IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") UNDER RULE 144A OR (2) NON-U.S. PERSONS LOCATED OUTSIDE OF THE UNITED STATES

IMPORTANT: **You must read the following disclaimer before continuing**. The following disclaimer applies to the following offering memorandum. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM.

Confirmation of your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) "qualified institutional buyers" or "QIBs" (within the meaning of Rule 144A under the Securities Act) or (2) non-"U.S. persons" located outside the United States (within the meaning of Regulation S under the Securities Act). This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us (1) that you and any customers you represent are either (a) QIBs or (b) non-U.S. persons located outside the United States and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of this offering memorandum by electronic transmission.

Restrictions: This offering memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the offering memorandum. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the issuer or guarantors of the securities or Standard Chartered Bank or The Hongkong and Shanghai Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such

jurisdiction. You are reminded that you have accessed the offering memorandum on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

This offering memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the issuer of the securities or Standard Chartered Bank or The Hongkong and Shanghai Banking Corporation Limited, nor any person who controls any of them nor any director, officer, employee or agent of any of them nor any affiliate of any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from Standard Chartered Bank or The Hongkong and Shanghai Banking Corporation Limited.

This offering memorandum is not an offer to sell the securities, nor a solicitation to buy the securities, in any jurisdiction where the offer or sale is not permitted.

STRICTLY CONFIDENTIAL

Perenti

US$450,000,000

PERENTI FINANCE PTY LTD

(a company incorporated in the Commonwealth of Australia)

6.50% Guaranteed Senior Notes due 2025

Perenti Finance Pty Ltd (ABN 90 159 906 395) (the "Issuer"), a wholly owned subsidiary of Perenti Global Limited, incorporated under the laws of the Commonwealth of Australia, is offering US$450,000,000 aggregate principal amount of 6.50% Guaranteed Senior Notes due 2025 (the "Notes"). The Notes will mature on October 7, 2025. The Notes will bear interest at 6.50% per annum payable semi-annually in arrears on April 7 and October 7 of each year, beginning on April 7, 2021. The Notes will be fully and unconditionally guaranteed on a senior basis by our parent company, Perenti Global Limited (ABN 95 009 211 474) (the "Parent Guarantor" or "Perenti") and by certain subsidiaries of the Parent Guarantor (the "Subsidiary Guarantors", and together with the Parent Guarantor, the "Note Guarantors") subject to certain limitations described herein. The guarantee of the Parent Guarantor is referred to herein as the "Parent Guarantee" and the guarantees of the Subsidiary Guarantors are referred to as the "Subsidiary Guarantees" (and, collectively with the Parent Guarantee, the "Note Guarantees").

The Issuer may redeem some or all of the Notes prior to October 7, 2022 by paying 100% of the principal amount of such Notes plus a make-whole premium. The Issuer may also redeem up to 40% of the Notes prior to October 7, 2022 using the proceeds of certain equity offerings. At any time on or after October 7, 2022, the Issuer may redeem some or all of the Notes at the redemption prices set forth in this offering memorandum (this "Offering Memorandum"). In addition, the Issuer may redeem all of the Notes at a price equal to their principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in applicable tax law. There is no sinking fund for the Notes. Under certain circumstances, the Issuer may be required to offer to purchase some or all of the Notes upon a change of control of the Issuer or the Parent Guarantor, as described in "Description of the Notes—Change of Control," or upon the sale of certain assets, as described in "Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."

The Notes and the Note Guarantees will be unsecured and unsubordinated obligations of the Issuer and the Note Guarantors and will rank equally with the Issuer's and the Note Guarantors' respective existing and future unsecured and unsubordinated debt, except indebtedness mandatorily preferred by law.

Investing in the Notes involves risks. See "Risk Factors" on page 35.

Issue Price: 100%

Neither the Notes nor the Note Guarantees have been, or will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes and the Note Guarantees are being offered and sold only to qualified institutional buyers in the United States in accordance with Rule 144A under the Securities Act and outside the United States to persons that are not, and are not acting for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act) in offshore transactions in accordance with Regulation S under the Securities Act. Prospective investors that are qualified institutional buyers are hereby notified that the seller of the Notes and the Note Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes and the Note Guarantees, see "Transfer Restrictions."

We have received approval-in-principle for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum. Admission to the Official List of the SGX-ST and the listing and quotation of the Notes on the Official List of the SGX-ST and the quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Notes, the Note Guarantees, the Note Guarantors or any other subsidiaries of the Parent Guarantor. The Notes will be traded in a minimum board lot size of US$200,000 so long as the Notes are listed on the Official List of the SGX-ST and for so long as the rules of the SGX-ST so require.

It is expected that delivery of the Notes will be made to investors in book-entry only form through the facilities of The Depository Trust Company ("DTC") and its participants, including Clearstream Banking S.A. ("Clearstream") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), on or about October 7, 2020.

Joint Global Coordinators and Joint Bookrunners

HSBC **Standard Chartered Bank**

The date of this confidential Offering Memorandum is September 23, 2020

perentigroup.com

Perenti

Perenti is a diversified global mining services company headquartered in Australia. Founded in Kalgoorlie in 1987, the Group is today one of the world's largest providers of surface mining, underground mining and mining support services at scale through a range of specialist operating businesses.

OPERATING IN

11 COUNTRIES | **4** CONTINENTS

YEARS OF EXPERIENCE

30+ DOMESTIC | **25+** INTERNATIONAL

GLOBAL PROJECTS

55+

Expect More

OUR BUSINESS SEGMENTS

Surface Mining

AUSDRILL

AMS

Underground Mining

Barminco

African Underground Mining Services

Investments

MinAnalytical

BTP

Supply Direct

Logistics Direct

Well Control Solutions

Investors should rely only on the information contained in this Offering Memorandum. The Issuer and the Note Guarantors have not, and Standard Chartered Bank and The Hongkong and Shanghai Banking Corporation Limited (together, the "Initial Purchasers") have not authorized anyone to provide investors with different information. The Issuer and the Note Guarantors are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. Investors should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

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NOTICE TO INVESTORS

This Offering Memorandum is confidential and has been prepared by us solely for use in connection with the proposed offering of the securities described in this Offering Memorandum. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies or reproductions of this Offering Memorandum or any documents referred to in this Offering Memorandum.

The Initial Purchasers, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar (as each is defined herein) make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or future. Perenti has furnished the information contained in this Offering Memorandum. The Initial Purchasers assume no responsibility for the accuracy or completeness of such information. The information contained in this Offering Memorandum is as of the date of this Offering Memorandum and is subject to change, completion or amendment without notice. Neither the delivery of this Offering Memorandum at any time nor the offer, sale or delivery of any Note shall under any circumstances create any implication that there has been no change in the information set forth in this Offering Memorandum since the date of this Offering Memorandum. To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar (each as defined herein) accepts any responsibility for the contents of or any omission from this Offering Memorandum or for any statement made or purported to be made by it or on its behalf in connection with the Issuer, the Parent Guarantor, any Initial Subsidiary Guarantor or the issue and offering of the Notes. Each of the Initial Purchasers, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement or any omission therefrom.

Neither the United States Securities and Exchange Commission, any state securities commission nor any other regulatory authority, has approved or disapproved the Notes or the Note Guarantees nor have any of the foregoing authorities passed judgment upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Memorandum.

This offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes that do not involve a public offering. Prospective purchasers are hereby notified that sellers of the Notes may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. In making a purchase, investors will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions."

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum titled "Plan of Distribution" and "Transfer Restrictions."

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Note Guarantors and the Initial Purchasers require persons into whose possession this Offering Memorandum comes to inform themselves about and to observe any such restrictions. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this Offering Memorandum, see "Plan of Distribution" and "Transfer Restrictions." None of the Issuer, the Note Guarantors or the Initial Purchasers are making any representation to any offeree or purchaser under any applicable law.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the Note Guarantors and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as investment, legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal investment or similar laws or regulations.

The Issuer reserves the right to withdraw this offering at any time. The Issuer and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

This Offering Memorandum is not, and is not intended to be, a disclosure document within the meaning of section 9 of the Australian Corporations Act 2001 (Cth) (the "Australian Corporations Act") or a Product Disclosure Statement for the purposes of Chapter 7 of the Australian Corporations Act. No action has been taken by us that would permit a public offering of the Notes in Australia. In particular, this Offering Memorandum has not been lodged or registered with the Australian Securities and Investments Commission ("ASIC").

Notes may not be offered for sale nor may applications for the sale or purchase of any Notes be invited in Australia (including an offer or invitation that is received by a person in Australia) and neither this Offering Memorandum, any supplement hereto, nor any advertisement or other offering material relating to the Notes may be distributed or published in Australia unless (i) (A) the aggregate amount payable on acceptance of the offer by each offeree or invitee for the Notes is a minimum amount (disregarding amounts, if any, lent by the person offering the Notes or its associates) of A$500,000 (or its equivalent in another currency), or (B) the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Part 6D.2 or Chapter 7 of the Australian Corporations Act, (ii) the offer, invitation or distribution complies with all applicable laws and regulations relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs, and (iii) such action does not require any document to be lodged with ASIC or the ASX.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (the "EEA") and the United Kingdom (each a "Relevant State") will be made pursuant to an exemption under the European Union's Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") from the requirement to publish a prospectus for offers of Notes or otherwise will not be subject to such requirements. Accordingly any person making or intending to make an offer in that Relevant State of Notes which are the subject of the offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer, the Note Guarantors or any Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation in relation to such offer. None of the Issuer, the Note Guarantors or any Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Note Guarantors or an Initial Purchasers to publish a prospectus for such offer

PRIIPs Regulation – Prohibition of Sales to EEA and UK Retail Investors—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a person or entity that is not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The communication of this Offering Memorandum and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this Offering Memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated under the laws of the Commonwealth of Australia, with limited liability, and all the Note Guarantors are incorporated or organized as corporate entities outside the United States. All the directors and officers of these entities and the experts named in this document reside outside the United States, principally in Australia. A substantial portion of the assets of these entities and the Perenti Group as a whole, and the assets of the directors, executive officers and experts of those entities, are located outside the United States. As a result, it may be difficult for U.S. investors to effect service within the United States upon such directors, executive officers or experts, or to enforce against them judgments obtained in U.S. courts predicated upon the civil liability of such persons under U.S. federal or state securities laws.

Australia

There is doubt as to the enforceability in Australia in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the civil liability provisions of the federal or state securities laws of the United States. Also, there is no statutory recognition in Australia of the judgments of United States courts (whether or not such judgment relates to United States federal securities laws) and such judgments will not be enforceable in Australia in certain circumstances, including, but not limited to, where the plaintiff is unable to prove that the U.S. court exercised jurisdiction over the defendant which is recognized by Australian courts or where such judgments contravene local public policy, were obtained by fraud or duress, breach the rules of natural justice or general principles of fairness, are not for a fixed or readily ascertainable sum, are subject to a stay of execution, an order under the Foreign Proceedings (Excess of Jurisdiction) Act 1984 (Cth) has been made, or are otherwise not final and conclusive, or involve multiple or punitive damages or where the proceedings in such courts were of a penal nature. See "Limitation of Liability of Independent Auditors" for a summary of limitations of PricewaterhouseCoopers' liability under a professional limitation on liability scheme in Australia.

Burkina Faso

A judgment rendered in the United States against the Burkina Faso Note Guarantor or its directors is not automatically recognized or enforceable in Burkina Faso. To enforce a judgment obtained in the United States under the U.S. federal securities laws, the courts in Burkina Faso will first have to recognize that judgment. Subject to the limitations discussed below, the enforceability in Burkina Faso of U.S. judgments will be granted if judgments are rendered by a competent jurisdiction and are final and enforceable in the United States. However, the judgments of United States courts will not be recognized and thus not enforceable in Burkina Faso under certain circumstances, including the following cases: the relevant matter is subject to the exclusive jurisdiction of the Burkina Faso courts; the dispute does not have a clear link with the United States; the choice of the United States is fraudulent; the decision is inconsistent with Burkina Faso public order; the party against whom the judgment is invoked was not given proper notice and if there is a case of a pending related suit or if the matter has previously been decided in the Courts of Burkina Faso.

Ghana

The United States and Ghana do not currently have a convention or treaty providing for reciprocal recognition and enforcement of judgments. As a result, a judgment obtained in a court in the United States against a Ghanaian Note Guarantor (or its directors or officers) will not be automatically recognized or enforced in Ghana given the provisions of Part V Sub-Part I of the Courts Act 1993, Act 459 and Foreign Judgments and Maintenance Orders (Reciprocal Enforcement Instrument) 1993 (L.I 1575). An original action can, however, be instituted in the courts in Ghana and judgments so obtained in the United States will only constitute a piece of evidence in support of the plaintiff's action.

Mali

The United States and Mali do not currently have a convention or treaty providing for reciprocal recognition and enforcement of judgments. As a result, a judgment obtained in a court in the United States against the Malian Note Guarantor (or its directors or officers) will not be automatically recognized or enforced in Mali. However, it may be enforceable by a separate action on the judgment obtained in accordance with Malian rules of civil procedure established by the decree N°99-254/PRM dated September 15, 1999, modified by the decree N°09-220/P-RM dated May 11, 2009. To obtain an enforceable judgment in Mali, the claimant would be required to bring fresh proceedings before a competent court in Mali. A Malian court will grant exequatur, in accordance with the articles 515, 516 and 518 of the Malian rules of civil procedure, of the judgment of a court in the United States if the following conditions are met: (i) the decision whose recognition is required must be irrevocable in the state where it was pronounced; (ii) the court that pronounced the decision must have been competent to judge that case; (iii) the existence of reciprocity regarding the effects of foreign decisions in Mali and the state where it was pronounced; (iv) the absence of a decision from a Malian court on the same dispute between the same parties; (v) Malian law does not give an exclusive competence to Malian courts for such a case; (vi) the decision should not result from a fraud committed in the procedure followed abroad (for example, parties should have been present or duly informed); and (vii) the decision should not violate public policy in Mali. The Malian court must verify the fulfillment of all recognition and refusal conditions, but cannot proceed to examine the substance of the foreign decision nor to modify it.

