purchasers. For example, the shipment the subject of the Extraordinary Loss was the third shipment on the relevant vessel between South America and Turkey within the 2016/17 financial year.

Materiality of trading losses attributable to shipment

The Company included the Extraordinary Loss in the Announcement to provide context to the Company's repeated message regarding expected full-year financial results, including its



statement in the Outback Announcement that the Company was expecting higher trading losses in the second half of the financial year when compared to the first half.

The Company's use of the term 'extraordinary loss' was not used in an accounting context. Its intended use was to convey the one-off nature of the outcome arising from the unusual sequence of events that caused the loss, rather than any attempt to describe the quantum of the loss itself. Senior Management and the Board consider the delays and other unusual events that substantially caused the trading losses attributable to the relevant shipment to be outside the ordinary course of the Company's business.

The Company does not believe the trading losses attributable to the relevant shipment is information that a reasonable person would expect to have a material effect on Wellard's shares, given:

- (a) when considered in context and together with the Company's overall trading history, the Extraordinary Loss represents a single shipment within a series of shipments across the entire year, and it is not unusual within the Company's business for individual shipments to deviate from the mean but which, when taken in aggregate, can represent a gradual trend either upwards or downwards; and
- (b) the circumstances giving rise to the Extraordinary Loss were particular to that voyage and are not an indication of the Company's trade from South America in general.

Accordingly, the Board did not consider the losses attributable to the shipment was information a reasonable person would consider likely to have a material effect on the price or value of the Company's securities.

Awareness of trading losses attributable to shipment

The Company became aware of the unusual circumstances that gave rise to the Extraordinary Loss progressively. However, due to the nature of the Company's cattle trading business, while operational information became known by Senior Management throughout the relevant period, the financial consequences of that operational information were not necessarily known at the same time.

The Chief Financial Officer first provided preliminary analysis regarding the potential for unusual trading losses resulting from the relevant shipment in a report to the Board dated 22 May 2017. Following this report to the Board, Senior Management requested a more fulsome review of the relevant shipment and the overall trade between South America and Turkey. This overall review was completed and provided to the Board on 17 July 2017, however many of the calculations within that report were and remain subject to potential change once discussions and negotiations with the Company's agents, the purchasers of the relevant livestock, and various commercial and professional advisers regarding the changes and unusual delays that substantially caused the trading losses, are finalised.

The Company notes that although the financial losses attributable to the relevant shipment must be recorded as at 30 June 2017, any claims or reimbursements the Company may receive in respect of this shipment must be recorded in the 2017-18 financial year. The Company is currently assessing its legal options in respect of these claims.

For personal use only



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800

Fax +61 8 9432 2880

Email info@wellard.com.au

www.wellard.com.au

6 Materiality of other matters

The Company notes that an entity's share price and trading volumes are responsive to many factors and that, accordingly, it is often difficult to identify a single cause of share price movements or trading volume increases. The Company believes the following factors may, either alone or together, contribute to movements in the Company's share price and trading volumes, at any given time.

6.1 Cattle Prices and Market Sentiment

The Company's trading results are largely driven by regional cattle prices in Australia, together with demand from its markets. A reduction in demand from South East Asian markets due to sustained high cattle prices in Australia remains evident. The high prices of cattle in Australia are due predominantly to reduced supply. There has also been a strengthening in the Australian dollar. All these factors can affect the Company's trading results.

Despite the Company's statements to the market, the Company also understands there may have been some positive market sentiment regarding the potential for cattle prices within Australia to decline, which would likely have a corresponding increase to the Company's profitability. Although the Company had not made any public forecasts regarding cattle prices, one element of the Announcement was intended to reaffirm the Company's position that any short-term declines in Australian domestic cattle prices have not been sustained in the period to FY2016/17 year-end or beyond.

6.2 Cash position and debt covenants

The Board considers the kind of information that a reasonable person would expect to have a material effect on the price or value of the Company's securities includes information relating to the Company's cash position, its debt covenants and any potential refinancing of its debt facilities.

The Board can confirm in this regard:

- (a) the Company's working capital position, including cash raised by the Company's placement, entitlement offer and convertible note issue, and the recent sale of the M/V Ocean Outback, is positive; and
- (b) the Company continues to enjoy supportive relationships with its lenders and continues to work with those lenders to secure necessary covenant breach waivers.

7 Questions posed in the Aware Letter

7.1 *Does WLD consider the Earnings Guidance, or any part thereof, in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

The Company considers that, in isolation, the information regarding the Company's full year trading results, contained in the Announcement may be information that a reasonable person may expect, of itself, to have a material effect on the price or value of its securities.



