

FY14 BUSINESS UPDATE

September
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

Operational Highlights

- Western Areas contracts extended to September 2016 with 2 x 1 year extension options
- Negotiating MOU for Hindustan Zinc project in India
- Improved performance in diamond drilling
- Improved safety performance
- New Sandvik TH663's added to trucking fleet – increased productivity
- Auto drill on production and diamond drills – operational efficiency
- Remote loader surface solutions at Agnew a success – enabling production during non-productive times
- Sukari, Agnew, Renison and Sunrise Dam – all broke production records in FY14

Summary of FY14 Results – Excluding AUMS

- EBITDA of \$111.7m before one-off redundancy costs, in-line with internal expectations
- EBITDA margin on target, at 20.8% (18.5% pcp)
- Shared service costs down 33.6% pcp
- Key drivers of the result continue to be:
 - 1) Sunrise Dam
 - 2) Flying Fox
 - 3) Agnew
 - 4) Renison
- Redundancy costs of \$5.2m

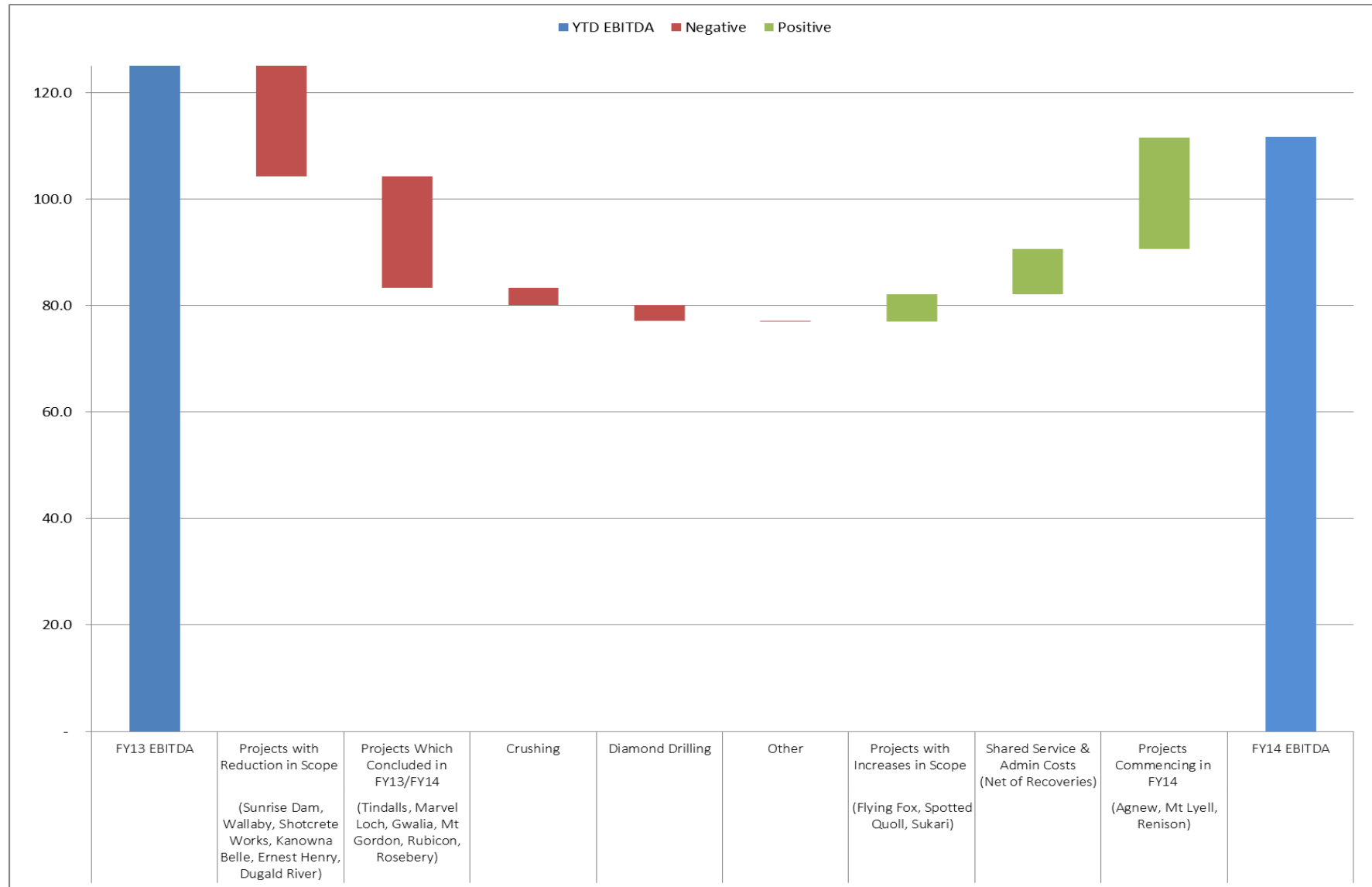
	Jun-14 YEAR \$M	Jun-13 YEAR \$M
Revenue		
Mining	491.6	584.4
Diamond Drilling	42.5	71.4
Crushing	1.1	16.1
Other	2.7	3.2
Total Revenue	537.9	675.1
Project Costs	431.1	546.8
Project EBITDA		
Mining	99.1	115.1
Diamond Drilling	6.3	9.2
Crushing	(0.2)	3.2
Other	1.6	0.8
Total Project EBITDA	106.8	128.3
Shared Services Costs		
Operational & Admin Services	32.4	48.8
SS Allocation	(37.3)	(45.7)
EBITDA	111.7	125.2
Depreciation	58.4	55.9
Amortisation	1.0	2.6
Trading EBIT	52.3	66.7
Redundancy Costs	5.2	-
EBIT	47.1	66.7

