



//// underground mining excellence

A large red drilling rig is positioned in a dark underground mine. The rig is illuminated by its own lights, and the surrounding rock walls are visible. The scene is framed by a large, stylized 'X' graphic in the background.

FY18 Q1 BUSINESS UPDATE



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INTRODUCTIONS



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 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 is a Chartered Accountant, he commenced his career with Ernst & Young working in Australia, UK and USA



Michael Ellis

General Manager – Finance and Corporate Services

- Commenced with Barmenco in February 2014 as Group Financial Controller
- Previously held senior roles including GM Finance and Company Secretary at Seven West Media, and Financial Controller of West Australian Newspapers
- Michael is a Chartered Accountant

Q1 HIGHLIGHTS

- Industry leading safety performance continues
- Earnings back to PCP run rates and consistent with guidance
- New Rampura Agucha contract on target
- New CEO Paul Muller commencing 16 November 2017

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

- Proportionately consolidated EBITDA consistent PCP

	Sep-17 (QTR)			Sep-16 (QTR)		
	Barmenco A\$M	AUMS 50% A\$M	TOTAL A\$M	Barmenco A\$M	AUMS 50% A\$M	TOTAL A\$M
Revenue	137.1	31.1	168.2	145.0	19.8	164.8
Costs	113.5	22.0	135.5	118.8	13.2	132.0
Trading EBITDA	23.6	9.1	32.7	26.2	6.6	32.8
Depreciation and Amortisation	14.5	3.7	18.2	15.3	2.1	17.4
Trading EBIT	9.1	5.4	14.5	10.9	4.5	15.4
Redundancy Costs	0.8	-	0.8	0.2	-	0.2
EBIT	8.3	5.4	13.7	10.7	4.5	15.2

Q1 BARMINCO RESULTS

(EXCLUDING AUMS)

- Revenue down due to impact of Kundana, Trading EBITDA up on Q4 FY17
- Project EBITDA margin at 17.5%
- Q1 FY18 EBIT greater than second half FY17
- New Rampura Agucha contract commenced 1 September 2017 and results are in line with plan

	Sep-17 QTR \$M	Sep-16 QTR \$M
Revenue		
Mining	124.1	132.6
Diamond drilling	12.3	11.2
Other	0.7	1.2
Total revenue	137.1	145.0
Project costs	113.2	119.0
Project EBITDA		
Mining	22.1	24.6
Diamond drilling	1.5	1.2
Other	0.3	0.2
EBITDA – projects	23.9	26.0
Shared services costs		
Operational & admin services	8.5	8.2
Shared services allocation	(8.2)	(8.4)
Trading EBITDA	23.6	26.2
Depreciation and Amortisation	14.5	15.3
Trading EBIT	9.1	10.9
Redundancies	0.8	0.2
EBIT	8.3	10.7

Q1 AUMS RESULTS

(BARMINCO 50% SHARE)

- Revenue and earnings expected to continue to increase into FY18
- EBITDA up 21.3% on Q4 FY17 with continued solid margins
- Tender pipeline presenting solid growth opportunities
- Continue to monitor regulatory changes in Tanzania

Barminco 50% Share of AUMS	Sep-17 QTR A\$M	Sep-16 QTR A\$M
Revenue	31.1	19.8
EBITDA	9.1	6.6
Depreciation	3.7	2.1
EBIT	5.4	4.5
Net interest	0.2	0.1
Tax	1.6	1.6
NPAT	3.6	2.8
Elimination entries and adjustments (AUD)	(0.1)	(0.2)
Equity accounted share of profits (AUD)	3.5	2.6

BALANCE SHEET

(BARMINCO)

- Largely unchanged on June 2017
- Strong liquidity
 - Cash on hand of \$67.9M
 - Revolving credit facility of \$100M which is effectively undrawn
- Working capital management continues to outperform internal targets
- New bond Issue in April 2017

		Sep-17 \$M	Jun-17 \$M	Sep-16 \$M
Current assets	Cash and cash equivalents	67.9	77.9	70.3
	Trade and other receivables	69.2	79.1	68.4
	Inventories	18.9	18.8	22.5
	Other	4.1	4.0	2.6
	Total current assets	160.1	179.8	163.8
Non-current assets	Property, plant & equipment	138.3	124.3	135.6
	Intangible assets	259.5	259.8	260.6
	Investments accounted for using the equity method (AUMS)	61.8	58.4	70.7
	Deferred tax asset	47.6	47.6	77.0
	Other non-current assets	1.7	1.9	1.9
	Total non-current assets	508.9	492.0	545.8
Total assets		669.0	671.8	709.6
Current liabilities	Trade, other payables	75.3	78.9	76.4
	Borrowings	13.5	11.8	9.7
	Employee benefits	26.7	26.4	26.9
	Provisions	0.8	4.1	-
	Total current liabilities	116.3	121.2	113.0
Non-current liabilities	Borrowings	468.6	476.0	418.0
	Derivative financial instruments	33.2	23.7	21.0
	Employee benefits	4.2	4.1	4.4
	Total non-current liabilities	506.0	503.8	443.4
Total liabilities		622.3	625.0	556.4
Net assets		46.7	46.8	153.2

CASH FLOW

(BARMINCO)

- Cash outflow for the quarter increased due to Capex spend
- Working capital impacted by:
 - Onerous contract provision
 - Two late client payments received in October 2017

	Sep-17 QTR \$M	Sep-16 QTR \$M
Trading EBITDA	23.6	26.2
Movement in Working Capital/Other	(6.5)	(16.2)
Sub Total	17.1	10.0
Capital Expenditure (net of disposals)	(21.2)	(5.2)
Finance/HP Lease Payments	(4.9)	(4.5)
Interest (Net)	(0.8)	(0.5)
Other	(0.2)	(0.1)
Net Cashflow	(10.0)	(0.3)
Opening Cash	77.9	70.6
Closing Cash	67.9	70.3

CAPITAL EXPENDITURE

(BARMINCO EXCLUDING AUMS)

- Growth capex relates to:
 - Dugald River
 - Nova Bollinger
 - Sunrise Dam
- 76% of capex funded via cash

	Sep-17 QTR \$M	Sep-16 QTR \$M
Growth – Kundana	-	21.7
Growth – Other	14.8	5.6
Stay in business – Kundana	-	0.6
Stay in business – Other	13.7	7.5
Total capital expenditure	28.5	35.4

Reconciliation to Cash Capital Expenditure	Sep-17 QTR \$M	Sep-16 QTR \$M
Total capital expenditure (as per breakdown above)	28.5	35.4
Less: Capital expenditure funded by HP	(6.8)	(10.7)
Less: Capital expenditure funded by finance lease with Northern Star JV	-	(17.9)
Total capital expenditure (funded with cash)	21.7	6.8
Less: Proceeds from sale of PPE	(0.5)	(1.6)
Cash capital expenditure (net of disposals)	21.2	5.2

MAJOR MINING CONTRACTS CONTRIBUTING TO Q1 FY18 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 – FY18
Rampura Agucha	Hindustan Zinc	Zn	India	2016	QTR 3 – FY18

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

- Barminto FY18 outlook
 - Increased level of business development activity
 - AUMS continues to have solid pipeline opportunities