

Barmenco Finance Pty Limited

Interim Report

For the half year ended December 31, 2017

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, 2017*

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 Barmenco Finance Pty Limited, Barmenco Holdings Pty Limited, Barmenco Limited, Barmenco AUMS Holdings Pty Limited, Barmenco India Holdings Pty Limited, Barmenco 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 2017 Annual Report. Trading EBITDA is a measure of Barmenco'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 Barmenco's 50% share of AUMS profits and non-recurring redundancy costs. The terms "Barmenco", "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," "estimates," "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 Barmenco 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. Barmenco 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 Barmenco bases these forward-looking statements on assumptions that Barmenco believes are reasonable when made, Barmenco 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 Barmenco 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 Barmenco 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 Barmenco makes in this report speak only as of the date of those statements, and Barmenco 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. Barmenco does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Barmenco 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 Barmenco operates.

Summary of results by division

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

	Half year ended December 31,	
	2017 A \$M	2016 A \$M
Revenue		
Underground mining	257.4	267.9
Diamond drilling	23.7	22.5
Shared services (unallocated) and other	1.3	1.6
Total Revenue	282.4	292.0
EBITDA		
Underground mining	49.5	48.3
Diamond drilling	2.7	2.7
Shared services (unallocated) and other	1.9	2.0
Trading EBITDA	54.1	53.0
Trading EBITDA margin	19.2%	18.2%

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

During the half year ended December 31, 2017, Barmenco generated revenue of A\$282.4 million and Trading EBITDA of A\$54.1 million.

Compared to the corresponding period last year, revenue decreased 3.3% from A\$292.0 million for the half year ended December 31, 2016 to A\$282.4 million for the half year ended December 31, 2017. The decrease was primarily due to the Kundana contract transitioning back to an owner miner model effective 30 June 2017. This decrease was partially offset by revenue increases at Sunrise Dam, Nova Bollinger and Dugald River contracts.

Trading EBITDA increased 2.1% from A\$53.0 million for the half year ended December 31, 2016 to A\$54.1 million for the half year ended December 31, 2017.

The Trading EBITDA margin has improved from the September 2017 quarter of 17.2% to 19.2%, the increase due to the renegotiation of the Rampura Agucha contract and a general improvement across most sites in the December 2017 quarter.

AUMS's equity accounted contribution to the group was a profit of A\$9.2 million for the half year ended December 31, 2017, up \$A1.5 million on the corresponding period of A\$7.7 million. The improved performance is primarily due to a ramp up of Tanzanian operations. No dividends were paid during the half year ended December 31, 2017.

Outlook

We believe the outlook for the underground hard-rock mining market in Australia, Africa and India remains attractive with a significant increase in tendering activity. AUMS is experiencing significant growth in Africa with operations currently in Ghana, Burkina Faso and Tanzania. As mining companies increasingly demand service providers capable of providing safe and reliable hard-rock underground mining services, we believe that our processes, people and expertise position us as a leader in this regard.

Demand for the commodities we mine is underpinned by continuing improvements in the global economy and the industrialization of emerging economies. We expect the demand for commodities to continue to drive the need for mining services.

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 December 31, 2017 Barmenco had an available cash balance of A\$55.0 million. As at December 31, 2017, the Group's available funding facilities were \$75,000,000 upon which the only drawing made was \$3,610,000 used for the purposes of bank guarantees under a revolving credit facility (RCF) which was agreed on 24 April 2017 for a term of three and half years. In December 2017, the Group negotiated a reduction in the RCF from \$100,000,000 to \$75,000,000 following a review of the future liquidity requirements of the Group.

In addition to the \$75,000,000 draw down facility available under the RCF, the terms of the agreement allow the Group to draw up to an additional \$75,000,000 in finance leasing from approved third party finance lease providers for plant and equipment purchases.

Indebtedness

On 26 April 2017 Barmenco issued new 6.625% Senior Secured Notes due for repayment 15 May 2022 with a US\$350,000,000 principal amount. The remaining 2018 notes on issue of US\$299,733,000 were subsequently redeemed using the proceeds from the new funding and Barmenco terminated the associated cross-currency interest rate swap (CCIRS). The 6.625% Senior Secured Notes due in May 2022 have been fully hedged using a CCIRS. 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.

The Group will benefit from lower financing costs as the coupon on the new bonds is 6.625%, down from the 9.0% on the old bonds.

As of December 31, 2017, the Group had debt of A\$469.2 million, excluding Shareholder Loan Notes.

Capital expenditures

During the half year ended December 31, 2017 the Group continued to expand its asset base, and acquired A\$45.2 million of plant and equipment. Excluding the potential impact of a new project on capital spend, we are forecasting a decreased spend on a like for like basis for the second half of the 2018 fiscal year.