Tanzania

The enforceability of a judgment obtained in the United States under the U.S. federal securities laws against the Tanzanian Note Guarantor or its directors is doubtful because there is no arrangement in place for the reciprocal enforcement of judgments between the United Stated and Tanzania. The enforceability of foreign judgments is governed by the Reciprocal Enforcement of Foreign Judgment Foreign Judgment Act, CAP 8 R.E. 2002 (the Foreign Judgment Act). The main purpose of the Foreign Judgment Act is to make provision for the reciprocal enforcement of judgments as between mainland Tanzania and foreign countries and for other related matters. Foreign judgements are generally enforceable in Tanzania if they originate from countries whose courts are recognised under the Foreign Judgements Act as 'Superior courts'. These jurisdictions include Lesotho, Botswana, Mauritius, New South Wales, Zambia, Seychelles, Somalia, Zimbabwe, Kingdom of Swaziland and the United Kingdom. Judgments from these jurisdictions have the same force and effect as if they had been originally given and delivered by the High Court of Tanzania. Because the United States is not listed amongst those countries in respect

of whose judgments are enforceable on a reciprocal basis, an original action must be instituted in the courts in Tanzania so that a decree of a Tanzanian court is obtained and enforced. The judgments so obtained in the United States will only constitute a piece of evidence in support of the plaintiff's action.

Upon obtaining judgment in the courts in Tanzania, the decree holder may apply for enforcement to the court which issued the decree or to the officer appointed for that purpose. An application must be in writing, signed and verified by the applicant or by some other person proved to the satisfaction of the court to be acquainted with the facts of the case, and must contain in a tabular form the following particulars (as set out under Order XXI, 10 (2) of the Civil Procedure Code):

- reference number of the claim;
- description of the parties;
- date of the judgment;
- whether an appeal has been made;
- what (if any) payment or other adjustment has been made between the parties subsequent to the judgment;
- any previous enforcement applications that have been made, the dates of such applications and their outcome;
- the amount with interest (if any) due under the judgment or other relief granted, together with particulars of any counterclaim, whether passed before or after the date of the judgment.
- the amount of the costs, if awarded;
- the description of the party against whom the enforcement is sought; and
- the type of court assistance required. This can include, for example: (i) delivery of specific property; (ii) attachment and sale, or sale without attachment, of any property; (iii) arrest and detention in prison of any person; or (iv) appointment of a receiver.

Republic of Botswana

Judgments obtained in the United States, under the U.S. federal securities laws, against Botswana incorporated companies or their directors, are not given statutory recognition under the Judgments (International Enforcement) Act (CAP 11:04). Accordingly, United States courts judgments would not automatically be enforceable by registration in Botswana. A claimant would be required to institute a fresh action in the High Court in Botswana, utilizing the United States judgement as the cause of action. In any such action the existence of the United States judgment will constitute evidence in support thereof.

To be recognised in Botswana, a foreign judgment must: (i) be final and conclusive, (ii) not have been obtained through fraudulent means and (iii) must not be contrary to Botswana's public policy.

AVAILABLE INFORMATION

None of the Issuer nor any of the Note Guarantors is currently subject to the periodic reporting and other information requirements of the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), nor do they expect to become subject to such requirements. In order to permit resales under Rule 144A while the Notes are "restricted securities" under the Securities Act, unless Perenti furnishes information in accordance with Rule 12g3-2(b) under the Exchange Act, Perenti will furnish, upon request of any holder of a Note or of a beneficial interest in a global note, the information specified in paragraph (d)(4) of Rule 144A, to the holder or beneficial owner or to prospective investors who are "qualified institutional buyers" under Rule 144A of the Securities Act ("QIBs").

The ordinary shares of Perenti are listed on the Australian Securities Exchange ("ASX"). As an Australian listed entity, Perenti files annual reports and half-year reports with the ASX. Prospective investors may obtain copies of the documents filed with the ASX. These documents are not incorporated in this Offering Memorandum.

None of the information on our website, Barminco Holdings' website or the website of the ASX or SGX-ST is incorporated by reference herein or otherwise deemed to be a part of this Offering Memorandum. Any references to websites are for informational purposes only.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words. Forward-looking statements include statements about our expectations regarding the performance of our businesses, statements about our order book and our pipeline of anticipated tendering opportunities, statements about trends in the mining services industry and outlook for the mining sector, as well as statements about our plans and growth strategies.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements or industry results to differ materially from any future results, performance or achievements, or industry results, expressed or implied by these forward-looking statements. These factors include, among others:

- any adverse impact that the COVID-19 pandemic or other similar outbreaks may have on our business and that of our customers and suppliers;
- risks associated with our operations in African countries that face instability and security risks;
- a decline in the consumption of, or demand for, minerals resulting in a significant decrease in demand for our mining services;
- mispricing our mining services contracts or failing to perform them in accordance with their terms or customer expectations;
- our mining services contracts being terminated or not being renewed;
- our ability to win new contracts and the timing, size and type of new contract awards;
- our ability to operate safely in accordance with adequate operating procedures and policies;
- intensification of competition as a result of new entrants or existing competitors improving their service offering;
- our ability to recruit and retain skilled personnel;
- any delay in commencing or interruption to a project resulting in lost revenue or additional costs;
- potential exposure to liabilities under anti-bribery and anti-corruption laws as a result of actions by a member of the Perenti Group or any third party retained by a member of the Perenti Group;
- risks associated with new geographic markets in which we may expand our operations;
- our ability to successfully implement our business strategy and manage our growth;
- our ability to adopt new technologies;
- our reliance on a small number of key suppliers;

- weaknesses in internal controls and risk management systems or incidents of fraud;
- our ability to operate in compliance with the various environmental, health and safety laws, rules, legislation and guidelines to which we are subject;
- changes in, or failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business;
- foreign exchange rate fluctuations;
- our level, and the cost, of indebtedness;
- our ability to refinance our debt or raise funds; and
- other factors referred to in "Risk Factors" and elsewhere in this Offering Memorandum.

Forward-looking statements are based upon management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect Perenti's business and operations in the future. Perenti cannot give investors any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that Perenti's business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond its control. Any forward-looking statements contained in this Offering Memorandum speak only as of the date of this Offering Memorandum. Perenti disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this Offering Memorandum or to reflect any change in management's expectations with regard thereto after the date hereof of any change in events, conditions or circumstances on which any such statement is based. Furthermore, investors are strongly advised to exercise caution when using any forward-looking statement to evaluate Perenti's future performance and prospects, particularly in light of the current economic, regulatory and social climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

CURRENCY OF PRESENTATION AND EXCHANGE RATES

Perenti publishes its consolidated financial statements in Australian dollars. In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "US$" or "U.S. dollars" are to United States dollars and references to "A$" or "$" are to Australian dollars. For the convenience of the reader, this Offering Memorandum contains translations of certain Australian dollar amounts into U.S. dollars at the rate or rates indicated. Perenti has translated Australian dollars into U.S. dollars at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "noon buying rate"). Unless otherwise indicated, conversions of Australian dollars to U.S. dollars in this Offering Memorandum have been made at the noon buying rate on June 30, 2020, which was A$1.00 = US$0.6893. These translations should not be construed as representations that the Australian dollar amounts actually represent such U.S. dollar amounts or could be converted in U.S. dollars at the rate indicated.

The following table sets forth exchange rate information expressed in terms of U.S. dollars at the noon buying rate for A$1.00 in New York City for cable transfers in Australian dollars as certified by the Federal Reserve Bank of New York.

	At Period End	Average Rate[1]	High	Low
Year ended June 30, 2016	0.7432	0.7289	0.7817	0.6855
Year ended June 30, 2017	0.7676	0.7544	0.7733	0.7174
Year ended June 30, 2018	0.7399	0.7753	0.8105	0.7355
Year ended June 30, 2019	0.7009	0.7153	0.7466	0.6860
Year ended June 30, 2020	0.6893	0.6711	0.7043	0.5755
Month ended January 31, 2020	0.6699	0.6851	0.6982	0.6699
Month ended February 29, 2020	0.6495	0.6664	0.6748	0.6495
Month ended March 31, 2020	0.6139	0.6218	0.6654	0.5755
Month ended April 30, 2020	0.6523	0.6312	0.6536	0.6001

	At Period End	Average Rate[1]	High	Low
Month ended May 31, 2020	0.6642	0.6517	0.6664	0.6410
Month ended June 30, 2020	0.6893	0.6899	0.7004	0.6785
Month ended July 31, 2020	0.7159	0.7040	0.7168	0.6917
Month ended August 31, 2020	0.7352	0.7194	0.7352	0.7107
Month ended September 2020 (through September 11, 2020)	0.7277	0.7287	0.7375	0.7230

Note:

(1) For the fiscal years and months indicated, the average of the noon buying rates on each business day during the month for which data is provided.

EXCHANGE CONTROLS

The Australian dollar is freely convertible into U.S. dollars and other currencies at market-determined rates. However, the Autonomous Sanctions Regulations 2011 promulgated under the Autonomous Sanctions Act 2011 of Australia, the Charter of the United Nations Act 1945 of Australia and other acts and regulations in Australia restrict or prohibit payments, transactions or other dealings with assets having a proscribed connection with certain countries or named individuals or entities subject to financial sanctions or identified with terrorism. The Australian Department of Foreign Affairs and Trade maintains a list of all persons and entities subject to financial sanctions or having a proscribed connection with terrorism which is available to the public at the Department of Foreign Affairs and Trade's website at https://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.

CAUTIONARY NOTE REGARDING INDUSTRY AND MARKET DATA

In this Offering Memorandum, we rely on and refer to information and statistics regarding our industry that have been obtained from publicly available information or industry publications, including the "Industry" section which is extracted from a report dated September 2020, prepared by Wood Mackenzie, an industry consultant commissioned by us for use in this Offering Memorandum. All references in this Offering Memorandum to market share and market position are estimates based information contained in the report prepared by Wood Mackenzie and management estimates based on internal data and publicly available information. Much of the information and statistics we refer to in this Offering Memorandum, including in particular information published by Wood Mackenzie relates to one or more calendar years, as opposed to our July 1 to June 30 financial year.

Although we believe that these sources are reliable, we have not independently verified and do not guarantee the accuracy and completeness of this information. Industry data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which is itself based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling data. Accordingly, the industry data and statistics included in this Offering Memorandum should be viewed with caution and no representation or warranty is given by any person as to their accuracy.

CERTAIN DEFINITIONS AND REFERENCE CONVENTIONS

In this Offering Memorandum, all references to the "Company", "we", "us", "our" and similar expressions refer to, collectively, Perenti and its controlled subsidiaries, including, from the time of acquisition on October 31, 2018, Barminco Holdings (and its subsidiaries) and AUMS. All references to Perenti prior to October 31, 2018 do not include reference to Barminco Holdings and AUMS. This Offering Memorandum also uses the following defined terms, unless otherwise specified or the context otherwise requires:

- "Acquisition" means the acquisition by us completed on October 31, 2018 of all of the shares in Barminco Holdings;

- "AUMS" means African Underground Mining Services Limited (incorporated in Ghana); African Underground Mining Services Mali SARL (incorporated in Mali); African Underground Mining

Services Burkina Faso SARL (incorporated in Burkina Faso) and AUMS(T) Limited (incorporated in Tanzania), collectively;

- "Barminco" and "Barminco Division" means the Barminco division of our Underground Mining industry sector group;
- "Barminco Holdings" means Barminco Holding Pty Ltd (ACN 126 398 276) and its subsidiaries, which became our subsidiary with effect from the time of the Acquisition;
- "Perenti" means Perenti Global Limited;
- "Perenti Group" means Perenti and its subsidiaries, collectively; and
- "Revolving Facilities" means the: (i) A$400 million dual currency revolving loan bilateral facilities we entered into in 2019 with Caterpillar Financial Australia Limited, Deutsche Bank AG, Sydney Branch, Goldman Sachs Australia Financial Services Pty Ltd, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch, Standard Chartered Bank, Australia Branch, Nedbank Limited, London Branch and ING Bank (Australia) Limited; and (ii) approximately A$130 million dual currency revolving loan syndicated facility we entered into in 2020 with The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch, Standard Chartered Bank, Australia Branch, Caterpillar Financial Australia Limited and Nedbank Limited, London Branch (for a more detailed description, see "Description of Other Financing Arrangements—Revolving Facilities of Perenti").

In this Offering Memorandum, when we refer to our customers, for convenience we use the business name of the ultimate parent company of the customer. The contracting party to our customer contracts, however, is generally a direct or indirect subsidiary of the relevant parent company, and in such cases the parent company may not provide any guarantee of the performance by its subsidiary of its obligations under the contract.

FINANCIAL INFORMATION PRESENTATION

The annual consolidated financial statements of the Perenti Group included in this Offering Memorandum have been prepared in accordance with Australian Accounting Standards and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Australian Accounting Standards differ from generally accepted accounting principles in the United States ("U.S. GAAP"), and those differences may be material to the financial information contained in this Offering Memorandum. Prospective investors should consult with their own potential advisers as to potential tax, financial and related consequences and for an understanding of the differences between Australian Accounting Standards and U.S. GAAP and how those differences may affect the financial information herein. This Offering Memorandum does not include a reconciliation of our financial statements to financial statements that would be prepared in accordance with U.S. GAAP. Certain amounts (including percentage amounts) have been rounded for convenience; as a result, certain figures may not sum to total amounts or equal quotients.

Presentation of Historical Financial Information

The Perenti Group's fiscal year ends on June 30 of each year, with the next fiscal year beginning July 1. In this Offering Memorandum, references to "FY20" are to the fiscal year ended June 30, 2020, references to "FY19" are to the fiscal year ended June 30, 2019, and references to "FY18" are to the fiscal year ended June 30, 2018. Earlier periods are referred to in a similar manner.

