

# BUSINESS UPDATE

March  
2014

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# Introductions



- **Chief Executive Officer - *Peter Stokes***

- Peter Stokes was appointed Chief Executive Officer of Barmenco in February 2013 and has over 20 years of resources and mining services experience
- Prior to joining Barmenco, Peter served as the Chief Operating Officer at Linfox Pty Ltd, Australia's second largest logistics provider
- Peter was also previously a Partner in the resources practice of Accenture



- **Chief Financial Officer - *Peter Bryant***

- Peter Bryant was appointed Chief Financial Officer in April 2013 and has over 27 years of financial and company secretarial experience
- Prior to joining Barmenco, Peter held leadership roles, including Chief Financial Officer and Company Secretary, at Seven West Media and engineering and development group GRD Limited, both of which were in the ASX 100
- Peter commenced his career with Ernst & Young

# Highlights

- Mt Lyell (CMT) copper mine to re-open in June 2014.
- Western Areas contracts likely to be extended by 3 years.
- Hindustan Zinc Project in India gaining momentum.
- Quarter three results in-line with internal expectations.

# Mt Lyell (CMT)

- Mine closed from January 2014
- Forecast EBITDA of \$2m per month lost
- Cash neutral during mine closure
- Mine scheduled to reopen in June 2014
- Remaining contract term 2 years (+ 1 year option)

# Summary of Results – Excluding AUMS

- March quarter result is consistent with expectations.
- Key drivers of the YTD result continue to be:
  - 1) Sunrise Dam
  - 2) Flying Fox
  - 3) Agnew
  - 4) Renison
  - 5) Dugald River
- Mt Lyell impact on forecast EBITDA was circa A\$6m for the quarter.
- EBITDA YTD margin remains on target, at 20.2% (18.9% pcp).
- Shared service costs down 28% pcp.

|                              | Mar-14<br>YTD<br>(\$M) | Mar-13<br>YTD<br>(\$M) | Mar-14<br>QUARTER<br>(\$M) | Dec-13<br>QUARTER<br>(\$M) | Sep-13<br>QUARTER<br>(\$M) |
|------------------------------|------------------------|------------------------|----------------------------|----------------------------|----------------------------|
| <b>Revenue</b>               |                        |                        |                            |                            |                            |
| Mining                       | 376.0                  | 447.4                  | 115.5                      | 133.0                      | 127.5                      |
| Diamond Drilling             | 32.2                   | 55.4                   | 8.9                        | 10.1                       | 13.3                       |
| Crushing                     | 0.4                    | 15.3                   | 0.2                        | 0.1                        | 0.1                        |
| Other                        | 1.8                    | 2.7                    | 0.8                        | 0.6                        | 0.4                        |
| <b>Total Revenue</b>         | <b>410.4</b>           | <b>520.8</b>           | <b>125.4</b>               | <b>143.7</b>               | <b>141.3</b>               |
| <b>Project Costs</b>         | <b>330.3</b>           | <b>421.9</b>           | <b>104.9</b>               | <b>115.8</b>               | <b>109.6</b>               |
| <b>Project EBITDA</b>        |                        |                        |                            |                            |                            |
| Mining                       | 75.6                   | 89.3                   | 21.7                       | 24.5                       | 29.4                       |
| Diamond Drilling             | 4.5                    | 6.9                    | 1.0                        | 1.3                        | 2.2                        |
| Crushing                     | (0.3)                  | 2.6                    | 0.2                        | (0.3)                      | (0.2)                      |
| Other                        | 0.9                    | -                      | (0.1)                      | 0.9                        | 0.1                        |
| <b>Total Project EBITDA</b>  | <b>80.7</b>            | <b>98.8</b>            | <b>22.8</b>                | <b>26.4</b>                | <b>31.5</b>                |
| <b>Shared Services Costs</b> |                        |                        |                            |                            |                            |
| Operational & Admin Services | 25.7                   | 36.0                   | 8.9                        | 7.8                        | 9.0                        |
| SS Allocation                | (27.9)                 | (35.5)                 | (9.4)                      | (9.3)                      | (9.2)                      |
| <b>EBITDA</b>                | <b>82.9</b>            | <b>98.3</b>            | <b>23.3</b>                | <b>27.9</b>                | <b>31.7</b>                |
| Depreciation                 | 46.3                   | 43.8                   | 13.2                       | 17.4                       | 15.7                       |
| Amortisation                 | 0.7                    | 1.9                    | 0.2                        | 0.2                        | 0.3                        |
| <b>Trading EBIT</b>          | <b>35.9</b>            | <b>52.6</b>            | <b>9.9</b>                 | <b>10.3</b>                | <b>15.7</b>                |
| Redundancy Costs             | 5.0                    | 0.9                    | 0.8                        | 0.2                        | 4.0                        |
| <b>EBIT</b>                  | <b>30.9</b>            | <b>51.7</b>            | <b>9.1</b>                 | <b>10.0</b>                | <b>11.8</b>                |