However, as outlined in sections 2 and 3.1 above, the Company considers the market to have been informed, based on statements made by the Company in the Half-Year Report, the Offer Document and the Outback Announcement, that the Company's loss for the second half of the 2017 financial year would be more than that reported for the first half of the financial year. Further, the Earnings Guidance needs to be considered in the context of the other factors which the Company believes are more likely to influence the Company's share price and trading volumes, as outlined in section 6 above.

The Company's intention in providing the Earnings Guidance was to ensure good governance practice, and to confirm to the market:

- (a) the Company's previous warnings of full-year trading losses remained current;
- (b) the sale of the M/V Ocean Outback had been completed;
- (c) the Company's cash position following the Company's recent capital raising and sale of the M/V Ocean Outback remained positive; and
- (d) the Company continues to enjoy positive relationships with its lenders and continues to work with those lenders to secure necessary covenant breach waivers,

rather than to provide the market with a material announcement regarding the Company's anticipated full-year trading results, which are still not quantified, finalised or known. That is, at the time of the Announcement, the Earnings Guidance was an incomplete estimate and confidential as a matter of fact.

7.2 If the answer to question 7.1 is "no", please advise the basis for that view.

Not applicable.

7.3 When did WLD first become aware of the Earnings Guidance or any part thereof? In answering this question, please specify the date and time when WLD first became aware of the Earnings Guidance or any part thereof.

The Company became aware of the Earnings Guidance following the preparation of an internal management report dated 17 July 2017. This management report was considered by the Board at a meeting commencing 2.30pm (Perth time) 17 July 2017.

7.4 If WLD first became aware of the Earnings Guidance before the Announcement, please explain why the Earnings Guidance was not released to the market at an earlier time, commenting specifically on when you believe WLD was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps WLD took to ensure that the Earnings Guidance was released promptly and without delay.

As noted in section 2.2, the Company has repeatedly emphasised to the market its expectation of full-year trading losses and does not consider the Earnings Guidance required disclosure under ASX Listing Rules 3.1 and 3.1A.

This is consistent with ASX's policy in Guidance Note 8 which states, at paragraph 7.1, the following:

For personal use only



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800
Fax +61 8 9432 2880
Email info@wellard.com.au

www.wellard.com.au

"All other things being equal, an entity is not required by Listing Rule 3.1 to release its internal budgets or earnings projections to the market. They are generated for internal management purposes and, provided they remain confidential, clearly fall within the carve-outs to immediate disclosure in Listing Rule 3.1A"

The Company believes it was not obliged to release the Earnings Guidance to the market under Listing Rule 3.1 on the basis that it was incomplete and confidential. The Company only released the information in the Clarification Announcement upon request from ASX.

7.5 Does WLD consider the Extraordinary Loss, or any part thereof, in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No, the Company does not consider the Extraordinary Loss to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

7.6 If the answer to question 7.5 is "no", please advise the basis for that view.

The Company included the Extraordinary Loss in the Announcement to provide context to the Company's repeated message regarding expected full-year financial results. The Company's use of the term 'extraordinary loss' was not used in an accounting context. Its intended use was to convey the one-off nature of the outcome arising from the unusual sequence of events that caused the loss, rather than any attempt to describe the quantum of the loss itself. Senior Management and the Board considers the delays and other unusual events that substantially caused the trading losses attributable to the relevant shipment to be outside the ordinary course of the Company's business.

The estimated range of losses comprising the Extraordinary Loss presented within the Clarification Announcement is uncertain and based on incomplete estimates, and was released only upon request for additional guidance from ASX.

As noted in section 5.2 above, the Company considers the Extraordinary Loss, even at the upper limit of the estimated range provided in the Clarification Announcement, would not of itself represent information a reasonable person would expect to have a material effect on the price or value of its securities.

7.7 When did WLD first become aware of the Extraordinary Loss or any part thereof? In answering this question, please specify the date and time when WLD first became aware of the Extraordinary Loss or any part thereof.

The Company became aware of the unusual circumstances that gave rise to the Extraordinary Loss progressively. However, the financial consequences of that operational information were not known until some time later.

The Company became aware at a preliminary level of financial losses attributable to the relevant shipment following a report to the Board dated 22 May 2017. Following that report, Senior Management requested a more fulsome review of the relevant shipment and overall trade between South America and Turkey, which was finalised and provided to the Board on 17 July 2017. Many of the calculations within that report were and remain subject to potential change

For personal use only



Wellard Limited

1A Pakenham Street
Fremantle, Western Australia 6160

PO Box 796

Fremantle, Western Australia 6959

ABN 53 607 708 190

Tel +61 8 9432 2800
Fax +61 8 9432 2880
Email info@wellard.com.au

www.wellard.com.au

once discussions and negotiations with the Company's agents, the purchasers of the relevant livestock, and various commercial and professional advisers regarding the changes and unusual delays that substantially caused the trading losses are finalised.