Comparability of Financial Information

There are a number of factors affecting the preparation of our financial statements as of and for the periods presented in this Offering Memorandum, and not all periods presented may be directly comparable as described below.

Acquisition of Barminco and the consolidation of AUMS

On August 15, 2018, we executed an agreement to acquire Barminco Holdings. Pursuant to the agreement, we acquired 100% of the common shares, redeemable preference shares and shareholder loan notes of Barminco Holdings for 150.7 million fully-paid ex-dividend ordinary shares of Perenti and A$17.2 million in cash. The Acquisition was completed on October 31, 2018 and Perenti effectively took control of Barminco Holdings and AUMS on and from November 1, 2018.

We have consolidated Barminco Holdings and its subsidiaries, as well as AUMS, for the eight-month period ended June 30, 2019. This has resulted in a significant increase in the scope of our operations and significant changes to our financial condition.

In particular, the financial information for FY19 includes AUMS as a consolidated subsidiary of Perenti for the eight months ended June 30, 2019. Prior to the Acquisition, AUMS was overseen by a joint management board that was required to make decisions by consensus due to the equal ownership interests of the joint venture parties. As a result, neither Perenti nor Barminco Holdings individually "controlled" AUMS for accounting purposes, and each of Perenti and Barminco Holdings accounted for AUMS using the equity method of accounting. Therefore AUMS' financial condition and results of operations was not consolidated in the financial information of either Perenti or Barminco Holdings in FY18. As a result of the Acquisition, with respect to Perenti's consolidated financial statements including the financial information for FY19, AUMS was equity accounted for the period from July 1, 2018 to October 31, 2018 and fully consolidated for the period from November 1, 2018 to June 30, 2019.

The historical consolidated financial information for FY18, FY19 and FY20 of the Perenti Group included in this Offering Memorandum is derived from the audited financial statements of the Perenti Group.

Segmentation of the Business

Following the Acquisition, we reorganized our operations into three operating segments: (1) Underground Mining, comprising the Barminco and AUMS businesses; (2) Surface Mining, comprising the African Mining Services and Ausdrill; and (3) Investments, which includes our other businesses, namely, BTP Parts, BTP Equipment (together with BTP Parts, "BTP Group"), Supply Direct Group, MinAnalytical and Well Control Solutions. We are also supported by a fourth segment group functions which consists of corporate functions to support the operating business and group. Prior to the Acquisition, we organized our operations into four operating segments, namely (a) Drilling Services Australia, (b) Equipment Services and Supplies, (c) Contract Mining Services Africa and (d) All Other Segments, as well as a supporting segment, Corporate and Finance. We restated our segment information in the financial statements for FY18 included as a prior year comparative period in our FY19 financial statements included elsewhere in this Offering Memorandum to give effect to the new segmentation as if the changes had been effective from July 1, 2017.

Discontinued operations

On May 1, 2018, we sold our subsidiary Diamond Communications for a total consideration of A$6.2 million as part of a plan to focus on our core mining services business. As a result, we reported the net financial contributions of Diamond Communications as "discontinued operations" in the financial statements for FY18.

Non-GAAP Measures

Certain "non-GAAP financial measures" (as defined in Regulation G under the Securities Act) have been included in this Offering Memorandum, including:

- "Adjusted EBITDA," which is defined as EBITDA less share of net profit of joint ventures accounted for using the equity method;
- "Capital Expenditures," which is defined as payments for property, plant and equipment;

- "EBIT(A)," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, net interest expense and amortization expense;

- "EBITDA," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, depreciation and amortization expense and net interest expense;

- "free operating cash flow," which is defined as our cash flow from operating activities, before interest and tax, less sustaining capital expenditure. Depreciation of plant and equipment was used as a proxy for sustaining capital expenditure.

- "gearing ratio," which is defined as a ratio calculated by dividing net debt by net debt plus equity;

- "leverage," which is defined as net debt divided by Underlying EBITDA;

- "Net Capex," which is defined as payments for property, plant and equipment less proceeds from sale of property, plant and equipment;

- "net debt," which is defined as total debt less cash and cash equivalents;

- "net interest expense," which is defined as finance costs less finance income;

- "net working capital," which is defined as current trade and other receivables and inventories less current trade and other payables;

- "net working capital to external sales revenue," which is defined as net working capital divided by external sales revenue;

- "ratio of Underlying EBITDA to net interest expense," which is defined as Underlying EBITDA divided by net interest expense;

- "ratio of net debt to Underlying EBITDA," which is defined as net debt divided by Underlying EBITDA;

- "return on average capital employed," or "ROACE" which is defined as Underlying EBIT(A) divided by sum of average current and prior year trade and other receivables, inventories, property, plant and equipment, right-of-use assets less trade and other payables;

- "Segment EBITDA," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, depreciation and amortization expense and net interest expense;

- "Segment EBITDA margin," which is defined as Segment EBITDA divided by external sales revenue;

- "total capitalization," which is defined as total debt plus total equity;

- "total debt," which is defined as total current borrowings plus total non-current borrowings plus total current lease liabilities plus total non-current lease liabilities, less pre-paid borrowing costs;

- "Underlying EBIT(A)," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, net interest expense, amortization expense and certain adjustments as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)";

- "Underlying EBIT(A) margin," which is defined as Underlying EBIT(A) divided by external sales revenue;

- "Underlying EBITDA," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, depreciation and amortization expense, net interest expense and certain adjustments as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)";

- "Underlying EBITDA margin," which is defined as Underlying EBITDA divided by external sales revenue;

- "Underlying EBITDA to net interest expense," which is defined as Underlying EBITDA divided by net interest expense;

- "Underlying NPAT(A)," which is defined as net profit (loss) from continuing operations after income tax, excluding profit from discontinued operations, amortization expense and certain adjustments as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti— Underlying NPAT(A)";

- "Underlying Revenue," which is defined as external sales revenue excluding Boungou/Bissa projects cessation revenue of A$1.5 million;

- "Underlying Segment EBIT(A)," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, net interest expense, amortization expense and certain adjustments as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)";

- "Underlying Segment EBIT(A) margin," which is defined as Underlying Segment EBIT(A) divided by external sales revenue;

- "Underlying Segment EBITDA," which is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, depreciation and amortization expense, net interest expense and certain adjustments as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti— Underlying EBITDA and Underlying EBIT(A)"; and

- "Underlying Segment EBITDA margin," which is defined as Underlying Segment EBITDA divided by external sales revenue.

We presented Segment EBITDA and Segment EBITDA margins with respect to our historic reporting segments for FY18. However, due to the reorganization of our operating segments, we now present Underlying Segment EBIT(A), Underlying Segment EBIT(A) Margins, Underlying Segment EBITDA and Underlying Segment EBITDA Margin for FY18, FY19 and FY20, which we believe better reflects the operations of the new segmentation because it excludes the effects of the net claim settlement benefit, transaction costs, step acquisition gain on Ausdrill's 50% share of AUMS, impairment of property, plant and equipment and foreign exchange gain/loss. Accordingly, we believe that the Underlying Segment EBITDA and Underlying Segment EBIT(A) more clearly presents our operating performance.

For more information on EBIT(A), EBITDA, Underlying EBITDA, Underlying EBIT(A) and Underlying NPAT(A), including a reconciliation of EBIT(A), EBITDA, Underlying EBITDA,Underlying EBIT(A) and Underlying NPAT(A) to profit from continuing operations for the years ended June 30, 2020, 2019 and 2018, see "Summary Historical Financial Information", "Selected Historical Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." For reconciliation of free cash operating cash flow, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Although Adjusted EBITDA, EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow are not measures of performance that are recognized under Australian Accounting Standards, management believes that they are useful supplemental measures in evaluating the underlying performance of our business because (i) these measures are widely used by investors in the mining industry to measure a company's operating performance without regard to items excluded from the calculation of such terms, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors, and (ii) these measures help investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating structure. We further believe that Adjusted EBITDA, EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow are frequently used by securities analysts, investors and other interested parties in their evaluation of companies, many of which present EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow (or similar metrics) when reporting their results.

EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow, as calculated by Perenti, may differ from similarly titled measures reported by other companies. EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow do not purport to represent operating income, net income or cash generated by operating activities and should not be considered in isolation or as a substitute for measures of performance in accordance with Australian Accounting Standards. In addition, because EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow are not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. EBITDA, EBIT(A), Underlying EBITDA, Underlying EBIT(A), Underlying NPAT(A), Underlying revenue and free operating cash flow have limitations as an analytical tool and should not be considered in isolation. Some of these limitations are:

- it does not reflect cash outlays for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, working capital;
- it does not reflect the interest expense or cash requirements necessary to service interest or principal payments on indebtedness; and
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future and EBITDA and Underlying EBITDA do not reflect cash requirements of such replacements.

Measures Relating to our Contracts and Order Book

Certain operating measures have been included in this Offering Memorandum, including:

- "contract value at award," which is defined as the estimated revenue at the date of the contract award, assuming that the contract continues to completion, without assuming any renewals and assuming contractual rates remain constant and there are no significant work stoppages or interruptions in production;
- "order book," which is defined as our order book for mining services contracts. We calculate our order book based on monthly run-rate revenue, assuming that the contract continues to completion (including contractual extension options), without assuming any renewals and assuming contractual rates remain constant and there are no significant work stoppages or interruptions in production; and
- "run-rate revenue," which is defined as the ongoing estimated monthly revenue, based on the prior month revenue.

There can be no assurances that any of our mining services contracts will result in revenues that match our order book as actual production is based on a number of variables and many factors outside our control. See "Risk

Factors—Our revenues and order book are subject to underlying contracts with varying terms which may not be renewed or which may be terminated and which are subject to factors outside of our control."

SUMMARY

This summary highlights selected information from this Offering Memorandum and does not contain all of the information that investors should consider before investing in the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum. The terms "EBITDA", "Underlying EBITDA" and "Underlying EBIT(A)" and certain other financial terms are defined and discussed under "Summary Historical Financial Information." Prospective investors should read this entire Offering Memorandum carefully, including the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business", the financial statements of Perenti and related notes before making an investment decision.

Company Overview

We are a market leader in the provision of contract mining and other mining services to our customers in Australia and internationally. In operation since 1987, we listed on the ASX in 1994, and we are now an ASX 200 constituent with a market capitalization of approximately A$810 million as of June 30, 2020. In FY20, we had revenues of A$2,046.1 million and Underlying EBITDA of A$443.8 million. As of June 30, 2020, we had operations in eleven countries across four continents, were contracted to provide services across 56 projects, and employed more than 7,700 people around the globe. Our head office is located in Perth, Western Australia.

Our principal activity is the provision of contract mining and other mining services to customers that are in the production phase of their mining operations, comprising development and mining. Our focus on customers that are in the production phase of their operations provides increased earnings stability and resilience through the commodity price cycle. We provide underground and surface contract mining exploration, development and production-related services to our mining clients across Australia, Africa and Canada. Our services include hard-rock specialized services, high speed decline development and production services, load and haul, crusher feed, drilling and blasting, in-pit grade control and mineral analysis. We believe we are one of the leading providers of underground hard-rock contract mining services globally with the capability and fleet to provide specialized mine production and development services to mining companies including jumbo development (the tunneling development of underground mines); ground support, including fibrecreting; production drilling and blasting; and extracting and haulage, primarily in the gold, nickel and zinc sectors. We also provide underground diamond drilling services for mineral grade control and orebody definition in Australia, Ghana, Burkina Faso, Tanzania and Egypt.

We supplement our in-field services with in-house expertise in designing and manufacturing drilling rigs and ancillary equipment. We also provide supply and logistics solutions and mineral analysis and exploration services, including equipment rental and parts supply.

Our revenues are primarily derived from the provision of contract mining and other mining services to mine owners, which are essential for our customers to operate their mines and remain in production. The charts below illustrate the diversity of our revenues by geography and by commodity for FY20.

Revenue by Country – FY20

Australia	44%
Ghana	19%
Burkina Faso	14%
Mali	7%
Tanzania	5%
Egypt	4%
Senegal	4%
Other	3%

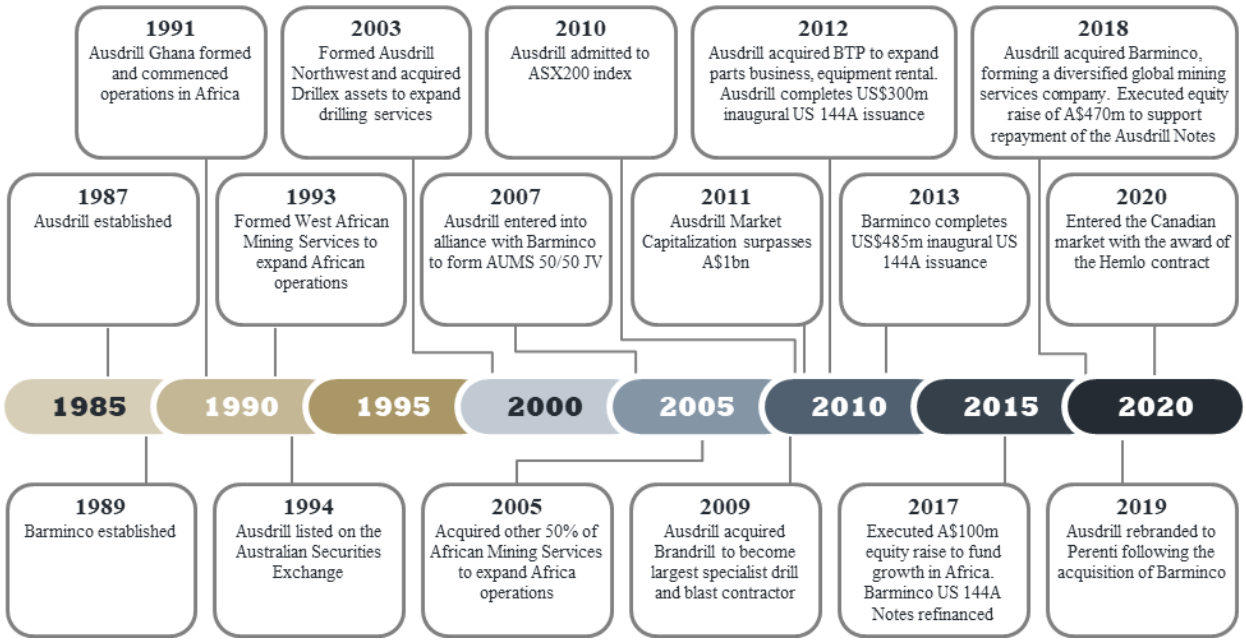
Revenue by Commodity – FY20

Gold	68%
Nickel	10%
Zinc	5%
Iron Ore	4%
Copper	3%
Manganese	2%
Thermal Coal	2%
Metallurgical Coal	1%
Other	5%

Company History

We were established in 1987 to provide contract drilling services to mining companies operating in Kalgoorlie, Western Australia. In our 33 years of operation, we have grown from a one-drill contract mining operation in Kalgoorlie, Western Australia servicing junior and mid-tier clients solely in Australia to a diversified mining services specialist servicing some of the world's largest mining companies.