# EBITDA YTD March 13 to March 14



# Summary of Results - AUMS

- AUMS is outside the HYB Credit Group.
- Contribution down primarily due to:
  - Two projects in Ghana operating with reduced scope.
  - Project in Burkina Faso temporarily placed in care and maintenance
  - Overall higher maintenance, mining consumables and labour costs.
- Cash on hand A\$34.5m.
- External debt of A\$8.9m.

|                      | Mar 14<br>USD (\$M) | Mar 13<br>USD (\$M) |
|----------------------|---------------------|---------------------|
| Revenue              | 228.6               | 231.8               |
| EBITDA               | 44.7                | 64.9                |
| <i>EBITDA Margin</i> | 19.6%               | 28.0%               |
| Depreciation         | 27.8                | 22.4                |
| <b>EBIT</b>          | <b>16.9</b>         | <b>42.5</b>         |
| Interest             | 2.4                 | 3.3                 |
| Tax                  | 3.2                 | 4.5                 |
| <b>NPAT</b>          | <b>11.3</b>         | <b>34.7</b>         |

|                                                | Mar 14<br>(\$M) | Mar 13<br>(\$M) |
|------------------------------------------------|-----------------|-----------------|
| Barminto's 50% Share (USD)                     | 5.7             | 17.4            |
| Currency Impact on Conversion to AUD           | -               | (2.1)           |
| Elimination Entries and Adjustments (AUD)      | 0.5             | 0.6             |
| <b>Equity Accounted Share of Profits (AUD)</b> | <b>6.2</b>      | <b>15.9</b>     |

# The Balance Sheet

- Cash on hand above target, at \$121.4m.
- Revolving credit facility of \$100m effectively undrawn, however \$2.8m used to facilitate transactional banking and bank guarantees with HSBC.
- Net assets down due to accounting treatment of High Yield Bond cross currency interest rate swap.
- Redeemable preference shares and shareholder loan notes treated as equity.

|                          |                                                                | Mar-14<br>(\$M) | Dec-13<br>(\$M) | Sep-13<br>(\$M) | Jun-13<br>(\$M) |
|--------------------------|----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Current Assets           | Cash and Cash Equivalents                                      | 121.4           | 121.2           | 128.1           | 106.6           |
|                          | Trade and Other Receivables                                    | 52.8            | 57.9            | 69.2            | 88.1            |
|                          | Inventories                                                    | 23.4            | 23.9            | 25.0            | 25.9            |
|                          | Other                                                          | 5.4             | 3.6             | 4.7             | 4.5             |
|                          | <b>Total Current Assets</b>                                    | <b>203.0</b>    | <b>206.6</b>    | <b>227.0</b>    | <b>225.1</b>    |
| Non-Current Assets       | Property, Plant & Equipment                                    | 124.1           | 127.9           | 136.5           | 133.3           |
|                          | Intangible Assets                                              | 260.5           | 260.8           | 261.0           | 261.3           |
|                          | Other                                                          | 40.0            | 71.8            | 39.3            | 49.8            |
|                          | Investment in Joint Venture (AUMS)                             | 73.4            | 76.2            | 68.4            | 65.7            |
|                          | <b>Total Non-current Assets</b>                                | <b>498.0</b>    | <b>536.7</b>    | <b>505.2</b>    | <b>510.1</b>    |
| <b>Total Assets</b>      |                                                                | <b>701.0</b>    | <b>743.3</b>    | <b>732.2</b>    | <b>735.2</b>    |
| Current Liabilities      | Trade, Other Payables & Provisions                             | 69.9            | 69.4            | 85.2            | 68.3            |
|                          | HP Liabilities                                                 | 12.9            | 16.4            | 19.3            | 20.6            |
|                          | Employee Benefits and Other                                    | 23.7            | 22.9            | 25.9            | 28.4            |
|                          | <b>Total Current Liabilities</b>                               | <b>106.5</b>    | <b>108.7</b>    | <b>130.4</b>    | <b>117.3</b>    |
| Non-Current Liabilities  | HP Liabilities                                                 | 4.0             | 2.9             | 3.9             | 6.9             |
|                          | High Yield Bonds ( <i>net of capitalized borrowing costs</i> ) | 511.1           | 532.4           | 505.9           | 515.4           |
|                          | Other                                                          | 2.2             | 2.8             | 2.9             | 2.8             |
|                          | <b>Total Non-Current Liabilities</b>                           | <b>517.3</b>    | <b>538.1</b>    | <b>512.7</b>    | <b>525.1</b>    |
| <b>Total Liabilities</b> |                                                                | <b>623.8</b>    | <b>646.8</b>    | <b>643.1</b>    | <b>642.4</b>    |
| <b>Net Assets</b>        |                                                                | <b>77.2</b>     | <b>96.5</b>     | <b>89.1</b>     | <b>92.8</b>     |

