



//// underground mining excellence

A large red underground drilling rig is positioned in a dark, rocky tunnel. The rig is illuminated by its own headlights, and the surrounding rock walls are visible. The scene is framed by a dark, geometric overlay on the right side.

FY18 HALF YEAR BUSINESS UPDATE



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INTRODUCTIONS

Paul Muller

Chief Executive officer



- Paul Muller was appointed Chief Executive officer 16 November 2017 and has 20 years' experience in the resources sector
- Prior to joining Barminto, Paul held leadership roles, including Managing Director of Consolidated Minerals' (Consmin) Australia business, General Manager positions at Leighton Contractors and BHP Billiton Iron Ore, and most recently Executive General Manager of Asia and Africa operations at Thiess, the world's largest contract miner.

Peter Bryant

Chief Financial Officer and Company Secretary



- Peter Bryant was appointed Chief Financial Officer in April 2013 and has over 25 years of financial and company secretarial experience
- Prior to joining Barminto, 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 is a Chartered Accountant, he commenced his career with Ernst & Young working in Australia, UK and USA

HALF YEAR HIGHLIGHTS

- Continued excellent safety record:
 - Lost Time Injury Frequency Rate (LTIFR) of 0.23
 - Total Recordable Injury Frequency Rate (TRIFR) of 10.4
- Financial performance up on quarter one delivering strong first half result
- All contracts performing well
- Nova Bollinger contract extended
- Rampura Agucha contract extended
- AUMS continued solid performance

PROPORTIONATELY CONSOLIDATED P&L (BARMINCO AND 50% SHARE OF AUMS)

- Proportionately consolidated Trading result reflects solid half on half growth
- Trading EBITDA up 12.2%
- Trading EBIT up 18.6%

	Dec-17 (Half Year)			Dec-16 (Half Year)		
	Barminco A\$M	AUMS 50% A\$M	TOTAL A\$M	Barminco A\$M	AUMS 50% A\$M	TOTAL A\$M
Revenue	282.4	66.6	349.0	292.0	43.2	335.2
Costs	228.3	45.1	273.4	239.0	28.8	267.8
Trading EBITDA	54.1	21.5	75.6	53.0	14.4	67.4
Depreciation and Amortisation	29.3	8.1	37.4	30.9	4.3	35.2
Trading EBIT	24.8	13.4	38.2	22.1	10.1	32.2
Redundancy Costs	0.9	-	0.9	0.3	-	0.3
EBIT	23.9	13.4	37.3	21.8	10.1	31.9

HALF YEAR BARMINCO RESULTS

(EXCLUDING AUMS)

- Revenue slightly down due to impact of Kundana
- Trading EBITDA up 2.1% on PCP
- Trading EBITDA margin at 19.2%
- First half EBIT greater than full year FY17 result

	Dec-17 HALF YEAR \$M	Dec-16 HALF YEAR \$M	Dec-17 QTR \$M	Sep-17 QTR \$M
Revenue				
Mining	257.4	267.9	133.3	124.1
Diamond drilling	23.7	22.5	11.4	12.3
Other	1.3	1.6	0.6	0.7
Total revenue	282.4	292.0	145.3	137.1
Project costs	229.9	240.9	116.7	113.2
Project EBITDA				
Mining	49.5	48.3	27.4	22.1
Diamond drilling	2.7	2.7	1.2	1.5
Other	0.3	0.1	-	0.3
EBITDA – projects	52.5	51.1	28.6	23.9
Shared services costs				
Operational & admin services	15.2	15.5	6.7	8.5
Shared services allocation	(16.8)	(17.4)	(8.6)	(8.2)
Trading EBITDA	54.1	53.0	30.5	23.6
Depreciation and Amortisation	29.3	30.9	14.8	14.5
Trading EBIT	24.8	22.1	15.7	9.1
Redundancies	0.9	0.3	0.1	0.8
EBIT	23.9	21.8	15.6	8.3

SUMMARY OF RESULTS - AUMS

(BARMINCO 50% SHARE)

- EBITDA up 49.3% on HY17 with continued solid margins
- Regulatory changes in Tanzania

Barminco 50% Share of AUMS	Dec-17 HALF YEAR A\$M	Dec-16 HALF YEAR A\$M
Revenue	66.6	43.2
EBITDA	21.5	14.4
Depreciation	8.1	4.3
EBIT	13.4	10.1
Net interest	0.5	0.2
Tax	3.6	2.7
NPAT	9.3	7.2
Elimination entries and adjustments (AUD)	(0.1)	0.5
Equity accounted share of profits (AUD)	9.2	7.7

At 31 December 2017 the AUD to USD exchange rate was 0.780.