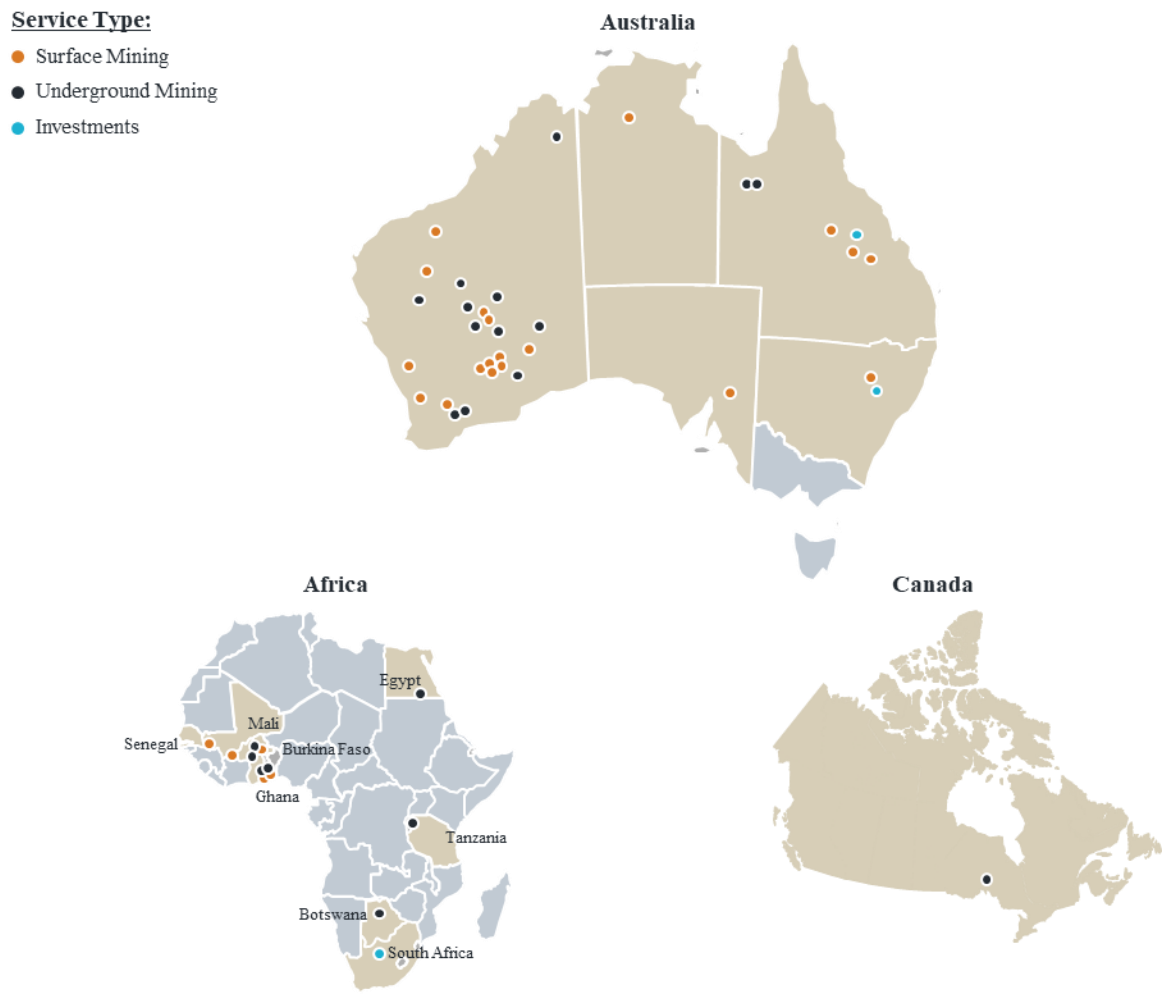
Our business has expanded over the past three decades, both organically and by acquisition, and now has offices and operations across four continents. On October 31, 2018, we acquired Barminco Holdings Pty Limited, one of the leading providers of underground hard-rock contract mining services in Australia and Africa. As a result of the acquisition, AUMS, which was, historically, a 50-50 joint venture between Barminco and Ausdrill, became our wholly-owned subsidiary. Following our acquisition of Barminco, the Company rebranded from Ausdrill to Perenti. The timeline below summarizes some of the milestones in our development:



Our Operations

As a leading provider of contract mining and other services to mine owners, we have operations in many of the world's principal mining regions, with our contracts diversified by customer, geography and commodity.

The mining sites on which we operate in Australia are primarily based in Western Australia, with a presence in Queensland, South Australia, Northern Territory and New South Wales. In Africa, our customers' mining projects are located in Ghana, Botswana, Burkina Faso, Mali, Tanzania, Egypt and Senegal and we have an office in South Africa via our Supply Direct subsidiary. We recently commenced work in Ontario in Canada through our contract with Barrick Gold Corporation, which is our first mining services contract in North America. We have a corporate office in the United Kingdom that provides support to our international operations. The maps below show the location of our operations and corporate offices (excluding our corporate office in the United Kingdom):



We have an extensive operating history in Africa, having commenced operations there in 1991. We currently operate in eight of the 54 countries on the continent. We have been selective as to the countries in which we operate to reduce our operational risk, and have focused on jurisdictions where the government has supported the development of the mining industry. We are a significant employer of local labor, which has enabled us to make a significant economic contribution to the local economies and communities. We focus on providing professional growth opportunities and training for our local employees and we have trained more than 25,000 local citizens to be part of our operations over the past 30 years. We develop our local managers to lead and coordinate projects in their country as well as in the other African countries where we operate. We have built a strong reputation of helping to navigate local regulations and to support international miners operating in a complex and challenging region. We believe our leading brands of AUMS and AMS and our long operating track record in Africa give us a significant competitive advantage.

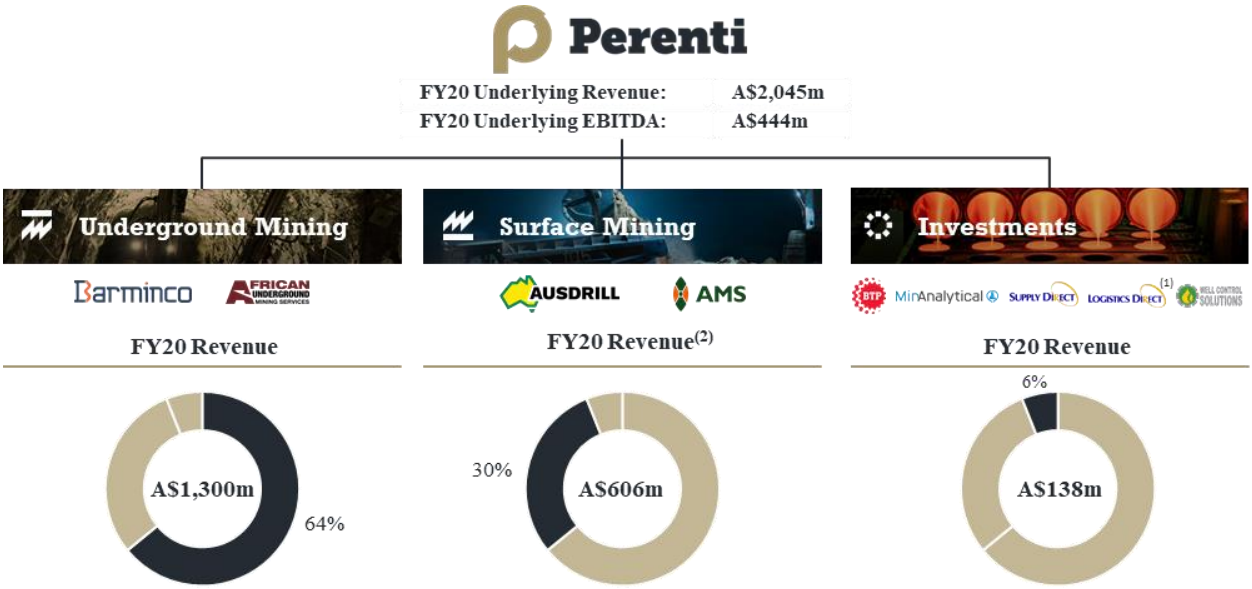
We undertake thorough diligence when considering the commencement of operations in new countries, with each new country requiring Board approval. We have adopted an intelligence led (acquired and predictive) risk-based approach to security planning and management. This approach includes undertaking an assessment of security related risks prior to entering a new country as part of the contract tender review process. As part of this approach, we also actively monitor our operations in various countries and regions to ensure that our risk profile remains acceptable to our Board.

We believe there are a number of future growth opportunities, including organic growth opportunities in surface and underground contract mining across a range of commodities. In particular, we view North America as an attractive region for further expansion of our underground mining services, with identified opportunities there accounting for 21% of our pipeline of anticipated tendering opportunities. In addition, we view Botswana, where we

commenced operations in December 2019 under our underground mining services contract with Khoemacau, to be a highly attractive jurisdiction with significant mining opportunities, a stable political environment, strong governance systems and a skilled workforce. As of the date of this Offering Memorandum, Botswana contributes approximately 11% of our total anticipated tendering opportunities.

Operating Segments

Our operating businesses are grouped into the following three operating segments: underground mining; surface mining; and investments. The chart below shows selected financial information for the Perenti Group and each of our operating segments for FY20.



Notes:

(1) Logistics Direct has been moved from the Surface Mining business segment to the Investments business segment from July 1, 2020.

(2) Represents Underlying Revenue, excludes Boungou/Bissa projects cessation revenue of A$1.5 million.

Underground Mining. Our Underground Mining operating segment comprises Barminco and AUMS, which currently operate in Australia, Canada, Ghana, Tanzania, Burkina Faso, Botswana and Egypt. We provide specialist underground contract mining services employing decline access mining methods, through the use of our own personnel and equipment and primarily service the gold, nickel and zinc sectors as well as copper.

Surface Mining. Our Surface Mining operating segment comprises Ausdrill and AMS, which currently operate in Australia, Ghana, Burkina Faso, Mali and Senegal. In Australia, we provide exploration and drill and blast services. In Africa, we provide exploration, development and production mining services for open cut mines under our surface mining contracts, which include the following services: drill and blast, grade control drilling, load and haul, crusher feed, stock pile re-handle, plant and equipment hire, geotechnical services and mining infrastructure. We provide these services across a wide range of commodities, including gold, iron ore and manganese.

Investments. Our Investments operating segment comprises various businesses that undertake mining equipment hire, mining equipment parts and maintenance and sales, supply and logistics, mineral analysis and oil and gas consumable supply and sales. The businesses operating in this operating segment are BTP Group, MinAnalytical, Supply Direct and Well Control Solutions. We primarily provide maintenance and repair services, parts, reconditioned and service exchange for major mining equipment components, equipment rebuilds, equipment rental and used equipment sales. Our equipment service rental offering includes a large fleet of excavators, dump

trucks, dozers, graders and ancillary equipment, including water carts. This segment primarily provides services to customers in Australia.

Our Services within the Mining Life Cycle

The life cycle of a mine can be generally broken down into the following phases: exploration, production and rehabilitation / closure. In the production phase, mine owners typically conduct development and mining activities that share similar characteristics in terms of earthmoving requirements and often overlap.

Our core activity is providing contract mining services to customers who own the mine site and are in the production phase. In our Underground Mining operating segment, our primary activities consist of providing mining services including drilling, charging, blasting, loading and hauling of material to the surface. We also provide other production mining services focused on the planning, development and construction of mine infrastructure, including jumbo development. In our Surface Mining operating segment, our principal activities consist of providing open cut mine production-related mining services, including drill and blast, grade control drilling, load and haul, crusher feed, stockpile re-handle, plant and equipment hire, geotechnical services and mining infrastructure.

Our contract mining services revenues are associated with, and more heavily influenced by, the long run decision of the mine owner to continue producing, and less by short-term fluctuations in commodity prices. Our revenues are predominantly affected by the quantity of materials moved, meters drilled, or meters advanced. We have limited exposure to exploration or resource definition activities, which can be more volatile and to a significant extent depend on market sentiment. We have no material exposure to mining-related infrastructure construction activities, which tend to have a greater dependence on underlying commodity prices and therefore experience greater volatility than our core production-related activities.

The chart below shows the services we provide throughout the mining life cycle as well as what we believe to be the key drivers and degree of volatility for each phase of the mine life cycle.

