

Barmenco Finance Pty Limited

Interim Report

For the nine month period ended March 31, 2015

Pursuant to Section 4.06(a)(2) of the
Indenture dated as of May 20, 2013

among

Barmenco Finance Pty Limited,
Barmenco Holdings Pty Limited,
Barmenco Limited and
The Bank of New York Mellon,
as Trustee

*This Interim Report should be read in conjunction with
Barmenco's Annual Report for the fiscal year ended June 30, 2014*

Notice

We have submitted this interim report confidentially to holders (the "Holders") of our outstanding 9.00% Senior Notes due 2018 (the "Notes") pursuant to the Section 4.06(a)(2) of the Indenture, dated as of May 20, 2013 and as amended (the "Indenture"), among Barmingo Finance Pty Limited, the Guarantors named therein and The Bank of New York Mellon, as trustee (the "Trustee"). We have not authorized its use for any other purpose. This interim report may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the Holders to whom it is provided. By accepting delivery of this report, you agree to these restrictions.

The information appearing in this interim report is accurate as of the date this report was prepared. Our business, financial condition, results of operations and prospects may have changed since that date.

Terms not defined in this Report have the meaning given to them in our fiscal 2014 Annual Report. The terms "Barmingo", "we", "us" and "our" refer to Barmingo Holdings Pty Limited and its subsidiaries.

Cautionary statement regarding forward-looking statements

This report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "estimates," "seeks," "projects," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which Barmingo operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Barmingo believes that these risks and uncertainties include, but are not limited to, those described in the "Risk factors" section of our most recent annual report.

Although Barmingo bases these forward-looking statements on assumptions that Barmingo believes are reasonable when made, Barmingo cautions you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which Barmingo operates may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which Barmingo operates are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that Barmingo makes in this report speak only as of the date of those statements, and Barmingo undertakes no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report and our most recent annual report. Barmingo does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Barmingo urges you to read the sections of our most recent annual report entitled "Business", "Risk factors," and "Management's discussion and analysis of financial condition and results of operations" for a more complete discussion of the factors that could affect our future performance and the industry in which Barmingo operates.

Summary of results by division

The following table provides a summary of Barmenco's revenue and EBITDA by division (excluding AUMS).

	9 month period ended March 31,	
	2015 A \$M	2014 A \$M
Revenue		
Underground mining	323.0	376.0
Diamond drilling	35.3	32.2
Crushing and screening	1.0	0.4
Shared services (unallocated) and other	1.8	1.8
Total Barmenco revenue	361.1	410.4
EBITDA		
Underground mining	67.7	75.6
Diamond drilling	5.0	4.5
Crushing and screening	0.5	(0.3)
Shared services (unallocated) and other	(1.1)	3.1
Total EBITDA before redundancy costs	72.1	82.9
Redundancy costs	1.7	5.0
Total EBITDA after redundancy costs	70.4	77.9
 EBITDA margin before redundancy costs	 20.0%	 20.2%
EBITDA margin after redundancy costs	19.5%	19.0%

Management's Discussion and Analysis of Financial Condition and Results of Operations

During the nine month period ended March 31, 2015, Barmenco generated revenue of A\$361.1 million and EBITDA of A\$70.4 million.

Compared to the corresponding period last year, revenue decreased 12.0% from A\$410.4 million for the nine months ended March 31, 2014 to A\$361.1 million for the nine months ended March 31, 2015. The reduction was primarily due to three contracts (Mt Lyell, Ernest Henry and Wallaby) which concluded during the 2014 fiscal year. Similarly, EBITDA decreased 9.6% from A\$77.9 million for the nine months ended March 31, 2014 to A\$70.4 for the nine months ended March 31, 2015. EBIT was A\$30.5 million, down 1.2% on the comparative nine month period.

During the period a continued focus on costs has meant the group was able to maintain an EBITDA margin of 20.0% pre redundancy costs, which is an increase on the half year ended December 2014 result of 19.5%.

AUMS's equity accounted contribution to the group was a profit of A\$7.0 million for the nine months ended March 31, 2015, up on the corresponding nine month period of \$6.2M.

Financing costs were A\$82.3 million for the nine months ended March 31, 2015, an increase of A\$2.3 million from A\$80.0 million for the nine months ended March 31, 2014. The increase was primarily due to the compounding interest on the Redeemable Preference Shares and Shareholder Loan Notes, which is a non-cash expense and is reflective of a normal private equity structure.

Outlook

Despite tough conditions in the sector, Barmenco has worked hard to respond to the market by implementing targeted efficiency improvements and a cost-management strategy that has established Barmenco as a leader in providing the most productive and efficient outcomes for clients. As a result, Barmenco remains confident in its ability to deliver a comparatively solid result for the financial year.

Barmenco believes that our expertise, long established presence and our ability to adapt quickly to changing economic conditions, gives us a competitive advantage within the mining industry.

Barmenco was successful in securing two new contracts during the first half of fiscal 2015 (Rosebery in Tasmania, and Nova in Western Australia). The contracts, particularly Nova, will contribute modest EBIT in fiscal 2015, as they ramp-up to full scope.

Liquidity, capital expenditures and capital resources

Liquidity

The Group remains well positioned with a strong level of available liquidity to underpin the Group's growth and ongoing funding requirements.

As at March 31, 2015 Barmenco had an available cash balance of A\$112.0 million. In addition the A\$50 million Revolving Credit Facility remained effectively undrawn (with approximately A\$0.3 million of the facility being used for the purposes of guarantees under an ancillary facility arrangement with one of the lenders), and the Group had approximately A\$50 million of additional liquidity available through its equipment financing lines.

Internal modeling indicates that funds generated from operations will provide sufficient liquidity for the Group to meet its working capital, capital expenditures and other cash requirements for the foreseeable future, and at this time the Group has no plans to draw on the Revolving Credit Facility.

Indebtedness

In December 2014 and January 2015 Barmenco successfully repurchased US\$98.9 million in aggregate principal of its Senior Notes, reducing the value of the debt from US\$485.0 million to US\$386.1 million. During the repurchase process the SWAP which was placed when the notes were issued was reset with each repurchase. The swaps are for United States Dollar fixed interest to Australian Dollar fixed interest swaps under which the Group receives a United States Dollar fixed interest payment and pays an Australian Dollar fixed interest payment, with interest settled on 1 June and 1 December each year respectively until maturity.

On maturity the Group will receive US\$386,043,000 and pay A\$487,780,000 in final settlement of the swaps. The US leg of the swap is unchanged at receive 9%. The effect of the reset has resulted in an annual interest saving of A\$6.3 million on the AUD leg for the remainder of the bond/swap term. The swap is being accounted for as a cash flow hedge and is 100% effective in eliminating currency risk with respect to the senior notes.

As of March 31, 2015, the Group had debt of A\$498.7 million, excluding Redeemable Preference Shares and Shareholder Loan Notes.

Capital expenditures

During the nine months ended March 31, 2015 the Group continued to expand its asset base, and acquired A\$33.4 million of plant and equipment.

Barmenco seeks to prudently manage its capital expenditure spend for the 2015 fiscal year, and expects capital expenditures to be approximately A\$45 million, funded mainly from cash.

Historically, capital expenditures have been funded by a combination of operating cash flow, debt and finance leases.