Summary of FY14 Results by Quarter – Excluding AUMS

- Results for the quarter in-line with internal expectations
- June quarter EBITDA up \$5.5m (23.6%) on the previous quarter

	Jun-14	Mar-14	Dec-13	Sep-13
	QTR	QTR	QTR	QTR
	\$M	\$M	\$M	\$M
Revenue				
Mining	115.6	115.5	133.0	127.5
Diamond Drilling	10.3	8.9	10.0	13.3
Crushing	0.7	0.2	0.1	0.1
Other	0.9	0.8	0.6	0.4
Total Revenue	127.5	125.4	143.7	141.3
Project Costs	101.4	102.6	117.3	109.8
Project EBITDA				
Mining	23.5	21.7	24.5	29.4
Diamond Drilling	1.8	1.0	1.3	2.2
Crushing	0.1	0.2	(0.3)	(0.2)
Other	0.7	(0.1)	0.9	0.1
Total Project EBITDA	26.1	22.8	26.4	31.5
Shared Services Costs				
Operational & Admin Services	6.7	8.9	7.8	9.0
SS Allocation	(9.4)	(9.4)	(9.3)	(9.2)
EBITDA	28.8	23.3	27.9	31.7
Depreciation	12.1	13.2	17.4	15.7
Amortisation	0.3	0.2	0.2	0.3
Trading EBIT	16.4	9.9	10.3	15.7
Redundancy Costs	0.2	0.8	0.2	4.0
EBIT	16.2	9.1	10.1	11.7

EBITDA FY13 to FY14



Summary of Results – AUMS

- AUMS is outside the HYB Credit Group
- Contribution down primarily due to:
 - Two projects in Ghana operating with reduced scope during the year (now concluded)
 - Project in Burkina Faso temporarily placed in care and maintenance
 - Overall higher maintenance, mining consumables and labour costs
- Cash on hand A\$31.8m
- External debt of A\$6.1m

	Jun-14 USD \$M	Jun-13 USD \$M
Revenue	238.3	305.9
EBITDA	41.8	82.1
<i>EBITDA Margin</i>	17.5%	26.8%
Depreciation	35.5	30.4
EBIT	6.3	51.7
Interest	2.7	4.5
Tax	1.6	2.6
NPAT	2.0	44.6

	Jun-14 \$M	Jun-13 \$M
Barmenco's 50% Share (USD)	1.0	22.3
Currency Impact on Conversion to AUD	0.4	1.3
Elimination Entries and Adjustments (AUD)	0.5	(0.5)
Equity Accounted Share of Profits (AUD)	1.9	23.1

Reconciliation to Statutory NPAT

- Increase in external interest relates to cost of fully swapped high yield bonds
- Interest on internal debt relates to redeemable preference shares and shareholder loans and is non-cash
- Tax relates to Egypt. Company tax is not paid in Australia due to carry forward tax losses

