

FY16 HALF YEAR BUSINESS UPDATE

February
2016

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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

- LTIFR remains at zero
- Strong Q2 delivering a solid result for the half
- Labour cost reduction program savings being delivered
- Renison contract to conclude at the end of the current contract term
- No material change to the full year outlook
- AUMS secured the Geita project

Summary of Results

(Excluding AUMS)

- EBITDA for the half up 10.6% on pcp
- EBITDA for the quarter up 25.6% on the prior quarter.
- Half year project EBITDA margin of 19.5%

	Dec-15 HALF YEAR \$M	Dec-14 HALF YEAR \$M	Dec-15 QTR \$M	Sept-15 QTR \$M
Revenue				
Mining	236.3	212.4	119.3	117.0
Diamond Drilling	25.4	22.4	11.5	13.9
Crushing	0.1	1.0	0.1	-
Other	1.7	1.4	0.5	1.2
Total Revenue	263.5	237.2	131.4	132.1
Project Costs	212.1	189.3	103.2	108.9
Project EBITDA				
Mining	48.8	44.2	27.0	21.8
Diamond Drilling	2.5	3.4	1.3	1.2
Crushing	0.1	0.3	-	0.1
Other	-	-	(0.1)	0.1
Total Project EBITDA	51.4	47.9	28.2	23.2
Shared Services Costs				
Operational & Admin Services	16.2	15.8	7.7	8.5
SS Allocation	(16.0)	(14.2)	(8.0)	(8.0)
EBITDA	51.2	46.3	28.5	22.7
Depreciation	25.1	25.8	12.6	12.5
Amortisation	0.3	0.5	0.1	0.2
Trading EBIT	25.8	20.0	15.8	10.0
Redundancy Costs	1.5	1.7	-	1.5
EBIT	24.3	18.3	15.8	8.5

Summary of Results – AUMS

(Barmenco 50% share)

- AUMS is outside the HYB Credit Group
- Strong performance has continued underpinned by the Randgold Loulo contract
- Loulo contract transferred to owner miner on 31 October 2015
- Geita project secured
- Expect results to soften during transition from Loulo to Geita.

	Dec-15 HALF YEAR A\$M	Dec-14 HALF YEAR A\$M
Revenue	47.6	48.4
EBITDA	14.7	9.6
<i>EBITDA Margin</i>	30.8%	19.8%
Depreciation	4.2	6.9
EBIT	10.5	2.7
Net Interest	(0.1)	0.2
Tax	3.4	0.1
NPAT	7.2	2.4

Proportionately Consolidated P&L

(Barminco and 50% Share of AUMS)

- Proportionately consolidated EBITDA up 17.9% PCP
- Proportionately consolidated Trading EBIT up 59.9% PCP

	Dec-15 HALF YEAR			Dec-14 HALF YEAR		
	Barminco	AUMS 50%	TOTAL	Barminco	AUMS 50%	TOTAL
	A\$M	A\$M	A\$M	A\$M	A\$M	A\$M
Revenue	263.5	47.6	311.1	237.2	48.4	285.6
Project Costs	212.3	32.9	245.2	190.9	38.8	229.7
EBITDA	51.2	14.7	65.9	46.3	9.6	55.9
Depreciation	25.1	4.2	29.3	25.8	6.9	32.7
Amortisation	0.3	-	0.3	0.5	-	0.5
Trading EBIT	25.8	10.5	36.3	20.0	2.7	22.7
Redundancy Costs	1.5	-	1.5	1.7	-	1.7
EBIT	24.3	10.5	34.8	18.3	2.7	21.0

The Balance Sheet

(Barmenco excluding AUMS)

- US\$25m (face value) of bonds repurchased from SWAP reset in July 2015.
- US\$25m (face value) of bonds repurchased for cash in October 2015
- Total reduction in US\$ debt now US\$149m, to US\$336m, fully swapped at 0.74c

		Dec-15 \$M	Jun-15 \$M	Dec-14 \$M
Current Assets	Cash and Cash Equivalents	85.4	104.8	109.8
	Trade and Other Receivables	65.0	57.5	41.8
	Inventories	21.8	25.3	24.6
	Other	4.9	5.5	5.0
	Total Current Assets	177.1	193.2	181.2
Non-Current Assets	Property, Plant & Equipment	116.0	114.5	110.8
	Intangible Assets	258.9	259.2	259.7
	Derivatives	0.1	10.5	53.7
	Investment in Joint Venture (AUMS)	68.1	67.3	71.4
	Other	2.3	2.5	3.3
	Total Non-current Assets	445.9	454.0	498.9
Total Assets		622.9	647.2	680.1
Current Liabilities	Trade, Other Payables & Provisions	62.8	54.0	51.9
	HP Liabilities	2.9	3.3	4.3
	Employee Benefits and Other	25.0	25.5	22.3
	Total Current Liabilities	90.7	82.8	78.5
Non-Current Liabilities	HP Liabilities	1.1	2.4	4.0
	High Yield Bonds (<i>net of capitalized borrowing costs</i>)	456.8	498.1	543.9
	Employee Benefits and Other	2.6	2.7	2.3
	Total Non-Current Liabilities	460.5	503.2	550.2
Total Liabilities		551.2	586.0	628.7
Net Assets		71.6	61.2	51.4

