



//// underground mining excellence

A photograph of a red underground drilling rig in a dark mine tunnel, illuminated by its own lights. The rig is positioned against a rock wall. The image is overlaid with a dark grey geometric pattern on the right side.

# FY20 Q1 BUSINESS UPDATE



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# Q1 FY20 BARMINCO RESULTS

- Continued solid financial performance
- Revenue uplift a result of increased scope at key sites and the Rosemont, Mt Colin and Odysseus ramp up
- Trading EBITDA up 12.3% on PCP
- Trading EBIT up 7.3% on PCP
- Trading EBIT margin at 9.0%

(1) Trading EBITDA represents earnings before income tax (expense) benefit, finance costs, depreciation & amortisation, share of associates profit, redundancies expense and transaction costs

(2) Trading EBIT represents earnings before income tax (expense) benefit, finance costs, share of associates profit, redundancies expense and transaction costs

|                                   | Sep-19<br>QTR<br>\$M | Sep-18<br>QTR<br>\$M |
|-----------------------------------|----------------------|----------------------|
| <b>Revenue</b>                    |                      |                      |
| Mining                            | 159.6                | 141.4                |
| Diamond drilling                  | 13.9                 | 14.2                 |
| Other                             | 5.7                  | 3.6                  |
| <b>Total revenue</b>              | <b>179.2</b>         | <b>159.2</b>         |
| <b>Project costs</b>              | <b>145.4</b>         | <b>129.7</b>         |
| <b>Project EBITDA</b>             |                      |                      |
| Mining                            | 31.1                 | 26.8                 |
| Diamond drilling                  | 2.4                  | 2.1                  |
| Other                             | 0.3                  | 0.6                  |
| <b>EBITDA – projects</b>          | <b>33.8</b>          | <b>29.5</b>          |
| <b>Shared services costs</b>      |                      |                      |
| Operational & admin services      | 10.1                 | 8.2                  |
| Shared services allocation        | (9.1)                | (7.9)                |
| <b>Trading EBITDA<sup>1</sup></b> | <b>32.8</b>          | <b>29.2</b>          |
| <b>Trading EBITDA %</b>           | <b>18.3%</b>         | <b>18.3%</b>         |
| Depreciation and Amortisation     | 16.7                 | 14.2                 |
| <b>Trading EBIT<sup>2</sup></b>   | <b>16.1</b>          | <b>15.0</b>          |
| <b>Trading EBIT %</b>             | <b>9.0%</b>          | <b>9.4%</b>          |
| Transaction costs                 | 1.6                  | 2.1                  |
| <b>EBIT</b>                       | <b>14.5</b>          | <b>12.9</b>          |

# BARMINCO BALANCE SHEET

- Strong liquidity in Barmenco standalone circa \$186M
  - Cash on hand of \$73.8M
  - Revolving credit facility of \$45M which is effectively undrawn
  - Circa \$75M of HP capacity

| Barmenco Available Liquidity<br>(Sep-19) | Maximum<br>\$M | Amount<br>Drawn<br>\$M | Current<br>Availability<br>\$M |
|------------------------------------------|----------------|------------------------|--------------------------------|
| Cash                                     | 73.8           | 0.0                    | 73.8                           |
| High Yield Bonds                         | 518.5          | 518.5                  | 0.0                            |
| Revolving Credit Facility <sup>1</sup>   | 45.0           | 3.1                    | 41.9                           |
| Hire Purchase                            | 75.0           | 4.7                    | 70.3                           |
| <b>Total</b>                             | <b>712.3</b>   | <b>526.3</b>           | <b>186.0</b>                   |