	Jun-14 YEAR \$M	Jun-13 YEAR \$M
Barmingo EBIT	47.1	66.7
Interest expense		
- External debt	68.0	47.1
- Internal debt	38.8	34.0
Tax	0.7	3.0
NPAT (excluding AUMS)	(60.4)	(17.4)
Share of AUMS NPAT	1.9	23.1
Reported Group NPAT	(58.5)	5.7

The Balance Sheet

- Cash on hand of \$95.8m
- Revolving credit facility of \$100m effectively undrawn, however \$2.8m used to facilitate transactional banking and bank guarantees with HSBC
- Net assets down primarily due to accounting treatment of high yield bond cross currency interest rate swap

		Jun-14 \$M	Jun-13 \$M
Current Assets	Cash and Cash Equivalents	95.8	106.6
	Trade and Other Receivables	56.8	88.1
	Inventories	24.2	25.9
	Other	4.8	4.5
	Total Current Assets	181.6	225.1
Non-Current Assets	Property, Plant & Equipment	123.1	133.3
	Intangible Assets	260.2	261.3
	Derivatives	15.4	39.2
	Investment in Joint Venture (AUMS)	67.6	65.7
	Other	9.0	10.6
	Total Non-current Assets	475.3	510.1
Total Assets		656.9	735.2
Current Liabilities	Trade, Other Payables & Provisions	49.1	68.3
	HP Liabilities	9.4	20.6
	Employee Benefits and Other	23.8	28.4
	Total Current Liabilities	82.3	117.3
Non-Current Liabilities	HP Liabilities	4.1	6.9
	High Yield Bonds (<i>net of capitalized borrowing costs</i>)	503.0	515.4
	Other	2.2	2.8
	Total Non-Current Liabilities	509.3	525.1
Total Liabilities		591.6	642.4
Net Assets		65.3	92.8

Reconciliation to Statutory Balance Sheet

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

	Jun-14 YEAR \$M	Jun-13 YEAR \$M
Net Assets	65.3	92.8
Redeemable preference shares	301.4	264.4
Shareholder loan notes	14.7	12.9
Statutory Net Assets	(250.8)	(184.5)

Cash Flow

- Working capital position remains at circa \$10m
- Cash interest cost increase due to:
 - FY14 includes \$1.9m of high yield bond interest for May 2013
 - FY13 interest understated by \$10.4m of interest paid on previous debt facilities, treated as a reduction in proceeds from borrowings as per IFRS

	Jun-14 YEAR	Jun-13 YEAR	Jun-14 QTR	Mar-14 QTR	Dec-13 QTR	Sep-13 QTR
	\$M	\$M	\$M	\$M	\$M	\$M
EBITDA (after redundancies)	106.5	125.2	28.6	22.4	27.9	27.6
Movement in Working Capital	10.4	(19.4)	(8.8)	(9.5)	12.3	16.4
Subtotal	116.9	105.8	19.8	12.9	40.2	44.0
Capital Expenditure (net of disposals)	(33.6)	(39.0)	(8.5)	(4.7)	(7.0)	(13.4)
Debt	(27.5)	(2.3)	(5.3)	(7.4)	(7.0)	(7.8)
Interest (net)	(64.7)	(27.2)	(30.6)	(0.3)	(32.7)	(1.1)
Tax	(1.9)	(2.4)	(1.0)	(0.3)	(0.4)	(0.2)
Cashflow	(10.8)	34.9	(25.6)	0.2	(6.9)	21.5
Opening Cash	106.6	71.7	121.4	121.2	128.1	106.6
Closing Cash	95.8	106.6	95.8	121.4	121.2	128.1

Capital Expenditure

- Growth cap-x attributable to :

- Mt Lyell
- Agnew
- Renison

	Jun-14 YTD \$M	Jun-13 YTD \$M	Jun-14 QTR \$M	Mar-14 QTR \$M	Dec-13 QTR \$M	Sep-13 QTR \$M
Growth	20.1	24.7	1.1	-	6.4	12.6
Stay in Business	32.9	23.5	13.1	8.4	6.4	5.0
Total Capital Expenditure	53.0	48.2	14.2	8.4	12.8	17.6
Operating Lease Conversion/Buyout	-	25.3	-	-	-	-
Total Capital Expenditure Including Operating Lease Adjustment	53.0	73.5	14.2	8.4	12.8	17.6
Acquired via HP or Finance Leases	13.0	20.6	2.0	4.4	3.0	3.6
Capital Expenditure (Funded From Cash)	40.0	52.9	12.2	4.0	9.8	14.0

