



//// underground mining excellence

A photograph of a red underground drilling rig in a dark mine tunnel, with its headlights illuminating the rocky walls. The rig is positioned horizontally, and its long drill bit extends towards the left. The background shows the rough, dark rock of the mine. The image is overlaid with a large, semi-transparent 'X' graphic in the upper right and bottom right corners.

FY19 Q1 BUSINESS UPDATE



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Q1 FY19 HIGHLIGHTS

- Ausdrill's acquisition of Barminto completed on 31 October 2018
- Continued industry-leading safety performance
 - Lost time injury frequency rate of zero
 - Total recordable injury frequency rate of 7.4 reduced by 32% from PCP
- Continued strong operational performance across all projects
- Significant Contract extensions secured circa \$1.275B
 - 5 year Sunrise Dam extension valued at \$700M
 - 4 year Nova extension valued at \$240M
 - 4 year Agnew extension valued at \$335M
- Mt Colin successfully mobilised
- UMA a (70/30) JV between AUMS and Rocksure awarded a 5 year US\$375M contract at Obuasi for AGA
- Continued strong financial performance
 - Barminto Proforma EBIT up 64.8% on PCP
 - Strong ROACE maintained at 34%⁽¹⁾

(1) ROACE equals EBIT / Average (PP&E + net working capital)

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

- Proportionately consolidated trading result reflects continued growth in both Barminco and AUMS earnings
- EBITDA up 36% on PCP
- Margins continue to improve through productivity improvement and business mix/focus
- Trading EBIT up 71% on PCP

	Sep-18 (QTR)			Sep-17 (QTR)		
	Barminco A\$M	AUMS 50% A\$M	TOTAL A\$M	Barminco A\$M	AUMS 50% A\$M	TOTAL A\$M
Revenue	159.2	46.6	205.8	137.1	31.1	168.2
Costs	130.0	31.2	161.2	113.5	22.0	135.5
Trading EBITDA	29.2	15.4	44.6	23.6	9.1	32.7
Depreciation and Amortisation	14.2	5.6	19.8	14.5	3.7	18.2
Trading EBIT	15.0	9.8	24.8	9.1	5.4	14.5
Transaction Costs	2.1	-	2.1	-	-	-
Redundancy Costs	-	-	-	0.8	-	0.8
EBIT	12.9	9.8	22.7	8.3	5.4	13.7

Q1 BARMINCO RESULTS (EXCLUDING AUMS)

- Trading EBITDA up 23.7% on PCP
- Trading EBIT margin at 9.4%
- Trading EBIT up 64.8% on PCP
- All sites continue to perform to target
- Revenue uplift a result of increased scope at key sites and the Mt Colin ramp up

(1) Trading EBITDA represents earnings before income tax (expense) benefit, finance costs, depreciation & amortisation, share of associates profit, redundancies expense and transaction costs

(2) Trading EBIT represents earnings before income tax (expense) benefit, finance costs, share of associates profit, redundancies expense and transaction costs

	Sep-18 QTR \$M	Sep-17 QTR \$M
Revenue		
Mining	141.4	124.1
Diamond drilling	14.2	12.3
Other	3.6	0.7
Total revenue	159.2	137.1
Project costs	129.7	113.2
Project EBITDA		
Mining	26.8	22.1
Diamond drilling	2.1	1.5
Other	0.6	0.3
EBITDA – projects	29.5	23.9
Shared services costs		
Operational & admin services	8.2	8.5
Shared services allocation	(7.9)	(8.2)
Trading EBITDA¹	29.2	23.6
Trading EBITDA %	18.3%	17.2%
Depreciation and Amortisation	14.2	14.5
Trading EBIT²	15.0	9.1
Trading EBIT %	9.4%	6.6%
Transaction Costs	2.1	-
Redundancies	-	0.8
EBIT	12.9	8.3
Share of profit from equity accounted investments, net of tax	7.4	3.5
Financing costs, net	(10.8)	(11.0)
Income tax benefit/(expense)	0.7	(0.2)
Reported NPAT	10.2	0.6
One-off items		
Transaction Costs	2.1	-
Tax expense/(benefit) – Non-cash	(0.7)	-
Underlying NPAT	11.6	0.6

Q1 AUMS RESULTS

(BARMINCO 50% SHARE)

- Q1 FY19 EBITDA strong with solid margins, up 69.2% on PCP
- Q1 FY19 EBIT up 81.5% on PCP
- Q1 FY19 NPAT up 108.3% on PCP
- AUMS strong performance in Q1 FY19 to PCP was driven by:
 - Ramp-up at Subika in Ghana and Geita complex in Tanzania
 - Continued strong operating performance from existing contracts

Barmenco 50% Share of AUMS	Sep-18 QTR A\$M	Sep-17 QTR A\$M
Revenue	46.6	31.1
EBITDA	15.4	9.1
<i>EBITDA %</i>	<i>33.0%</i>	<i>29.3%</i>
Depreciation	5.6	3.7
EBIT	9.8	5.4
<i>EBIT %</i>	<i>21.0%</i>	<i>17.4%</i>
Net interest	0.3	0.2
Tax	2.0	1.6
NPAT	7.5	3.6
Elimination entries and adjustments	(0.1)	(0.1)
Equity accounted share of profits	7.4	3.5