	Exploration	Production		Closure
	Exploration Services	Development	Mining	Rehabilitation
FY20 Revenue Contribution	5%	95%		0%
Description	Determine presence of viable resources and profitability of project	Plan, develop and construct mine and site infrastructure	Develop and produce from ore reserve, extract saleable product and dispose of residue	Closing the mine and rehabilitating the land to a stable condition
Activities	• Exploration drilling • Scoping studies	• Drill & blast • Grade control • Underground development • Mineral analysis • Earthmoving • Supply and logistics • Explosives supply	• Drill and blast • Load and haul • Underground production activities • Grade control • Mineral analysis • Supply and logistics • Explosives supply • Crusher feed • Mobile rock crushing	• Waste dump rehabilitation • Supply and logistics
Key Drivers	Exploration expenditure, driven by commodity prices	Mine capital investment in construction and development	Production levels, driven by operational and capital expenditure	Production levels
Volatility	Highly volatile	Low volatility, only commences once client has committed capital to the development of the project	Low volatility, cost competitive mines and quality clients mitigates the likelihood of mine closures	Rehabilitation driven by end of mine life

Perenti's segment focus

Our Customers

We have a large and diverse customer base that includes some of the largest mining companies in the world, as well mid-tier miners and emerging producers. We have strong relationships with our customers, with the average length of relationship exceeding nine years with our top 10 customers by revenue in FY20. Key clients include AngloGold Ashanti, Gold Fields, Newmont Goldcorp, Roxgold, Resolute and Western Areas. Our contracts are generally at the individual mine or operating subsidiary level.

Our top ten customers accounted for 71% of our revenue in FY20, with several of our large customers having multiple contracts with us across their operations, providing a greater level of earnings diversification. Our ability to maintain long-standing customer relationships and our high contract renewal rates reflect our strong track record of operational of performance.

Top 10 customers by revenue

Customer	Commodity	Length of Relationship	No. of Contracts	% of FY20 Revenue
AngloGoldAshanti	Gold	17	4	20.0%
Gold Fields	Gold	19	5	8.0%
Newmont	Gold	4	2	7.2%
Roxgold	Gold	6	1	6.9%
SEMAFO	Gold	2	1	5.9%

Top 10 customers by revenue

Customer	Commodity	Length of Relationship	No. of Contracts	% of FY20 Revenue
Resolute	Gold	4	2	5.6%
WESTERN AREAS LTD	Nickel	16	4	5.4%
HUMMINGBIRD	Gold	3	1	4.2%
CENTAMIN	Gold	12	2	4.1%
MMG	Zinc	9	1	3.8%
Total			**23**	**71.2%**

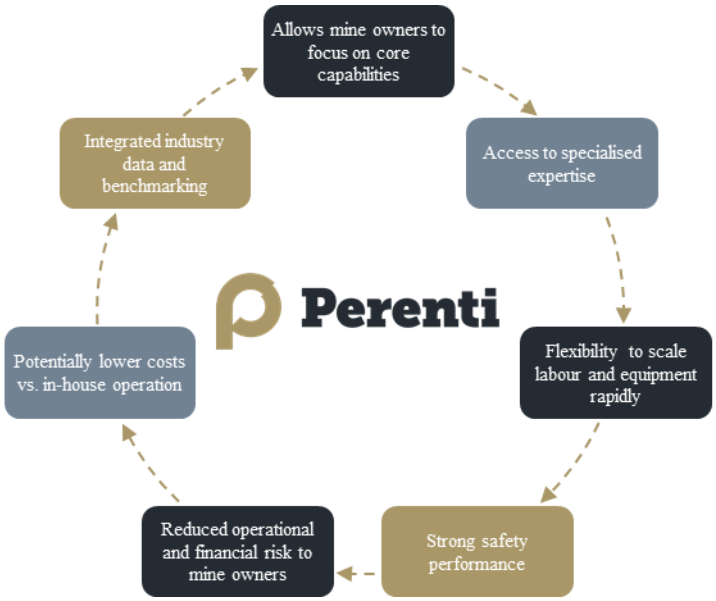
Our Value Add Service Offering

Our contract mining services allow our customers, the mine owners, to focus their resources and capital on their core capabilities (which typically include exploring for new resources, developing these resources and marketing commodities). Our customers hire us to manage the production-related activities of mines. We typically mine at more hard-rock sites than our customers and have over 30 years of operating history in providing mining services. Our customers benefit from having access to the specialized expertise we have developed and we believe our offering provides our mining customers with efficient solutions that improve productivity and minimize disruption to the production of the mine.

Our scale enables our customers to ramp up operations rapidly through our management resources and trained labor force. In addition, we provide our clients with capital efficient access to our large, high quality and well maintained fleet of mobile mining equipment which is further supported by investment in technological development and innovation to maximize productivity.

We operate in an industry where safety is paramount. We have a demonstrated track-record of operating safely, and our reputation and strong focus on internal and external control systems make us a desirable and low risk counterparty for mine owners who are increasingly focused on maintaining a reputation for safety and risk management.

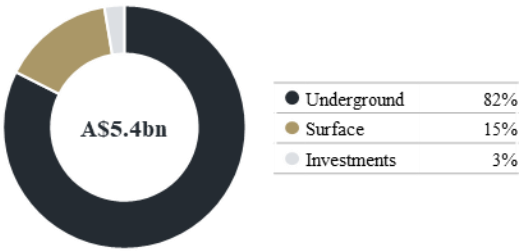
We believe that the combination of our industry data and ability to benchmark performance across operations to drive productivity, the flexibility in the labor and capital equipment solutions we provide and our focus on safety reduce the operational and financial risks to our customers and in many occasions can lead to a lower overall cost of production.



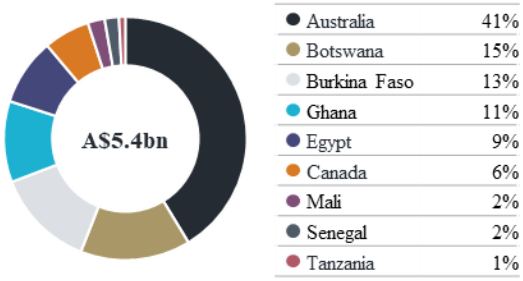
Our Contracts

As a market leading provider of contract mining services in Australia and internationally in the markets in which we operate, we are generally invited to tender for significant new underground and surface contract mining opportunities. We believe that our market position provides us with a competitive advantage, and enables us to be selective in the contracts for which we tender.

Order Book by Segment – FY20



Order Book by Geography – FY20



When considering tendering for contracts in new countries, we undertake a thorough diligence exercise to assess the new jurisdiction and its geography as well as specific operational characteristics of the potential mining site. A new country report is prepared for the Board addressing general country, political, social, security, economic, taxation, legal and other considerations. Two of the key considerations are political risk insurance covering plant and equipment, which is obtained if considered necessary in order to manage sovereign risk, and the ability to move expatriate employees with operational expertise freely and safely across the new country.

Our tender response process primarily focuses on dedicating resources to projects with the highest probability of success and those which are likely to generate the maximum value. When tendering for contracts, we maintain a strong focus on governance, with all our investment decisions subject to an internal review process that tests each proposal against a range of criteria including risks and returns. We conduct a detailed risk assessment of each project including a cost and pricing analysis to establish appropriate pricing and margins and adhere to continuous risk management. During the tender process, we evaluate detailed technical information, and information with respect to the local geography, political situation, infrastructure and logistics. We also conduct site visits by management, technical, business and legal personnel, which helps us assess key risks and the likely

operational costs. Site risks for each contract are reviewed by technical personnel and classified under a "Traffic Light" report. We have a minimum return on capital employed requirement across our various operating businesses with incentives aligned to management compensation. When tendering to renew contracts or expand the scope of work of existing projects, our historical operating knowledge increases our ability to more accurately forecast costs. For all tenders, as well as any subsequent material alteration to the business case, scope and pricing, approval levels are set by the Board.

Contract Structures

We earn the majority of our revenues from the provision of contract mining services under schedule of rates contracts which are commercially "fee for service" arrangements. We do not have any fixed price, lump sum or turn key contacts. Our contracts are typically structured to provide us with revenues that comprise fixed and variable component, which include, in each case, our embedded margin. Under most of our mining services contracts, approximately 70% to 75% of our costs are variable. Our variable rates are based primarily on a unit rate specified in the contract and cover costs of operating labor, equipment maintenance and mining consumables. For example, the variable rates under drilling contracts generally are based on meters drilled and for contract mining services, the volume of material moved. Our fixed rates are typically structured to cover our costs associated with the contract including management time and oversight, fixed contract overheads, and capital charges for our equipment which will be used in the performance of the contract. Where we identify risk issues at the tendering stage which may impact our productivity, we may also structure contracts with a higher component of fixed revenues. We typically invoice our customers at the end of each month, with our payment terms generally 30 days, for the services that we have provided during that period.

Our contracts contain a number of mechanisms to protect our margins during continuing operations, for example if volumes are less than expected in the pre-agreed mine plan. Our contracts generally include clauses that allow renegotiation of our rates if our customer varies their tendered mine plan by an agreed threshold, for example if the meters drilled or volumes moved is increased or decreased by a specific amount. Our contracts also include 'rise-and-fall' provisions which means that the rates that we charge our customers are periodically increased or decreased in line with changes in our underlying costs such as labor and consumables costs (tires and spares).

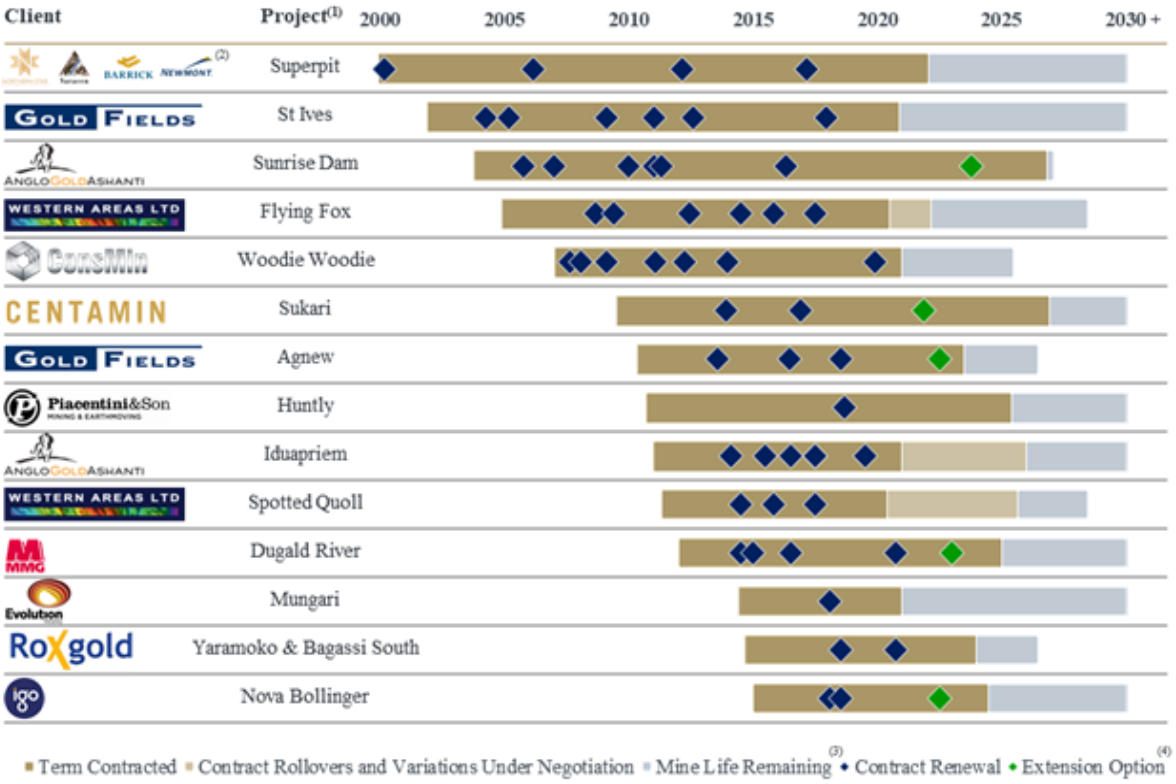
Contract lengths vary, but most of our mining services contracts are for terms between three and five years. Most of our contracts can be terminated for convenience by the customer upon short notice. To protect against the finance risk associated with high start-up costs for new contracts, our contracts generally contain protections in the case of early termination of a mining services contract, which would otherwise prevent us from recouping our start-up costs. These mechanisms, including termination payments and provisions for staff retrenchment and demobilization costs, mitigate the impact an early termination would have on our operating margins. Early termination payments will typically scale down over the term of a contract. These terms enable us to recover a portion of our capital expenditure costs associated with the project in the event of early termination, and contribute to our stability and favorable contract renewal rate. We do not generally provide our customers with the option to purchase our equipment if a customer terminates the contract. This reduces the risk of an early termination, as it would require the customer to source a replacement contractor or replacement equipment. Early termination of a contract could lead to the customer potentially experiencing production disruptions and downtime.

Contract Profile

Our strategy is to target contract opportunities with customers with whom we have strong relationships, and we expect to be low cost producers and at mines which we expect to have long remaining mine lives. While our contracts are typically for an initial term of three to five years, our strategy provides us with the opportunity for ongoing contract renewals and extensions. The essential nature of the services that we provide to our customers means that once we have been appointed, we are not easily terminated or replaced by the customer provided that our performance and reliability continue to meet their requirements. As of June 30, 2020, we had a weighted average contract term of four years including extension options.

We have a long track record of contract extensions and renewals with selected longest standing contracts with contract renewals, extension options and estimated remaining mine lives, as illustrated in the graphic below.

Longest Standing Customer Contracts and Renewals



Notes:

(1) Not an exhaustive list of Perenti's client relationships or projects.

(2) In November 2019, Barrick Gold Corporation sold its interest in Kalgoorlie Consolidated Gold Mines ("KCGM") to Saracen Mineral Holdings Limited. In December 2019, Newmont Goldcorp sold its interest in KCGM to Northern Star Resources.

(3) Mine Life Remaining based on Wood Mackenzie report dated September 2020.

(4) Extension Option is an option with Perenti's client to extend.

Our Mining Fleet

We operate a large, high quality fleet of 1,400 pieces of standardized mobile mining equipment, made by many of the world's leading manufacturers of mining equipment including Caterpillar, Hitachi, Liebherr, Sandvik, and Atlas Copco. Our property, plant and equipment balance as of June 30, 2020, which predominantly includes our mobile mining equipment, was A$872.5 million (which includes property, plant and equipment of A$818.1 million and A$54.4 million of hire purchase assets currently classified as right of use assets and excludes right of use assets associated with operating leases).

