

FY15 Q1 BUSINESS UPDATE

November
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 25 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 25 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

- Update on future opportunities
- Dugald River contract extension in discussion
- Q1 results in line with internal target

Summary of Results – Excluding AUMS

- Results for the quarter in-line with internal expectations
- September 2014 results reflect the conclusion of three contracts :
 - 1) Mt Lyell
 - 2) Ernest Henry
 - 3) Wallaby
- Project EBITDA margin on target at 20.5%
- Shared service costs down 8.9% pcip

	Sept-14	Sep-13
	QTR	QTR
	\$M	\$M
Revenue		
Mining	108.2	127.5
Diamond Drilling	10.8	13.4
Crushing	0.7	0.1
Other	0.8	0.4
Total Revenue	120.5	141.4
Project Costs	95.8	109.9
Project EBITDA		
Mining	22.6	29.4
Diamond Drilling	1.9	2.2
Crushing	0.2	(0.2)
Other	0.0	0.1
Total Project EBITDA	24.7	31.5
Shared Services Costs		
Operational & Admin Services	8.2	9.0
SS Allocation	(7.1)	(9.2)
EBITDA	23.6	31.7
Depreciation	13.3	15.7
Amortisation	0.3	0.3
Trading EBIT	10.0	15.7
Redundancy Costs	1.7	4.0
EBIT	8.3	11.7

Summary of Results – AUMS

- AUMS is outside the HYB Credit Group
- Awarded Roxgold's Yaramoko gold project in Burkina Faso
- Contribution down primarily due to:
 - Project in Burkina Faso temporarily placed in care and maintenance
 - Overall higher maintenance, mining consumables and labour costs
- Cash on hand A\$46.5m
- External debt of A\$3.7m

	Sept-14 QTR USD \$M	Sept-13 QTR USD \$M
Revenue	38.6	72.5
EBITDA	5.1	15.4
<i>EBITDA Margin</i>	13.3%	21.2%
Depreciation	6.3	8.7
EBIT	(1.2)	6.7
Interest	0.2	0.8
Tax	(0.2)	2.6
NPAT	(1.2)	3.3

	Sept-14 QTR \$M	Sept-13 QTR \$M
Barmenco's 50% Share (USD)	(0.6)	1.7
Currency Impact on Conversion to AUD	(0.1)	0.1
Elimination Entries and Adjustments (AUD)	-	0.5
Equity Accounted Share of Profits (AUD)	(0.7)	2.3

The Balance Sheet

- Cash on hand of \$116.2m
- No material changes to June Balance Sheet
- Revolving credit facility of \$50m undrawn, however \$2.8m used to facilitate transaction banking and bank guarantees with HSBC
- Net assets down primarily due to accounting treatment of high yield bond cross currency interest rate swap
- Redeemable preference shares and shareholder loan notes treated as equity.

		Sep-14 \$M	Jun-14 \$M	Sept-13 \$M
Current Assets	Cash and Cash Equivalents	116.2	95.8	128.1
	Trade and Other Receivables	49.8	56.8	69.2
	Inventories	23.2	24.2	25.0
	Other	3.4	4.8	4.7
	Total Current Assets	192.6	181.6	227.0
Non-Current Assets	Property, Plant & Equipment	118.3	123.1	136.5
	Intangible Assets	260.0	260.2	261.0
	Derivatives	57.6	15.4	29.2
	Investment in Joint Venture (AUMS)	69.1	67.6	68.4
	Other	11.0	9.0	10.1
	Total Non-current Assets	516.0	475.3	505.2
Total Assets		708.6	656.9	732.2
Current Liabilities	Trade, Other Payables & Provisions	68.2	49.1	85.2
	HP Liabilities	6.4	9.4	19.3
	Employee Benefits and Other	23.4	23.8	25.9
	Total Current Liabilities	98.0	82.3	130.4
Non-Current Liabilities	HP Liabilities	4.3	4.1	3.9
	High Yield Bonds (<i>net of capitalized borrowing costs</i>)	545.0	503.0	505.9
	Other	2.2	2.2	2.9
	Total Non-Current Liabilities	551.5	509.3	512.7
Total Liabilities		649.5	591.6	643.1
Net Assets		59.1	65.3	89.1

Reconciliation to Statutory Balance Sheet

- Redeemable preference shares and shareholder loan notes treated as debt under IFRS

	Sept-14 \$M	Jun-14 \$M	Sept-13 \$M
Net Assets	59.1	65.3	89.1
Redeemable preference shares	311.4	301.4	273.2
Shareholder loan notes	15.2	14.7	13.4
Statutory Net Assets	(267.5)	(250.8)	(197.5)

Cash Flow

- Cash on hand \$116.2m
- Working capital position remains at circa \$10m

	Sept-14 QTR \$M	Sept-13 QTR \$M
EBITDA (after redundancies)	21.9	27.7
Movement in Working Capital	11.6	16.3
Subtotal	33.5	44.0
Capital Expenditure (net of disposals)	(6.4)	(13.4)
Debt	(6.4)	(8.3)
Interest (net)	(0.3)	(0.6)
Tax	(0.0)	(0.2)
Cashflow	20.4	21.5
Opening Cash	95.8	106.6
Closing Cash	116.2	128.1

Capital Expenditure

- Full year cap-x will be below initial expectations.

	Sept-14 QTR \$M	Sept-13 QTR \$M
Growth	0.1	12.6
Stay in Business	9.3	5.0
Total Capital Expenditure	9.4	17.6
Acquired via HP or Finance Leases	1.6	3.6
Capital Expenditure (Funded From Cash)	7.8	14.0

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	2016	+ 2 Year Option
Spotted Quoll	Western Areas	Ni	WA	2016	+ 2 Year Option
Sukari	Centamin	Au	Egypt	2016	
Agnew	Goldfields	Au	WA	2016	
Dugald River	MMG	Zn	QLD	2014	Discussions underway re contract extension
Renison	Metals X	Sn	TAS	2017	+ 1 Year Option

Pipeline Opportunities

Mine	Commodity	Client	Start Date	Location
Nova / Bollinger	Ni/Cu	Sirius Resources	QTR 4 - FY15	Aust
Khoemacau	Cu	Khoemacau Copper Mining (Pty) Ltd	QTR 3 - FY15	Botswana
Rampura Agucha	Zn	Hindustan Zinc	QTR 4 - FY15	India
Olympic Dam (Diamond Drill)	Cu	BHP Billiton	QTR 3 - FY15	Aust

Business Outlook

- General market overview
- Focus on delivering FY15 target