

Barmenco Finance Pty Limited

Interim Report

For the half year ended March 31, 2020

Pursuant to Section 4.06(a)(1) of the Indenture dated
April 26, 2017 among
Barmenco Finance Pty Limited, as Issuer
Barmenco Holdings Pty Limited, as Guarantor
Barmenco Limited, as Guarantor
Barmenco AUMS Holdings Pty Limited, as Guarantor
Barmenco India Holdings Pty Limited, as Guarantor
Barmenco India Investments Pty Limited, as Guarantor
and
The Bank of New York Mellon, as Trustee

*This Interim Report should be read in conjunction with
Barmenco's Annual Report for the fiscal year ended June 30, 2019*

Notice

We have submitted this interim report to holders (the “Holders”) of our outstanding 6.625% Senior Notes due 2022 (the “Notes”) pursuant to section 4.06(a)(1) of the Indenture, dated as of April 26, 2017 (the “Indenture”), among Barmingo Finance Pty Limited, Barmingo Holdings Pty Limited, Barmingo Limited, Barmingo AUMS Holdings Pty Limited, Barmingo India Holdings Pty Limited, Barmingo India Investments Pty Limited and the Bank of New York Mellon, as trustee (the “Trustee”). We have not authorized its use for any other purpose. This interim report may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the Holders to whom it is provided. By accepting delivery of this interim report, you agree to these restrictions.

The information appearing in this interim report is accurate as of the date this interim report was prepared. Our business, financial condition, results of operations and prospects may be changed since that date.

Terms not defined in this Report have the meaning given to them in our fiscal 2019 Annual Report. Trading EBITDA is a measure of Barmingo’s earnings before net financing costs, income tax expense or benefit, depreciation of property, plant and equipment and amortization of intangible assets adjusted to exclude Barmingo’s 50% share of AUMS profits and non-recurring redundancy costs and transaction costs. The terms “Barmingo”, “we”, “us” and “our” refer collectively to the Parent Guarantor, the Issuer and their subsidiaries (these terms exclude AUMS because the AUMS joint venture companies are not subsidiaries), unless otherwise indicated or the context otherwise requires.

Cautionary statement regarding forward-looking statements

This report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “seeks,” “projects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which Barmingo operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Barmingo believes that these risks and uncertainties include, but are not limited to, those described in the “Risk Factors” section of our most recent annual report.

Although Barmingo bases these forward-looking statements on assumptions that Barmingo believes are reasonable when made, Barmingo cautions you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which Barmingo operates may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which Barmingo operates are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that Barmingo makes in this report speak only as of the date of those statements, and Barmingo undertakes no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report and our most recent annual report. Barmingo does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Barmingo urges you to read the sections of our most recent annual report entitled “Business”, “Risk factors,” and “Management’s discussion and analysis of financial condition and results of operations” for a more complete discussion of the factors that could affect our future performance and the industry in which Barmingo operates.

Summary of results by division

The following table provides a summary of Barminto's revenue and EBITDA by division (excluding AUMS).

	9 month period ended March 31,	
	2020 A \$M	2019 A \$M
Revenue		
Underground mining	486.8	425.8
Diamond drilling	38.7	42.3
Shared services (unallocated) and other	13.7	9.5
Total Revenue	539.2	477.6
EBITDA		
Underground mining	92.8	81.2
Diamond drilling	6.6	6.1
Shared services (unallocated) and other	(1.3)	0.2
Trading EBITDA	98.1	87.5
Trading EBITDA margin	18.2%	18.3%

Management's Discussion and Analysis of Financial Condition and Results of Operations

During the nine months ended March 31, 2020, Barminto generated revenue of A\$539.2 million and Trading EBITDA of A\$98.1 million.

Compared to the corresponding period last year, revenue increased 12.9% from A\$477.6 million for the nine month period ended March 31, 2019 to A\$539.2 million for the nine month period ended March 31, 2020. Revenue uplift was a result of increased scope at key sites and the Rosemont, Mt Colin and Odysseus ramp up. Trading EBITDA increased 12.1% from A\$87.5 million for the nine month period ended March 31, 2019 to A\$98.1 million for the nine month period ended March 31, 2020 as a result of the increased revenue.