BALANCE SHEET

(BARMINCO)

- Largely unchanged on June 2017 after the removal of the impact of Kundana
- Strong liquidity
 - Cash on hand of \$55.0M
 - Revolving credit facility reduced to \$75M

		Dec-17 \$M	Jun-17 \$M	Dec-16 \$M
Current assets	Cash and cash equivalents	55.0	77.9	69.3
	Trade and other receivables	71.1	79.1	61.9
	Inventories	20.3	18.8	21.6
	Other	4.7	4.0	2.2
	Total current assets	151.1	179.8	155.0
Non-current assets	Property, plant & equipment	137.7	124.3	143.1
	Intangible assets	259.3	259.8	260.3
	Investments accounted for using the equity method (AUMS)	68.5	58.4	71.6
	Derivative financial instruments	-	-	6.6
	Deferred tax asset	49.0	47.6	79.3
	Other non-current assets	1.5	1.9	1.8
	Total non-current assets	516.0	492.0	562.7
Total assets		667.1	671.8	717.7
Current liabilities	Trade and other payables	65.3	78.9	70.2
	Borrowings	13.7	11.8	10.8
	Employee benefits	26.7	26.4	29.2
	Provisions	0.1	4.1	0.5
	Total current liabilities	105.8	121.2	110.7
Non-current liabilities	Borrowings	465.8	476.0	450.1
	Derivative financial instruments	37.2	23.7	-
	Employee benefits	3.4	4.1	4.4
	Total non-current liabilities	506.4	503.8	454.5
Total liabilities		612.2	625.0	565.2
Net assets		54.9	46.8	152.5

CASH FLOW

(BARMINCO)

- Cash outflow for the half driven by an increased cash Capex and negative working capital
- Working capital impacted by:
 - Onerous contract provision
 - Two late client payments received early January 2018

	Dec-17 HALF YEAR \$M	Dec-16 HALF YEAR \$M
Trading EBITDA	54.1	53.0
Movement in Working Capital/Other	(14.2)	(3.6)
Sub Total	39.9	49.4
Capital Expenditure (net of disposals)	(33.7)	(12.4)
Dividends from JVs	-	4.1
Proceeds from Reset of Cross Currency Interest Rate Swaps	-	(0.2)
Repurchase of High Yield Bonds	-	(9.1)
Finance/HP Lease Payments	(8.8)	(9.7)
Interest (Net)	(20.1)	(23.4)
Other	(0.2)	-
Net Cashflow	(22.9)	(1.3)
Opening Cash	77.9	70.6
Closing Cash	55.0	69.3

CAPITAL EXPENDITURE

(BARMINCO EXCLUDING AUMS)

- Growth capex relates to:
 - Dugald River
 - Nova Bollinger
 - Sunrise Dam
- 85% of capex funded via cash

	Dec-17 HALF YEAR \$M	Dec-16 HALF YEAR \$M
Growth	15.5	38.5
Stay in business	29.7	19.9
Total capital expenditure	45.2	58.4

Reconciliation to Cash Capital Expenditure	Dec-17 HALF YEAR \$M	Dec-16 HALF YEAR \$M
Total capital expenditure (as per breakdown above)	45.2	58.4
Less: Capital expenditure funded by HP	(6.8)	(44.1)
Total capital expenditure (funded with cash)	38.4	14.3
Less: Proceeds from sale of PPE	(4.7)	(1.9)
Cash capital expenditure (net of disposals)	33.7	12.4

MAJOR MINING CONTRACTS CONTRIBUTING TO HY18 RESULTS

BARMINCO

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT END DATE
Sunrise Dam	AngloGold Ashanti	Au	WA	2003	QTR 4 – FY19
Flying Fox	Western Areas	Ni	WA	2004	QTR 4 – FY20
Spotted Quoll	Western Areas	Ni	WA	2011	QTR 4 – FY20
Sukari	Centamin	Au	Egypt	2009	QTR 2 – FY21
Agnew	Gold Fields	Au	WA	2010	QTR 4 – FY18
Dugald River	MMG	Zn	QLD	2012	QTR 4 – FY21
Rosebery	MMG	Zn	TAS	2004	QTR 4 – FY21
Nova Bollinger	Independence Group	Ni	WA	2015	QTR 3 – FY19
Rampura Agucha	Hindustan Zinc	Zn	India	2016	QTR 2 – FY19

AUMS

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT END DATE
Star and Comet	AngloGold Ashanti	Au	Tanzania	2016	QTR 3 – FY19
Nyankanga	AngloGold Ashanti	Au	Tanzania	2016	QTR 3 – FY19
Yaramoko	Roxgold Inc	Au	Burkina Faso	2015	QTR 3 – FY19
Subika	Newmont	Au	Ghana	2017	QTR 4 – FY22

BUSINESS OUTLOOK

- Baraminco FY18 outlook
 - Increased level of business development and tender activity
 - Second half financial performance likely to reflect modest growth on first half actuals
 - AUMS continues to have solid pipeline opportunities