# Cash Flow – March 2014

- Working capital position remains well under \$10m.

|                                        | Mar-14<br>YTD<br>(\$M) | Mar-13<br>YTD<br>(\$M) | Mar-14<br>QTR<br>(\$M) | Dec-13<br>QTR<br>(\$M) | Sep-13<br>QTR<br>(\$M) |
|----------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>EBITDA</b>                          | 77.9                   | 97.4                   | 22.4                   | 27.9                   | 27.6                   |
| Movement in Working Capital            | 19.2                   | (3.2)                  | (9.5)                  | 12.3                   | 16.4                   |
| <b>Subtotal</b>                        | <b>97.1</b>            | <b>94.2</b>            | <b>12.9</b>            | <b>40.2</b>            | <b>44.0</b>            |
| Capital Expenditure (net of disposals) | (25.1)                 | (29.7)                 | (4.7)                  | (7.0)                  | (13.4)                 |
| Interest/Debt                          | (56.3)                 | (51.7)                 | (7.7)                  | (39.7)                 | (8.9)                  |
| Tax                                    | (0.9)                  | (0.8)                  | (0.3)                  | (0.4)                  | (0.2)                  |
| <b>Cashflow</b>                        | <b>14.8</b>            | <b>12.0</b>            | <b>0.2</b>             | <b>(6.9)</b>           | <b>21.5</b>            |
| Opening Cash                           | 106.6                  | 71.7                   | 121.2                  | 128.1                  | 106.6                  |
| <b>Closing Cash</b>                    | <b>121.4</b>           | <b>83.7</b>            | <b>121.4</b>           | <b>121.2</b>           | <b>128.1</b>           |

# Capital Expenditure

- Growth cap-x attributable to :
  - ✓ Mt Lyell
  - ✓ Agnew
  - ✓ Renison
- Full year cap-x will be below expectations.

|                                               | Mar-14      | Mar-13      | Mar-14     | Dec-13      | Sep-13      |
|-----------------------------------------------|-------------|-------------|------------|-------------|-------------|
|                                               | YTD         | YTD         | QTR        | QTR         | QTR         |
|                                               | (\$M)       | (\$M)       | (\$M)      | (\$M)       | (\$M)       |
| Growth                                        | 19.0        | 18.0        | -          | 6.4         | 12.6        |
| Stay in Business                              | 19.8        | 16.7        | 8.4        | 6.4         | 5.0         |
| <b>Total Capital Expenditure</b>              | <b>38.8</b> | <b>34.7</b> | <b>8.4</b> | <b>12.8</b> | <b>17.6</b> |
| Acquired via HP or Finance Leases             | 11.0        | -           | 4.4        | 3.0         | 3.6         |
| <b>Capital Expenditure (Funded from Cash)</b> | <b>27.8</b> | <b>34.7</b> | <b>4.0</b> | <b>9.8</b>  | <b>14.0</b> |

# Major Mining Contracts



| PROJECT       | ULTIMATE CLIENT      | COMMODITY | LOCATION | CONTRACT END DATE | CONTRACT STATUS                                                              |
|---------------|----------------------|-----------|----------|-------------------|------------------------------------------------------------------------------|
| Sunrise Dam   | Anglo Gold - Ashanti | Au        | WA       | 2016              | + 3 Year Option                                                              |
| Flying Fox    | Western Areas        | Ni        | WA       | 2014              | + 3 Year Extension in Negotiations ( <i>Close to Finalisation</i> )          |
| Spotted Quoll | Western Areas        | Ni        | WA       | 2014              | + 3 Year Extension in Negotiations ( <i>Close to Finalisation</i> )          |
| Ernest Henry  | Glencore Xstrata     | Cu        | QLD      | 2014              | Contract Concluding                                                          |
| Kanowna Belle | Northern Star        | Au        | WA       | 2014              | Extension Negotiations Commenced                                             |
| Sukari        | Centamin             | Au        | Egypt    | 2016              |                                                                              |
| Agnew         | Gold Fields          | Au        | WA       | 2016              |                                                                              |
| Wallaby       | Gold Fields          | Au        | WA       | Completed         |                                                                              |
| Dugald River  | MMG                  | Zn        | QLD      | 2014              | Extension Subject to Trial Mining Success ( <i>Likely 3 Year Extension</i> ) |
| Mt Lyell      | CMT                  | Cu        | TAS      | 2016              | + 1 Year Option                                                              |
| Renison       | Metals X             | Sn        | TAS      | 2016              | + 1 Year Option                                                              |



# Business Outlook

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- General market overview.
  - Continued focus on profitable growth