(1) No cash currently drawn, however \$3.1M of bank guarantees and transaction banking facilities have been applied against this balance

|                                   |                                                          | Sep-19<br>\$M | Jun-19<br>\$M |
|-----------------------------------|----------------------------------------------------------|---------------|---------------|
| Current assets                    | Cash and cash equivalents                                | 73.8          | 73.3          |
|                                   | Trade and other receivables                              | 100.0         | 96.9          |
|                                   | Inventories                                              | 25.6          | 24.6          |
|                                   | Other                                                    | 4.3           | 4.6           |
|                                   | <b>Total current assets</b>                              | <b>203.7</b>  | <b>199.4</b>  |
| Non-current assets                | Property, plant & equipment                              | 166.5         | 161.7         |
|                                   | Right of use assets                                      | 8.5           | -             |
|                                   | Intangible assets                                        | 266.7         | 256.6         |
|                                   | Investments accounted for using the equity method (AUMS) | 98.4          | 85.0          |
|                                   | Deferred tax asset                                       | 20.7          | 14.0          |
|                                   | Other non-current assets                                 | -             | 0.2           |
|                                   | <b>Total non-current assets</b>                          | <b>560.8</b>  | <b>517.5</b>  |
| <b>Total assets</b>               |                                                          | <b>764.5</b>  | <b>716.9</b>  |
| Current liabilities               | Trade, other payables                                    | 93.7          | 86.9          |
|                                   | Borrowings                                               | 4.0           | 5.2           |
|                                   | Employee benefits                                        | 31.0          | 29.6          |
|                                   | Provisions                                               | 0.1           | 0.2           |
|                                   | <b>Total current liabilities</b>                         | <b>128.8</b>  | <b>121.9</b>  |
| Non-current liabilities           | Borrowings                                               | 533.2         | 505.8         |
|                                   | Employee benefits                                        | 1.0           | 0.8           |
|                                   | <b>Total non-current liabilities</b>                     | <b>534.2</b>  | <b>506.6</b>  |
| <b>Total liabilities</b>          |                                                          | <b>663.0</b>  | <b>628.5</b>  |
| <b>Net (liabilities) / assets</b> |                                                          | <b>101.5</b>  | <b>88.4</b>   |

# BARMINCO CASH FLOW

- Working capital impacted by revenue growth
- Capex fully funded by cash

|                                        | Sep-19<br>QTR<br>\$M | Sep-18<br>QTR<br>\$M |
|----------------------------------------|----------------------|----------------------|
| Trading EBITDA                         | 32.8                 | 29.2                 |
| Movement in Working Capital/Other      | (10.8)               | (9.6)                |
| Dividends (AUMS)                       | 5.6                  | -                    |
| <b>Sub Total</b>                       | <b>27.6</b>          | <b>19.6</b>          |
| Capital Expenditure (net of disposals) | (21.4)               | (30.0)               |
| Finance/HP Lease Payments              | (3.4)                | (3.8)                |
| Interest (Net)                         | (0.4)                | (0.6)                |
| Tax paid                               | (1.7)                | -                    |
| Transaction costs                      | -                    | (2.1)                |
| FX rate fluctuations on cash held      | (0.2)                | -                    |
| <b>Net Cashflow</b>                    | <b>0.5</b>           | <b>(16.9)</b>        |
| Opening Cash                           | 73.3                 | 80.3                 |
| <b>Closing Cash</b>                    | <b>73.8</b>          | <b>63.4</b>          |

# BARMINCO CAPITAL EXPENDITURE

- 100% of capex funded via cash
- Growth capex mainly relates to:
  - Rosemont
  - Dugald River
  - Rhino Rig

|                                  | Sep-19<br>QTR<br>\$M | Sep-18<br>QTR<br>\$M |
|----------------------------------|----------------------|----------------------|
| Growth                           | 8.3                  | 9.1                  |
| Stay in business                 | 13.1                 | 21.4                 |
| <b>Total capital expenditure</b> | <b>21.4</b>          | <b>30.5</b>          |

| Reconciliation to Cash Capital Expenditure          | Sep-19<br>QTR<br>\$M | Sep-18<br>QTR<br>\$M |
|-----------------------------------------------------|----------------------|----------------------|
| Total capital expenditure (as per breakdown above)  | 21.4                 | 30.5                 |
| <b>Less:</b> Capital expenditure funded by HP       | -                    | -                    |
| <b>Total capital expenditure (funded with cash)</b> | <b>21.4</b>          | <b>30.5</b>          |
| <b>Less:</b> Proceeds from sale of PPE              | -                    | (0.5)                |
| <b>Cash capital expenditure (net of disposals)</b>  | <b>21.4</b>          | <b>30.0</b>          |