High Yield Bond Buy Backs

ORIGINAL POSITION		\$US	Fixed currency rate (SWAP)	\$AUD
	Value	\$485M	0.9964 ^c	\$487M
	Interest	9%	3.4%	12.4%
	Interest paid in AUD per annum			\$60.6M
SWAP FUNDED	Buy back \$124M of bonds (face value)		Release \$124M from SWAP	
	↓		↓	
	Value	Final debt reduced to \$361M	0.74 ^c	\$487M
	Interest	9%	1.9%	10.9%
	New interest paid in AUD per annum			\$53.0M
	Savings per annum			\$7.6M
CASH FUNDED		\$US	Fixed currency rate (SWAP)	\$AUD
	Reduction in Debt	\$24.7M		\$33.4M
	Value	\$336.3M	0.74 ^c	\$453.6M
	Interest	9%		10.9%
	New interest paid in AUD per annum			\$49.4M
	Savings per annum			\$3.6M
TOTAL INTEREST SAVING IN \$AUD PER ANNUM				\$11.2M

Reconciliation to Statutory Balance Sheet (Barminco excluding AUMS)

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

	Dec-15	Jun-15	Dec-14
	\$M	\$M	\$M
Net Assets	71.6	61.2	51.4
Redeemable preference shares	367.4	343.6	322.3
Shareholder loan notes	18.0	16.9	15.8
Statutory Net Assets	(313.8)	(299.3)	(286.7)

Cash Flow

(Barmenco excluding AUMS)

- Cash on hand \$85.4m
- Negative cash flow of \$19.4m mainly due to:
 - i) October bond repurchase
 - ii) Partially offset by an AUMS dividend receipt of \$8.8m in September.
- Cash interest including SWAP costs on HYB now \$49.4m down from \$60.6m

	Dec-15 HALF YEAR	Dec-14 HALF YEAR
	\$M	\$M
EBITDA (after redundancies)	49.7	44.6
Movement in Working Capital	3.7	14.7
Subtotal	53.4	59.3
Capital Expenditure (net of disposals)	(26.6)	(10.8)
Dividends from JVs	8.8	6.7
Debt/SWAP	(29.1)	(7.5)
Interest (net)	(25.8)	(31.0)
Tax	(0.1)	(0.7)
Other	-	(2.0)
Cashflow	(19.4)	14.0
Opening Cash	104.8	95.8
Closing Cash	85.4	109.8

Capital Expenditure

(Barmingo excluding AUMS)

- Consistent with internal targets
- Stay in Business up on PCP due to fleet upgrade at Sunrise Dam and Agnew
- 100% of cap-x funded via cash during 1st half of FY16.

	Dec-15 HALF YEAR \$M	Dec-14 HALF YEAR \$M
Growth	3.4	3.5
Stay in Business	24.3	12.3
Total Capital Expenditure	27.7	15.8