BALANCE SHEET

(BARMINCO)

- Balance Sheet largely unchanged
- Strong liquidity – in excess of \$160M
 - Cash on hand of \$63.4M
 - Revolving credit facility of \$45M¹ which is effectively undrawn
 - Over \$50M of HP capacity

Barminco Available Liquidity (Sep-18)	Maximum Availability \$M	Amount Drawn \$M	Current Availability \$M
Cash	63.4	0.0	63.4
High Yield Bonds	468.0	468.0	0.0
Revolving Credit Facility ¹	45.0	3.6	41.4
Hire Purchase Post HYB Facility	75.0	19.3	55.7
Total	651.4	490.9	160.5

(1) No cash currently drawn, however \$3.6M of bank guarantees and transaction banking facilities have been applied against this balance. Effective 1 November RCF lowered from \$75M to \$45M following acquisition by Ausdrill. Ausdrill RCF facilities were increased by \$100M.

		Sep-18 \$M	Jun-18 \$M
Current assets	Cash and cash equivalents	63.4	80.3
	Trade and other receivables	87.7	83.5
	Inventories	21.4	20.7
	Other	3.3	2.7
	Total current assets	175.8	187.2
Non-current assets	Property, plant & equipment	141.1	124.9
	Intangible assets	258.8	259.0
	Investments accounted for using the equity method (AUMS)	80.7	71.2
	Deferred tax asset	64.0	63.3
	Other non-current assets	0.8	1.0
	Total non-current assets	545.4	519.4
Total assets		721.2	706.6
Current liabilities	Trade, other payables	77.0	72.6
	Borrowings	12.2	13.2
	Employee benefits	26.5	25.8
	Provisions	-	-
	Total current liabilities	115.7	111.6
Non-current liabilities	Borrowings	489.1	479.5
	Derivative financial instruments	8.3	19.6
	Employee benefits	1.8	1.7
	Total non-current liabilities	499.2	500.8
Total liabilities		614.9	612.4
Net assets		106.3	94.2

CASH FLOW

(BARMINCO)

- Operating cashflow impacted by one delayed debtor payment of \$8.3M (paid on 1 October 2018) and Mt Colin ramp up
- All Capital funded by cash in the quarter, resulting in a cash outflow for the quarter of \$16.9M
- Capex for new projects/scope amounted to \$9.1M

	Sep-18 QTR \$M	Sep-17 QTR \$M
Trading EBITDA	29.2	23.6
Movement in Working Capital/Other	(9.6)	(6.7)
Sub Total	19.6	16.9
Capital Expenditure (net of disposals)	(30.0)	(21.2)
Finance/HP Lease Payments	(3.8)	(4.9)
Interest (Net)	(0.6)	(0.8)
Transaction Costs	(2.1)	-
Net Cashflow	(16.9)	(10.0)
Opening Cash	80.3	77.9
Closing Cash	63.4	67.9

CAPITAL EXPENDITURE

(BARMINCO EXCLUDING AUMS)

- 100% of capex funded via cash
- Growth capex mainly relates to:
 - Mt Colin
 - Dugald River

	Sep-18 QTR \$M	Sep-17 QTR \$M
Growth	9.1	14.8
Stay in business	21.4	13.7
Total capital expenditure	30.5	28.5

- Stay in business capex relates to:
 - Sunrise Dam
 - Flying Fox
 - Spotted Quoll
 - Nova

Reconciliation to Cash Capital Expenditure	Sep-18 QTR \$M	Sep-17 QTR \$M
Total capital expenditure (as per breakdown above)	30.5	28.5
Less: Capital expenditure funded by HP	-	(6.8)
Total capital expenditure (funded with cash)	30.5	21.7
Less: Proceeds from sale of PPE	(0.5)	(0.5)
Cash capital expenditure (net of disposals)	30.0	21.2

MAJOR MINING CONTRACTS CONTRIBUTING TO Q1 FY19 RESULTS

BARMINCO

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT MATURITY
Sunrise Dam	AngloGold Ashanti	Au	WA	2003	FY23
Flying Fox	Western Areas	Ni	WA	2004	FY20
Spotted Quoll	Western Areas	Ni	WA	2011	FY20
Sukari	Centamin	Au	Egypt	2009	FY22
Agnew	Gold Fields	Au	WA	2010	FY22
Dugald River	MMG	Zn	QLD	2012	FY21
Nova Bollinger	Independence Group	Ni	WA	2015	FY22
Rampura Agucha	Hindustan Zinc	Zn	India	2016	FY19
Mt Colin	Round Oak Minerals	Cu	Qld	2018	FY22

AUMS

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT MATURITY
Geita Complex	AngloGold Ashanti	Au	Tanzania	2016	FY19*
Yaramoko	Roxgold Inc	Au	Burkina Faso	2015	FY21
Subika	Newmont	Au	Ghana	2017	FY22
Siou	Semafo	Au	Burkina Faso	2018	FY23

*Contract extension under negotiation

BUSINESS OUTLOOK

- All projects currently performing well
- Focus on continuing to deliver strong physicals, operating efficiencies and leading safety performance
- Tender pipeline and tender activity continues to be strong in Australia and Africa