AUMS's equity accounted contribution to the group was a profit of A\$38.8 million for the nine month period ended March 31, 2020, up A\$12.0 million on the corresponding period of A\$26.8 million, reflecting continued strong operating performance.

Liquidity, capital expenditures and capital resources

Liquidity

The Group remains well positioned with a strong level of available liquidity to underpin the Group's growth and ongoing funding requirements.

As at March 31, 2020 Barminco had available cash reserves of A\$89.6 million and available headroom of A\$41.9 million under its Revolving Credit Facility (RCF) and A\$47.2 million under Asset Finance facilities.

As at March 31, 2020, the Group's committed funding facilities were a A\$45.0 million RCF that expires on 24 October 2020 of which only A\$3.1 million utilized for the purposes of bank guarantees. The Group expects to replace the A\$45.0 million RCF with a A\$75.0 million secured principal credit facility from its parent, Perenti Global Limited ("Perenti").

In addition, the Group has A\$75.0 million available under asset finance facility. The total outstanding balance was A\$27.8 million at 31 March 2020.

Indebtedness

On 26 April 2017 Barminco issued new 6.625% Senior Secured Notes due for repayment 15 May 2022 with a US\$350 million principal amount. The 6.625% Senior Secured Notes due in May 2022. The interest on the new high yield bond is payable semi-annually on 15 May and 15 November. The High Yield Bonds are quoted on the Singapore Stock Exchange.

As of March 31, 2020, the Group had debt of A\$600.2 million, excluding Shareholder Loan.

Capital expenditures

During the nine-month period ended March 31, 2020 the Group continued to expand its asset base, and acquired A\$66.6 million of plant and equipment, 84% of which was funded by cash reserves.

APPENDIX - AASB 16 Leases impact

BALANCE SHEET

	Statutory - unaudited	AASB 16 - unaudited	Statutory - excl AASB 16 - unaudited
	31-Mar-20 \$'000	31-Mar-20 \$'000	31-Mar-20 \$'000
ASSETS			
Cash and cash equivalents	89,627		89,627
Trade and other receivables	107,183		107,183
Inventories	26,527		26,527
Prepayments	4,039		4,039
Total current assets	227,376	-	227,376
Investments accounted for using the equity method	134,821		134,821
Right-of-use Assets	39,526	(39,526)	-
Property, plant and equipment	146,311	31,872	178,183
Intangibles	292,911		292,911
Deferred tax asset	34,112	91	34,203
Total non-current assets	647,681	(7,563)	640,118
TOTAL ASSETS	875,057	(7,563)	867,494
LIABILITIES			
Trade and other payables	95,473		95,473
Borrowings	9,075	1,911	7,164
Employee benefits	31,449		31,449
Provisions	112		112
Total current liabilities	136,109	1,911	134,198
Borrowings	603,285	6,081	597,204
Employee benefits	873		873
Total non-current liabilities	604,158	6,081	598,077
TOTAL LIABILITIES	740,267	7,993	732,274
NET ASSETS	134,790	430	135,220
EQUITY			
Contributed equity	394,662		394,662
Reserves	11,979		11,979
Accumulated losses	(271,851)	430	(271,421)
TOTAL EQUITY	134,790	430	135,220

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Statutory - unaudited	AASB 16 - unaudited	Statutory - excl AASB 16 - unaudited
	9 mnths ended 31 March 2020	9 mnths ended 31 March 2020	9 mnths ended 31 March 2020
	\$'000	\$'000	\$'000
Revenue	538,998		538,998
Other income	187		187
Consumables used	(167,298)		(167,298)
Employee benefits expense	(208,193)		(208,193)
Contractor and consultant expenses	(29,935)		(29,935)
Depreciation of property, plant and equipment	(51,392)	1,606	(49,786)
Amortisation of intangible assets	(588)		(588)
Other expenses	(37,082)	(1,727)	(38,809)
Share of profit from equity accounted investments, net of tax	38,846		38,846
Financing income	357		357
Financing costs	(37,438)	460	(36,978)
Profit before income tax	46,462	339	46,801
Income tax expense	(5,005)	91	(4,914)
Profit for the year attributable to equity holders of the Company	41,457	430	41,887