5 Year Trading History

	FY14	FY13	FY12	FY11	FY10
	\$M	\$M	\$M	\$M	\$M
Revenue	537.9	675.1	776.6	628.5	485.8
EBITDA	111.7	125.2	110.1	103.2	100.2
EBITDA Margin %	20.8%	18.5%	14.2%	16.4%	20.6%
EBIT	47.1	66.7	28.7	31.3	38.2
Cash	95.8	106.6	71.7	55.3	35.7
Total Debt (<i>Excluding Redeemable Preference Shares and Shareholder Loan Notes</i>)	512.5	538.9	460.4	469.5	411.8

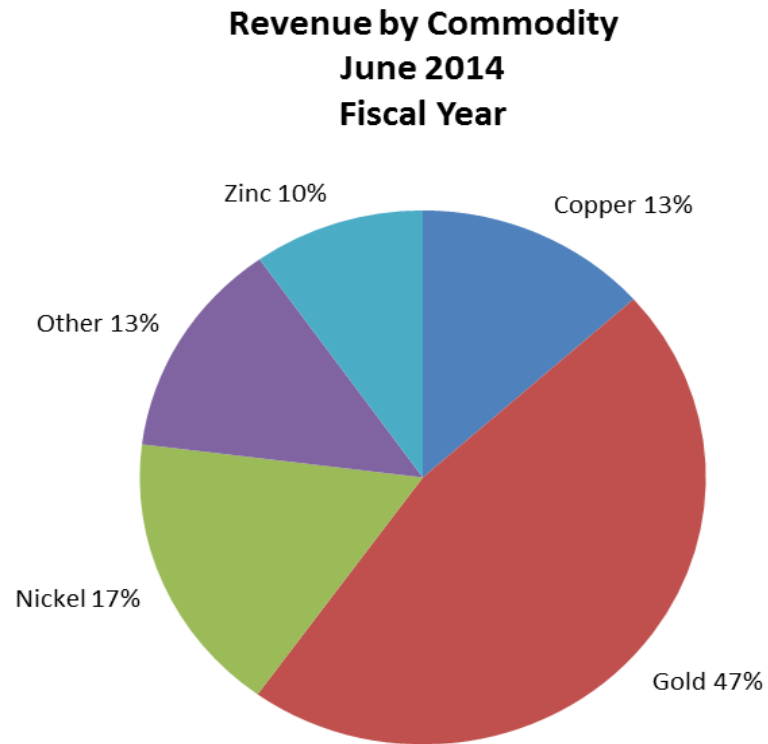
Financial Overview

- Strong liquidity
 - i. Average cash holding +\$100m
 - ii. Revolving credit facility effectively undrawn
 - iii. Circa \$70m of undrawn equipment finance facilities
- Cap-x at 9.9% of revenue
- Net working capital circa \$10m
- EBITDA margin at 20.8%
- Strong project performance

Major Mining Contracts Contributing to FY14 Results

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
Ernest Henry	Glencore Xstrata	Cu	QLD	Completed	
Kanowna Belle	Northern Star	Au	WA	Completed	
Sukari	Centamin	Au	Egypt	2016	
Agnew	Goldfields	Au	WA	2016	
Wallaby	Goldfields	Au	WA	Completed	
Dugald River	MMG	Zn	QLD	2014	Extension Subject to Trial Mining
Mt Lyell	CMT	Cu	TAS	Care and Maintenance	
Renison	Metals X	Sn	TAS	2017	+ 1 Year Option

FY14 Revenue by Commodity



FY15 Pipeline Opportunities

Mine	Commodity	Client	Start Date	Location
Project A	Zn	-	QTR 2 - FY15	Aust
Project B	Au	-	QTR 3 - FY15	Aust
Rampura Agucha	Zn	Hindustan Zinc	QTR 3 - FY15	India
Nova / Bollinger	Ni/Cu	Sirius Resources	QTR 2 - FY15	Aust
Olympic Dam (Diamond Drill)	Cu	BHP Billiton	QTR 1 - FY15	Aust

Business Outlook

- General market overview
- Continued focus on efficiency and profitable growth