Mining Fleet Units by Segment

Category	Underground Mining	Surface Mining	Investments	Total
Drills	156	208	-	364
Trucks	95	192	38	325
Loaders	94	23	16	133
Dozers	-	47	34	81
Excavators	-	50	7	57
Ancillary	188	190	62	440
Total	**533**	**710**	**157**	**1,400**

Our fleet strategy focuses on owning our fleet and equipment that can be used in a wide range of applications and in the production of different commodities. This fleet strategy provides us with greater operational flexibility as we are able to redeploy equipment across our contracts and mines, allowing us to minimize downtime and ensure higher utilization rates and productivity. This strategy also increases the attractiveness of our fleet when we dispose of items of equipment in the secondary market. Our fleet strategy supports streamlined maintenance and rebuild practices, reduced invested capital in equipment spares (inventory), and flexibility to repurpose or substitute individual items of equipment across contracted sites. Owning our equipment provides us with a competitive advantage when tendering for new contracts as we are generally able to mobilize equipment promptly to a customer site and commence operations. On occasion, we will rent idle equipment to other miners to increase our fleet utilization.

We have strong relationships with our key equipment suppliers, including primarily Sandvik for underground mining equipment and Caterpillar for surface mining equipment. Our relationships improve our ability to source equipment for preferred delivery dates, whereas our competitors may experience longer lead times. Our in-house fleet management program, which tracks maintenance costs and utilization of equipment and projects expected capital expenditure requirements on equipment, helps us to extend the average life of equipment, contributing to our reliability and our ability to respond to client needs and optimize equipment levels at our sites. The program also allows for the efficient allocation of equipment between projects, as well as the redeployment of equipment to different sites as required. We adopt stringent maintenance practices to ensure that our fleet is maintained at the highest operating condition, which in turn maximizes productivity.

Safety

We are committed to providing a safe environment for employees, contractors and the community. A strong safety record is fundamental to our core values. Our safety record is also a critical element of our reputation and our ability to attract and retain employees and win business. In all contract mining tenders, the safety record of the mining services contractor is one of the most significant elements of the evaluation criteria in the contract award decision process. Given the critical importance of safety in ensuring the success of our business and welfare of our employees, we devote substantial resources to maintaining our safety systems, including designing and evaluating processes, training, monitoring and analyzing incidents. Our total recordable injury frequency rate, a measure of injuries per million hours worked, has declined from above 15 in FY14[1] to 4.9 in FY20, amounting to an approximately 67% reduction in recordable injuries over that period. We have recently rolled out an in-house safety awareness program to drive employee engagement in consideration of safety matters. The program is based on employee case studies and provides a holistic view on safety management inclusive of work related, non-work related and health related injuries. We adhere to the mining safety and/or general occupational health and safety

[1] Relates to Ausdrill prior to the acquisition of Barminco

legislation in the countries/jurisdictions in which we operate. A number of our operating businesses are certified to AS4801—Occupational Health and Safety Management Systems and/or OHSAS 18001—Occupational Health and Safety Management Systems. Our safety performance is a key competitive advantage in being invited to tender for new contracts as well as retaining key operating personnel.

We have a comprehensive sustainability framework structured around our principles and are focused on ensuring our operating businesses uphold the values that are important and expected of us. We believe demonstrating genuine commitment to social, environmental, ethical, economic and corporate governance matters will assist us in becoming an indispensable mining services company by fulfilling our purpose of creating value and certainty for our customers.

Our Business Strengths

We are a market leader and service provider of scale in underground hard-rock and surface contract mining, with an excellent reputation with our customers – We have more than 30 years of experience in the provision of underground hard-rock contract mining, contract drill and blast services, and other underground and surface contract mining services. We believe that over this time, we have established a market leading reputation for reliability, efficiency and proficiency with respect to our technical expertise in highly specialized mining operations. We operate one of the largest mining fleets in Australia and Africa. The complexity of the mining services we provide and the organizational capability necessary to provide the services often act as a significant barriers to entry into the industry.

We believe that our scale and market leading positions provide us with a key competitive advantage relative to our peers as mine owners increasingly focus on safety, risk management and productivity, and in response seek to contract with larger counterparties with a stronger focus on internal and external control systems, compliance and governance. Our scale, extensive operating history across our customers' mines, and reputation generally mean we are invited to tender for significant new contracts, and enable us to be selective in the contracts that we elect to pursue. Our scale also provides us with greater experience across different mining applications and commodities and enhances our ability to provide highly skilled labor and equipment to our customers with contract mining services in each of the markets in which we operate. We believe our ability to mobilize resources to mine sites promptly is a competitive advantage. Our scale further provides us with broader access to contract performance data across our contracted order book with respect to revenue and costs, and provides us with improved tendering accuracy and visibility of margins and earnings. Finally, our scale provides us with key benefits including increased diversification of earnings by customer, geography, mining service and commodity as well as increased economies of scale and purchasing power with suppliers.

The services we offer our customers require technical expertise and specialization. In particular, underground mining is highly complex, with requirements for specialized equipment and skills that serve as significant barriers to entry. We have significant experience in the management and operation of underground mining projects. Some of our services, such as our drill and blast service, require specialist certification and mine site accreditation with our customers who have high performance and safety standards, which helps create an additional barrier to entry for potential competitors. We also offer specialized and customized equipment to meet our customers' specifications.

We have proven leadership in maintaining high standards in health and safety – Our safety performance and track record is evaluated in all of our contract mining tenders, and is one of the most significant evaluation criteria used by our customers in determining the appointment of the mining contractor, with many of our customers considering high safety standards as "a license to operate" on their mining sites. Given the critical importance of safety in ensuring the success of our business and the welfare of our employees, we devote substantial resources to maintaining our safety systems, including designing and evaluating processes, training, monitoring and analyzing incidents.

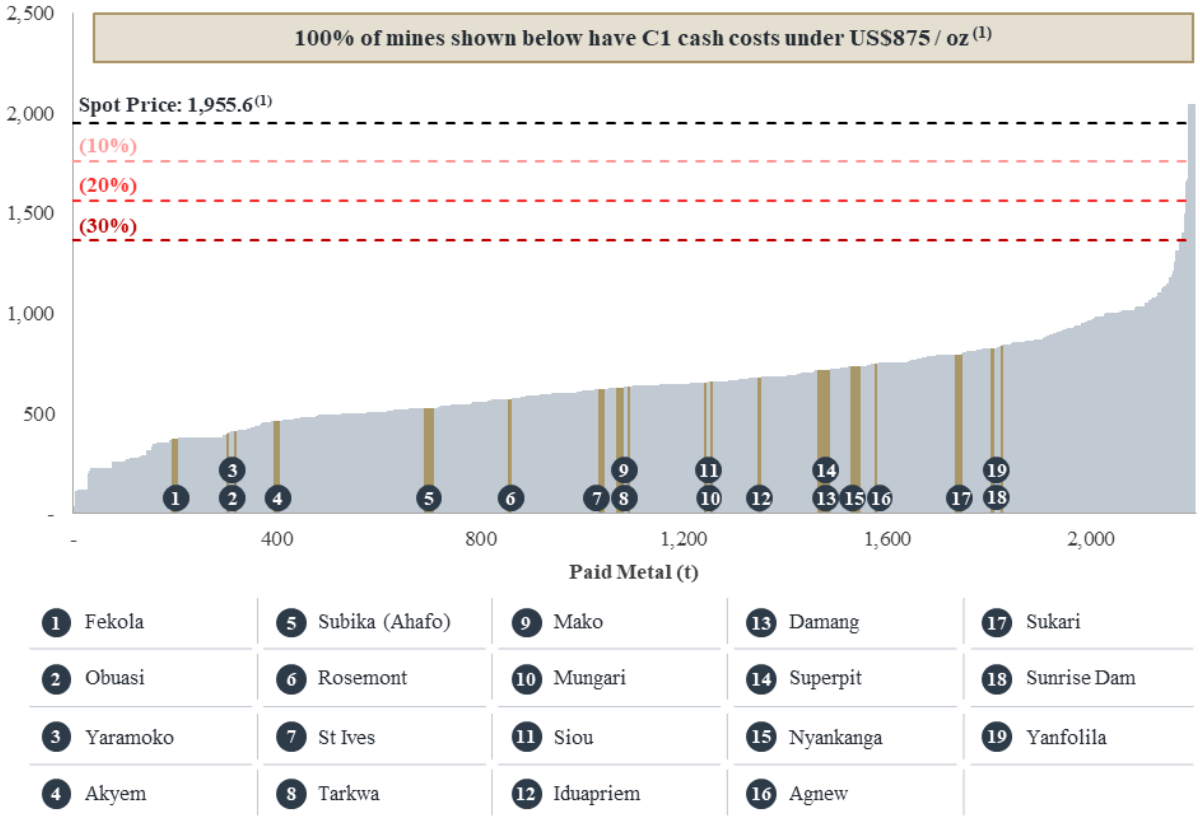
Our ongoing focus on, and dedication to, meeting both our internal and our customers' safety standards and our safety leadership is reflected in our safety performance, which underpins our record of being invited to tender for nearly all significant underground and surface mining opportunities, our success in winning new contracts and our success in renewing our existing contracts. Our safety performance is internationally recognized and is a key competitive advantage in tendering for contracts as well as in retaining key personnel.

Our earnings are predominantly derived from the provision of contract mining services that are essential to the ability of those mines to produce ore – Our revenues are predominantly derived from the provision of services that are critical to those mines remaining in production, which provides us with relatively stable and predictable revenues. Our focus on the production phase of the mining life cycle means that we experience stable demand for our services, as mine production volumes typically remain stable through commodity price cycles with production volumes typically influenced by long term demand for given commodities as opposed to commodity spot prices. We derived 93.2% and 94.5% of our revenue from production-related mining services in FY19 and FY20, respectively.

The services we provide are core to the ability of mine owners to remain in production and generate their revenue. Without these services, the mines cannot produce. We are typically the exclusive provider of contract mining services at the mines at which we are contracted. We cannot be easily replaced without there being a risk to the mine owner of a production interruption. Our contracts are therefore "sticky" which reduces the risk of contract termination, and supports our strong track record of contract extensions and renewals. Our contracts also include payments from our customers for the costs associated with the mine site demobilization and remobilization that are generally high, which decreases the likelihood of contract termination.

We selectively pursue opportunities with a focus on cost competitive mines with a long expected mine life which reduces our risk of exposure to mine closures due to adverse commodity price movements and provides opportunities for ongoing operation and contract renewals through the life of the mine – Our customers typically have strong cash margins on their mines. For our largest commodity exposure, gold, according to Wood Mackenzie, all of our customers have a C1 cash cost below US$875/oz, which is below the spot price for gold as of September 14, 2020 of US$1,955.6/oz.[1] This difference provides resiliency in the event of a reduction in gold prices.

Gold C1 Cost Curve (US$/oz) (1), illustrating Perenti Contracted Mines and Spot Price (2)



Notes:

(1) FactSet Spot price as at September 14, 2020.

(2) Sourced from Wood Mackenzie report dated September 2020 showing a selection of Perenti's contracted mines.

We have a 'fee for service' business model with contractual protections that provide flexibility and enable us to mostly pass through increases in operating costs and therefore preserve our margins – We earn the majority of our revenue from the provision of mining services under schedule of rates contracts, which are 'fee for service' agreements with charges based on the actual service we provide or perform. Our customers typically pay us partly through a variable fee, which is derived from the volume of work we perform and covers our variable costs. Under most of our mining services contracts, approximately 70% to 75% of our revenue from our customers and our costs are variable, and are driven by production volume, or a metric related to production volume. The remaining 25-30% of our compensation is a fixed component, which typically reflects the recovery of our overheads. We invoice our customers on a monthly basis for the services we have provided, on our standard payment terms which are generally 30 days.

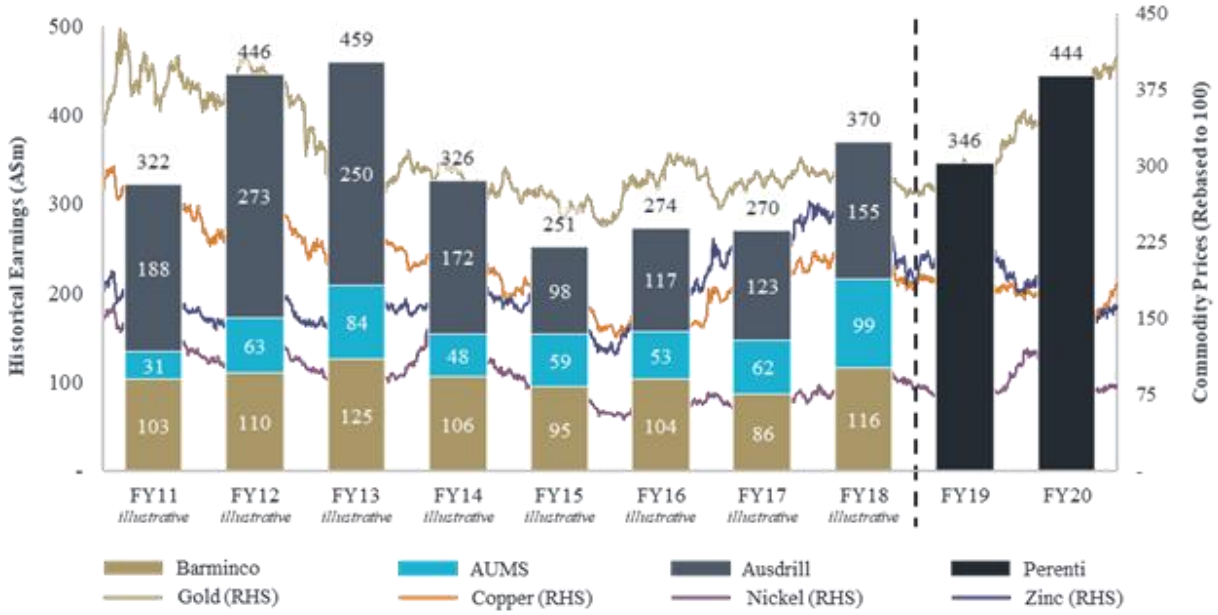
We also incorporate additional protections in our contracts. Our contracts typically include 'rise-and-fall' provisions which means that the rates that we charge our customers are periodically increased or decreased in line with the changes in our underlying costs such as labor and consumables costs (such as tires and spares). Furthermore, our contracts generally include clauses that allow for renegotiation of our rates if a customer varies the mine plan on which we have based our rates by an agreed threshold, for example if the meters drilled or volumes moved have increased or decreased by a specific amount. The combination of fixed and variable rates with the additional 'rise-and-fall' provisions and renegotiation mechanisms provide an appropriate risk allocation framework between Perenti and the customer, and help protect our operating margins. We have no exposure to fixed price or turnkey contracts.