- 7.8 If WLD first became aware of the Extraordinary Loss before the Announcement, please explain why the Extraordinary Loss was not released to the market at an earlier time, commenting specifically on when you believe WLD was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps WLD took to ensure that the Extraordinary Loss was released promptly and without delay.**

As noted above in section 5.2 above, the Company does not consider the Extraordinary Loss to be information a reasonable person would expect to have a material effect on the price or value of its securities. Accordingly, the Company does not consider it was obliged to inform the market of the Extraordinary Loss in accordance with Listing Rule 3.1. The Company referred to the Extraordinary Loss in the Announcement to provide context to the Company's repeated messaging regarding its full-year financial results. In any event had the information been material, the Company believes it was not obliged to release the information to the market under Listing Rule 3.1 on the basis that the information was confidential and incomplete.

- 7.9 Please confirm that WLD is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

- 7.10 Please confirm that WLD's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WLD with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms these responses have been authorised and approved in accordance with the Company's published continuous disclosure policy or otherwise by its Board or an Officer of the Company with delegated authority from the Board to respond to ASX on disclosure matters.

For Wellard Limited:

A handwritten signature in black ink, appearing to read "Michael Silbert".

Michael Silbert
Company Secretary



20 July 2017

Mr Michael Silbert
Company Secretary
Wellard Limited
1A Pakenham Street
FREMANTLE WA 6160

By email

Dear Mr Silbert

Wellard Limited (“WLD”) Aware Letter

ASX Limited (“ASX”) refers to the following.

- A. WLD’s announcement lodged to the ASX Market Announcement Platform (“MAP”) and released at 8:25am (“AEST”) on Tuesday 18 July 2017 titled “Market Update” (the “Announcement”) that included the following statements:

The Company is currently finalising its FY2016/17 audit and annual results, and expects that its trading losses for the second half of the financial year are likely to be significantly higher than the A\$16M loss reported in the Company’s first half. The total loss for the financial year will also be impacted by asset impairments and write-downs, and will not be fully known until nearer to end-August 2017.

(the “Earnings Guidance”)

and

There are a series of reasons for these results, including..., and an extraordinary loss on one voyage in South America.

(the “Extraordinary Loss”)

- B. WLD’s announcement lodged to MAP and released at 2:07pm (“AEST”) on Tuesday 18 July 2017 titled “Market update - Clarification” that included the following statements:

The Company is continuing to work through its year-end audit process and as a result a number of matters remain subject to further review. However, the Company expects its potential losses before tax for the full year to be in the range of \$55-65M, excluding impairments on vessels.

In respect of the anticipated loss related to the voyage in South America, the loss reported in this financial year is likely to be in the range of A\$8M to A\$10M. This loss arose as a result of delays which caused some cattle to go out of specification, after which some stock was sold to another buyer at lower than predicted prices. This issue relates to the specific voyage only and does not indicate any mechanical issue with the Wellard vessel involved.

For personal use only

C. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks WLD to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A.

1. Does WLD consider the Earnings Guidance, or any part thereof, in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did WLD first become aware of the Earnings Guidance or any part thereof? In answering this question, please specify the date and time when WLD first became aware of the Earnings Guidance or any part thereof.
4. If WLD first became aware of the Earnings Guidance before the Announcement, please explain why the Earnings Guidance was not released to the market at an earlier time, commenting specifically on when you believe WLD was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps WLD took to ensure that the Earnings Guidance was released promptly and without delay.
5. Does WLD consider the Extraordinary Loss, or any part thereof, in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 5 is “no”, please advise the basis for that view.
7. When did WLD first become aware of the Extraordinary Loss or any part thereof? In answering this question, please specify the date and time when WLD first became aware of the Extraordinary Loss or any part thereof.
8. If WLD first became aware of the Extraordinary Loss before the Announcement, please explain why the Extraordinary Loss was not released to the market at an earlier time, commenting specifically on when you believe WLD was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps WLD took to ensure that the Extraordinary Loss was released promptly and without delay.
9. Please confirm that WLD is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that WLD’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WLD with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 7.00 a.m. WST on 25 July 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in WLD’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, WLD’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at wade.baggott@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow ASX to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to WLD's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that WLD's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in WLD's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Wade Baggott
Principal Adviser, Listings Compliance