Major Mining Contracts

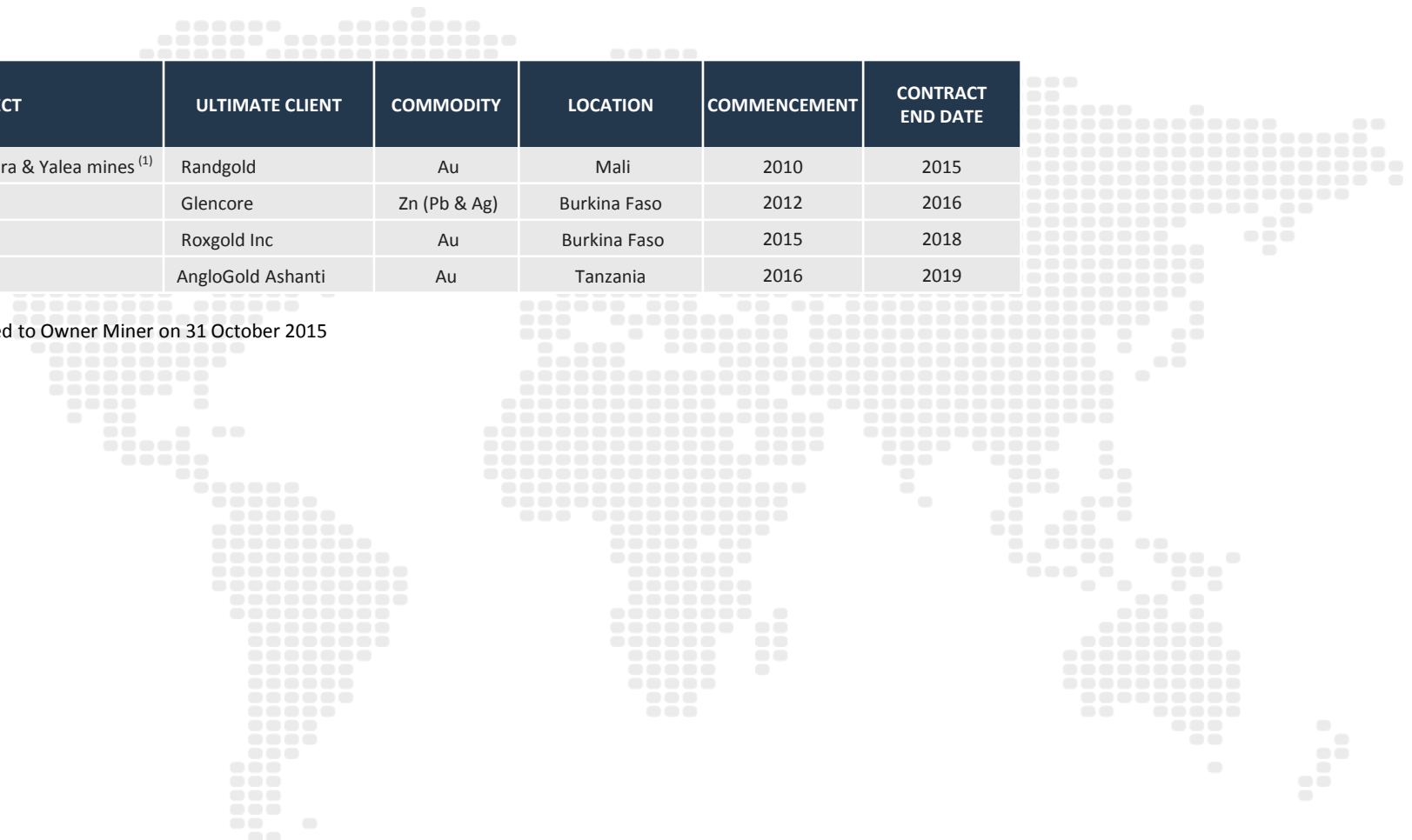
(Barmenco excluding AUMS)

PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT END DATE	CONTRACT STATUS
Sunrise Dam	AngloGold Ashanti	Au	WA	2003	QTR 4 – FY19	
Flying Fox	Western Areas	Ni	WA	2004	QTR 4 – FY16	+ 2 Year Option
Spotted Quoll	Western Areas	Ni	WA	2011	QTR 4 – FY16	+ 2 Year Option
Sukari	Centamin	Au	Egypt	2009	QTR 2 – FY17	
Agnew	Gold Fields	Au	WA	2010	QTR4 – FY16	
Dugald River	MMG	Zn	QLD	2012	QTR4 – FY16	
Renison ⁽¹⁾	Metals X	Sn	TAS	2013	QTR 4 – FY16	
Rosebery ⁽²⁾	MMG	Zn	TAS	2004	QTR 3 – FY18	+ 2 Year Option
Nova Bollinger	Sirius Resources/Independence	Ni	WA	2015	QTR 4 – FY18	+ 1 Year Option
Gordon Sirdar	FMR Investments	Au	WA	2016	QTR 3 – 2019	

(1) Contract concludes 30 April 2016

(2) Contract temporarily lost from June 2013 to January 2015

Major Mining Contracts - AUMS



PROJECT	ULTIMATE CLIENT	COMMODITY	LOCATION	COMMENCEMENT	CONTRACT END DATE
Loulo Operations – Gara & Yalea mines ⁽¹⁾	Randgold	Au	Mali	2010	2015
Perkoa	Glencore	Zn (Pb & Ag)	Burkina Faso	2012	2016
Yaramoko	Roxgold Inc	Au	Burkina Faso	2015	2018
Geita	AngloGold Ashanti	Au	Tanzania	2016	2019

(1) Contract transferred to Owner Miner on 31 October 2015

Pipeline Opportunities

Barminco

Mine	Commodity	Client	Start Date	Location
Carrapateena	Cu/Au	Oz Minerals	QTR 4 - FY16	South Australia
Oyu Tolgoi	Cu	Oyu Tolgoi LLC (Rio Tinto)	QTR 1 - FY17	Mongolia
Wafi Golpu	Au	Morobe Mining	QTR 1 - FY17	Papua New Guinea
Edna May	Au	Evolution Mining	FY17	Western Australia
Mt Lyell	Cu	Copper Mines of Tasmania Pty Ltd	FY17	Tasmania
Kundana	Au	Northern Star	FY16	Western Australia
Golden Grove	Cu/Zn	MMG	FY16	Western Australia

AUMS

Mine	Commodity	Client	Start Date	Location
Obuasi	Au	AngloGold Ashanti	QTR 4 - FY16	Ghana
Subika	Au	Newmont	QTR 3 - FY16	Ghana

Business Outlook

- General market overview
 - Australia
 - Africa
 - Other