We follow robust processes before tendering for contracts. Senior management is involved in reviewing all significant contract tenders. Our extensive tender review, quality assurance, contract performance assessment and internal review processes help us to prudently assess risk and maintain pricing discipline. Historical operating knowledge and stringent review processes are critical to forecasting costs and provide a robust pricing framework. This is a key advantage when tendering to renew contracts or expand the scope of existing projects.

Our investment in capital equipment aligns closely with new contracts and revenue-generating activities, and we invest in a standardized fleet that can be re-deployed to other operations if volumes from a particular site decline. This approach has allowed us to adapt quickly to changing operational circumstances without bearing significant costs. We can significantly reduce our capital expenditures during a downturn by redeploying equipment from operations experiencing reductions to active operating sites.

Strong financial profile with demonstrated earnings resilience through the cycle – Our defensive financial profile is supported by our long-term contracts, strong customer relationships, incumbent position at existing, cost-competitive mine sites and by the high barriers to entry of the contract mining industry. In addition, we have leading and diverse operational capabilities with high transferability of skilled labor and specialized equipment across a range of commodities which allows us the flexibility to target the mines and commodities where we believe the most attractive opportunities exist and thereby match relative strengths in commodity cycles.

Commodity Prices [1] and Illustrative Historical Earnings [2]



Source: FY11 – FY18 figures for Ausdrill and Barminco sourced from audited financial statements. Barminco EBITDA for FY11 and FY12 has been adjusted to remove the AUMS proportionately consolidated earnings for those periods. Figures for AUMS are extracted from note disclosures in Ausdrill's audited financial statements. Aggregating the results of Ausdrill, Barminco and AUMS would not provide an accurate representation of what the performance of the combined group would have been during these periods because, among other things, these standalone results include transactions between AUMS and each of Ausdrill and Barminco, which would be eliminated on consolidation.

Notes:

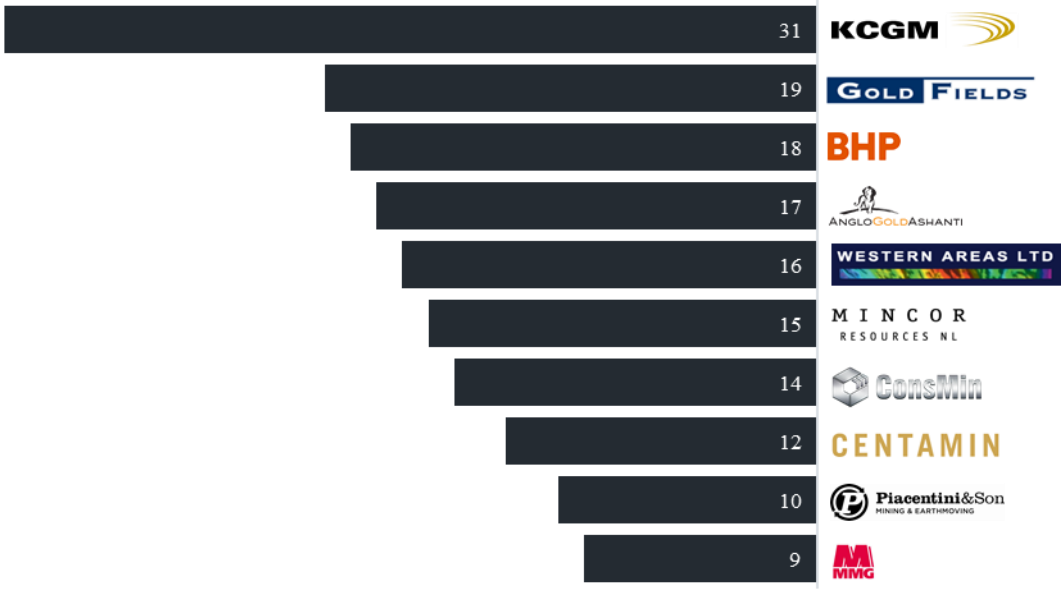
(1) FactSet. Commodity prices indexed from January 3, 2005.

(2) Historical Earnings presented for Ausdrill, Barminco and AUMS for FY11 - FY18 is EBITDA on an illustrative combined basis and is adjusted to exclude discontinued operations, share of net profit of joint ventures accounted for using the equity method, impairment of non-current assets and onerous provision. Historical Earnings presented for Ausdrill in FY18 is Adjusted EBITDA, which is calculated as EBITDA of A$177.3 million less Share of net profit of joint ventures accounted for using the equity method of A$22.3 million. Amounts presented for Perenti in FY19 and FY20 are Underlying EBITDA.

We build and maintain long term relationships with our customers – We have long standing relationships with many of our customers and often provide services to our customers at multiple mine sites. Our customers include a number of the world's largest mining and resource companies, as well as mid-tier mining companies. We believe our long standing relationships with our customers reflect our strong operational performance and market reputation for productivity, reliability and safety. It also reflects our focus on "partnering" with our existing customers and targeting opportunities at their mining operations which we expect to have a long production life and low production cost, increasing the likelihood that they will continue to produce at the mines that we are contracted through the commodity price cycle.

Our top 10 customers, ranked on the tenure of the customer relationship, accounted for 46% of our revenues in FY20. Our longest standing customers generating a high proportion of our revenue indicates the strength and "sticky" nature of the customer relationship, and the essential nature of the services that we provide. We believe that the tenure of our customer relationships also indicates that most of our customers view us as a critical partner and regard the mining services that we provide as essential to their ability to produce and generate revenue. We believe this also provides us with greater certainty of our revenues over the medium to long-term and helps to reduce the risk of a contract termination of loss.

Length of Top 10 Customer Relationship (Years) [1]



Note:

(1) Length of customer relationship as of June 30, 2020.

We have long standing relationships with many of our customers, with the average length of relationship with our top ten customers by the length of their relationship at the end of FY20 exceeding 15 years. We have had a relationship greater than nine years with each of those top ten customers, and nine of those customers have renewed their contract at least once. Of our top ten customers by revenue for FY20, we have multiple projects with six of those customers. This further demonstrates the strength of our relationships with our clients.

We have a strong track record of contract renewals and extensions with a large order book, with our tendering pipeline providing visibility to earnings and underpins a robust financial outlook – We have a strong track record of contract renewals and extensions, which reflects the "sticky" nature of the customer relationship, the essential nature of the services that we provide our customers, and our performance levels under these contracts. Our recent positive momentum in both Underground Mining and Surface Mining is reflected in over A$2.4 billion of contract value at award won since January 1, 2019. Once we are the incumbent operator at a site, we have better technical information to tender for renewals, which is a barrier to being replaced.

Recent Contract Wins and Renewals

Customer	Existing Customer	Type[1]	Commodity[2]	Mine	Date Awarded	Term (Years)	Contract Value (A$m)[3]	Segment	Location
KHOEMACAU COPPER MINING	=	New	Copper	Zone 5	Jun-19	5	800	Underground	Botswana
WEST AFRICAN RESOURCES	=	New	Gold	Sanbrado	Aug-19	5	235	Surface	Burkina Faso
AngloGoldAshanti	✓	Renewal	Gold	Iduapriem	Dec-19	1	45	Surface	Ghana

Customer	Existing Customer	Type[1]	Commodity[2]	Mine	Date Awarded	Term (Years)	Contract Value (A$m)[3]	Segment	Location
	✓	New	Gold	Tarkwa	Dec-19	N/A	17	Surface	Ghana
	=	New	Gold	Fekola	Dec-19	1	12	Surface	Mali
	✓	Renewal	Iron Ore	Western Australia	Feb-20	3	Not Disclosed	Surface	Australia
	✓	Renewal	N/A	N/A	Feb-20	1	Not Disclosed	Surface	N/A
	✓	Renewal	Gold	St Ives / Granny Smith	Feb-20	1	Not Disclosed	Surface	Australia
	=	New	Gold	Hemlo	Mar-20	3	200	Underground	Canada
	✓	Renewal	Nickle	Odysseus	Sep-20	5	200	Underground	Australia
	✓	Renewal	Gold	Yaramoko	Sep-20	2	200	Underground	Burkina Faso
	✓	Renewal	Zinc	Dugald River	Sep-20	1.5	140	Underground	Australia

Notes:

(1) Type is defined as a new contract, renewal / extension, or expansion.

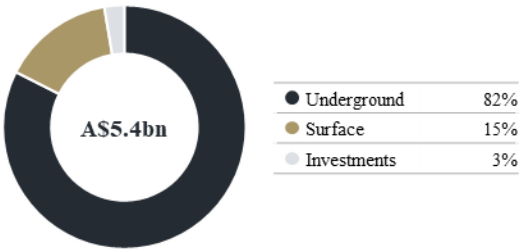
(2) Commodity refers to principal commodity being produced, not other commodities may be extracted.

(3) Contract value refers to expected revenues over the term of the contract. Table includes major contract wins only.

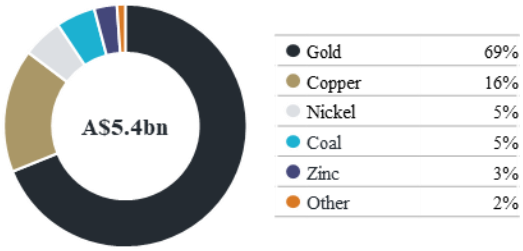
We believe our reliability, efficiency, technical expertise and strong track record of operating performance have supported the growth in our order book over time. Our order book as of June 30, 2020 had an aggregated contracted value of A$5.4 billion between July 1, 2020 and June 30, 2026, of which A$1.7 billion of revenue is expected to be earned in FY21. Our large order book provides earnings visibility and coupled with our strong pipeline of anticipated tendering opportunities underpin a robust financial outlook. Our order book is weighted towards our Underground Mining segment with 82% of revenues expected to come from this segment and 15% of revenues expected to come from our Surface Mining segment. Our order book is also well diversified across geography, with 41%, 15%, 13% and 11% of revenues expected to come from Australia, Botswana, Burkina Faso and Ghana, respectively. As of June 30, 2020, we were in the process of negotiating contract rollovers and variation with existing clients which, if successful, may increase our order book by A$2.0 billion over seven years. For further discussion on the impact of recent contracts developments, see "—Recent Developments—Impact of New Contracts."

We are continually seeking to increase our order book by tendering for opportunities across diverse geographies. Our pipeline of identified tendering opportunities as of June 30, 2020 was $8.8 billion. Our pipeline includes 57 potential projects that we anticipate may generate an opportunity to tender for a mining services contract in the next 24 months. Our management estimates that if all of these contracts are put out to tender on terms consistent with management's experience, the potential revenue opportunity would be approximately A$8.8 billion based on data made available by mine owners. We have existing relationships with approximately 26% of owners of these projects and the projects are predominantly located in jurisdictions where we currently operate, which would provide further diversification by project. The pipeline of tendering opportunities is split approximately 32% / 68% between Surface Mining and Underground Mining.

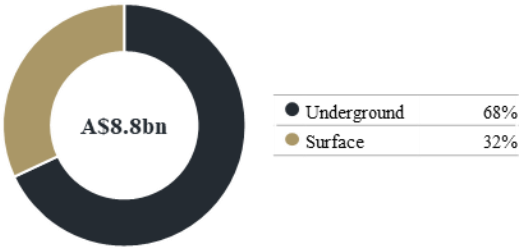
Order Book by Business Segment – FY20



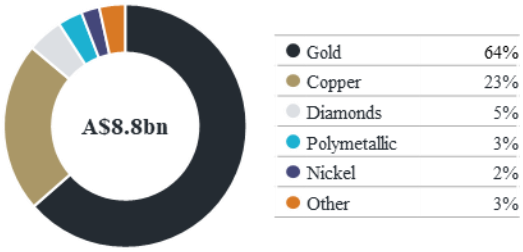
Order Book by Commodity – FY20



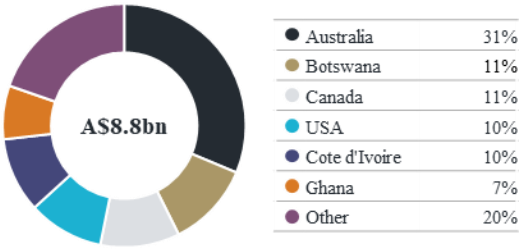
Pipeline by Business Segment – FY20



Pipeline by Commodity – FY20



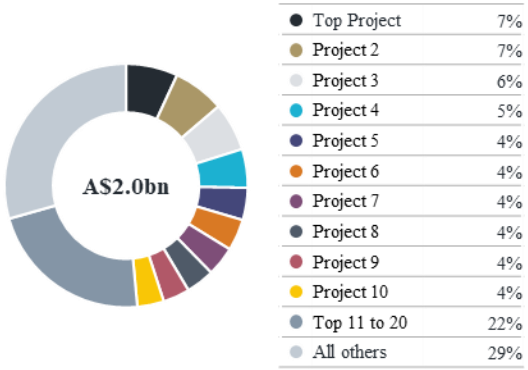
Pipeline by Country – FY20



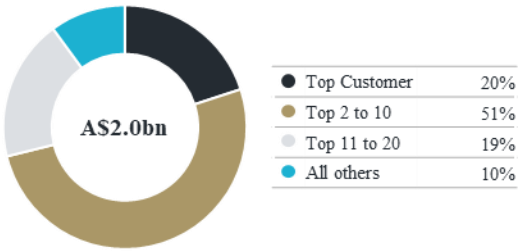
The tendering opportunities available to us are reflective of the current positive outlook for the mining sector and the strong industry fundamentals for gold and nickel. Wood Mackenzie forecasts gold demand to increase at a 0.9% CAGR between 2019 and 2035 supported by increases in bar and coin, jewelry and ETF demand. Nickel is also supported by strong industry fundamentals, with Wood Mackenzie forecasting demand to increase at a 2.8% CAGR between 2019 and 2035 with longer-term growth to be driven by its application in electric vehicle batteries and energy storage, which it expects to account for 29% of global nickel demand in 2035, compared to 7% in 2019.

Our operating scale provides diversification benefits across our business, with our earnings diversified by customer, site, geography, service provided, and by commodity, which mitigates potential impacts from specific site disruption – Our expertise and capability to provide a full service offering to our customers provides us with multiple revenue streams. Our revenues are diversified across both surface mining and underground mining, which not only gives us the flexibility to take advantage of growth opportunities in each segment of mining activity but also limits our operational risk and risk of over-exposure to a particular activity. Additionally, our diversified service offering, the scale of our order book and the depth of our customer relationships mitigate the risk of loss of any particular contract. Our revenue from our largest project accounted for 7% of our FY20 revenue, and our revenue from our top 10 largest projects accounted for 49% of our FY20 revenue.

Revenue by Project – FY20

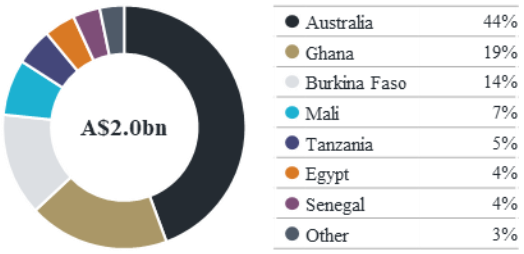


Revenue by Customer – FY20

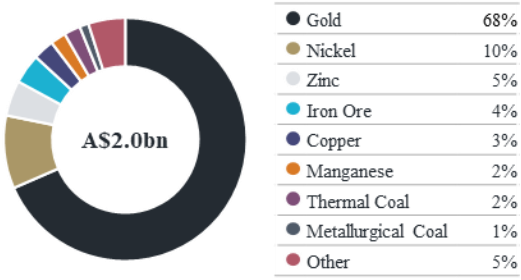


We are generally neutral towards any particular commodity because the services we provide, the equipment we operate and processes we utilize are transferable across commodities that we mine. Our Board evaluates projects based on the operating jurisdiction, the quality of our contractual counterparty and the underlying mining project including its position on the cost curve. As of June 30, 2020, we had operations in eleven countries across four continents.

Revenue by Country – FY20



Revenue by Commodity – FY20



Gold is our largest commodity exposure, which reflects our origins as a provider of contract drilling services in Kalgoorlie, a well-known gold region in Western Australia. While we have a higher exposure to gold, its defensive attributes and counter-cyclical nature to the economy and to other commodities has historically assisted us in maintaining more stable and consistent earnings through economic downturns, and through troughs in the commodity price cycle. In addition to gold, our main commodity exposures include nickel and zinc. We have other exposures including iron ore, copper, manganese, thermal coal and metallurgical coal.

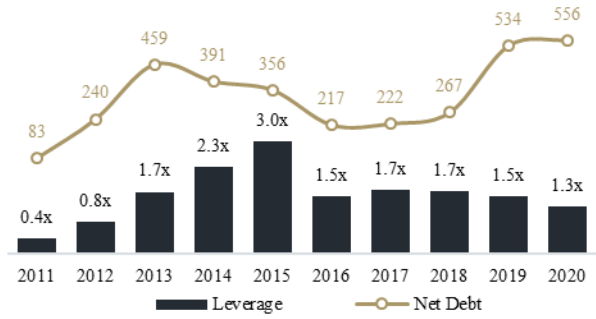
We have a strong track record of prudent financial risk management through the commodity price cycle and have multiple levers to sustain cash flow generation in the event of a cyclical downturn – We focus on maintaining a prudent capital structure to provide maximum operational and financial flexibility through the

commodity price cycle. We believe we conduct our operations within a strong financial framework underpinned by robust financial risk management policies and processes which have allowed us to maintain a strong balance sheet.

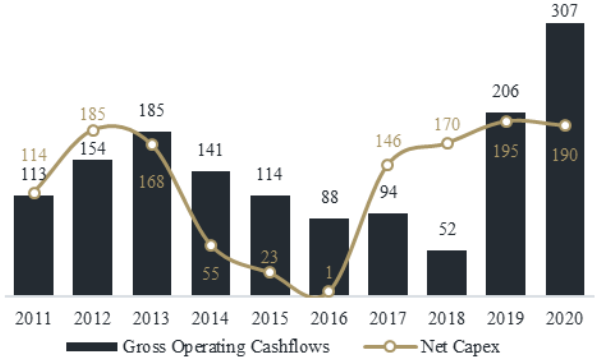
Our operating costs being linked to production levels assist us in maintaining our margins and profitability when activity levels decline. We also have the ability to reduce or defer capital expenditure, in addition to the ability to redeploy our fleet across our operations, which assists us in generating cash flows as activity levels decline. We have, through previous commodity price cycles, reduced or suspended distributions to shareholders to preserve cash and to ensure our long-term financial health. We have also sold assets or businesses that we considered non-core to our contract mining operations and we may explore further divestment opportunities as part of regular portfolio reviews. We may also consider raising additional equity on market, which we did in FY11, FY18 and most recently in FY19 to support the Acquisition, raising total net proceeds of approximately A$465 million. Over the past 10 ten years, and during the last significant commodity price correction experienced between FY14 and FY16, we implemented these strategies and as a result were able to increase our free cash flow and reduce net debt levels from A$391 million in FY14 to A$217 million in FY16.

Our net debt, leverage and gross operating cash flows over the period from FY11 to FY20 are illustrated in the charts below.

Net Debt (A$m) and Leverage[1]



Gross Operating Cash Flow and Net Capex (A$m)[2,3]



Notes:

(1) Leverage is defined as Net Debt / Underlying EBITDA.

(2) Gross operating cash flow is defined as receipts from customers, less payments to suppliers and employees less interest and tax.

(3) Net Capex is defined as payments for property, plant and equipment less proceeds from sale of property, plant and equipment. Leverage, gross operating cash flow and Net Capex are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance and financial risk management of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures."

We pursue and maintain a prudent and sustainable capital structure that allows us to maintain financial and operational flexibility across a range of economic environments and cycles. Our treasury policy targets a net debt/EBITDA multiple of less than 2.0x. If the net debt/EBITDA multiple is greater than 2.5x, active management will be triggered. We believe that our prudent risk management policies are represented by track record of focusing on and maintaining prudent leverage.

We are led by a highly experienced management team and Board with significant industry experience – Our management team has significant experience in the international mining industry. Our Managing Director and Chief Executive Officer, Mr. Mark Norwell, has over 20 years' experience in the mining industry throughout Australia, New Zealand, Africa and the Americas. Mr. Norwell's expertise spans underground mining, open cut mining and process engineering operations across a variety of commodities including iron ore, gold, copper, diamonds, nickel and oil sands. Our Chief Financial Officer, Mr. Peter Bryant, has over 25 years of financial experience in the Australian, UK and US markets predominately with ASX listed companies, as well as a significant mining industry experience through his former roles as Chief Financial Officer of Barminco and director of AUMS.

Our management team has successfully delivered strong organic and inorganic growth over the past five years, and has experience in managing the business through the commodity price cycle.

Our Board is led by Mr. Ian Cochrane, who joined the Board as a non-executive director in November 2015 and appointed as Deputy Chairman in December 2017. Prior to joining the Board, Mr. Cochrane practiced law, specializing in mergers and acquisitions, in national law firms Corrs Chambers Westgarth and Mallesons Stephen Jaques until 2006, when he established the boutique law firm, Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance.

Our Board comprises a majority of independent non-executive directors with extensive collective experience across a range of industries including mining services, legal and engineering. For more information on our Board and management team, see "Management." Our Board and management team adhere to high standards of corporate governance and risk management.

Our Strategies

We have identified five strategies that will position us for growth in the short and longer-term in both existing markets, as well as in new markets. These strategies are aligned with our purpose of creating enduring value and certainty, our principles (no shortcuts; never wasteful; smarter together; walk in their shoes; enable tomorrow), and our aspiration to become the indispensable mining services company.

Delivering operational excellence – We strive to deliver a leading health and safety performance across the Group to ensure our people go home safely at the end of their day or shift, while also delivering key production and financial metrics at our operations. We are focused on continuously improving our asset management practices to provide value for our customers as well as driving productivity gains through our business. Operational excellence means proactively managing our commercial positions with our customers and suppliers with a focus on delivering transformational change to our African Mining Services business to drive operational and financial improvements.

Delivering strategic and profitable growth opportunities – We are focused on continuing to leverage our core industry leading brands and maximizing strategic opportunities to build the business. A key focus for our strategy is new business, either through renewing contracts or winning new contracts. We have achieved significant geographic growth in the last year through expansion into the key mining jurisdictions of Botswana and Canada. We believe the contracts we have won in Botswana and Canada mean we are well positioned to secure further growth opportunities in these markets. In addition, we want to continue to build on our existing expertise to provide our customers with a more comprehensive portfolio of services and to generate new growth through expansion into adjacent service offerings. A key enabler for us will be the ongoing development of our technical and investment capability through our people and processes to ensure we continue to deliver sustainable and profitable growth.

Ensuring strong organizational health – We will continue to develop robust, scalable and lean management systems while striving to ensure we have the governance systems in place to support sustainable growth and ensure accountability, fairness and transparency across the business. We have strengthened our operating model which provides us with a robust blueprint for how we work. We are also focused on continuing to strengthen our governance, audit, internal controls and risk management systems. Our strategy to ensure organizational health also includes a stronger focus on environmental, social and corporate governance measures and a long-term intention to enhance our reporting and performance in this area.

Investing in technological development and innovation – We have identified technology-led efficiency gains as a key driver for business growth and profitability and we are committed to working closely with our equipment suppliers to maintain a competitive advantage over our peers. Our intent is to leverage the technology platform of our equipment suppliers in order to become a key enabler of new technology in actual field operations.

We have implemented a number of technology-based solutions in our business over the past 12 months in line with our clients' greater focus on improving safety, efficiency and productivity in their own operations. We plan to grow our remote operations and automation capabilities to further enhance safe and productive service delivery whilst also improving project economics. We plan to further invest in improvements in technology such as data analytics and machine learning to improve predictive maintenance for our mining fleet, to optimize drilling patterns in underground mining and to share real-time data with our clients.

We expect the increasing complexity of technology advances to increase barriers to entry in the mining services industry due to the need for new entrants to have the capabilities to operate more advanced equipment. We expect that the adoption of new mining technologies will allow us to add additional operational capabilities, improve our product offering and provide a key source of differentiation in the long term. We are focused on strengthening relationships with original equipment manufacturers which we expect to lead the investment into research and development of new technologies.

Building financial capacity – We actively manages our business portfolio by divesting non-core operations to ensure that existing businesses are value accretive and fit within the strategic direction of the business. We maintain strong balance sheet metrics and expanded our sources of capital, as reflected by our track record of successfully accessing both debt and equity capital markets. We are focusing on working capital management, which allows us to convert our Underlying EBITDA to cash. When tendering for new contracts, we focus on dedicating resources to projects with the highest probability of success and those which are likely to generate the maximum value.

Recent Developments

COVID-19

The outbreak of COVID-19 commenced in late 2019 and was declared a pandemic by the World Health Organization on March 11, 2020. The spread of COVID-19 has caused disruption across a number of geographies and markets, including global supply chain disruptions and shortages. To date, the impact of COVID-19 on our operations has been isolated and has not a material adverse impact on our business, financial condition and results of operations.

While we have not had any major outbreaks at any of our projects, operations were impacted at our Australian sites, including at the Savanah nickel mine in the Kimberley, and the global spread of the pandemic resulted in temporary disruptions at a small number of mine sites we operate at in Egypt, Burkina Faso and Senegal in April and May 2020.

In addition, flight cancellations and travel restrictions reduced the mobility of our international and regional workforce, resulting in operational disruptions to our planned workforce rotations and delays in our ability to mobilize on sites of newly awarded contracts. The impact of COVID-19 was more pronounced on the operations of our Underground mining businesses, where the major changes in rostering affected mine site productivity and resulted in additional costs to rotate our expatriate crews during the last quarter of FY20.

Addressing the disruptions caused by COVID-19 has also required our senior management team and staff to devote time and resources to address the impact of the pandemic on our businesses. The COVID-19 pandemic has created new challenges in maintaining the health and safety of our employees. We established a COVID-19 taskforce to proactively identify and manage the challenges presented by the pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing our business for future scenarios that may result from COVID-19. We continue to collaborate with our clients and support providers to ensure the health and wellbeing of our people is being carefully managed.

Impact of New Contracts

In FY20, we commenced work under three new major contracts. In December 2019, we commenced work for Khoemacau at the Zone 5 copper mine in Botswana under an underground mining services contract with a contract value at award of A$800.0 million over five years. We expect work at the Zone 5 copper mine to ramp-up during FY21 and reach full run-rate in FY22. We also commenced work with Barrick Gold Corporation at the Hemlo gold mine in Canada under an underground mining services contract with a contract value at award of A$200.0 million over three years and we expect full ramp-up to occur during FY21. In September 2019, we commenced work with West African Resources at the Sanbrado gold mine in Burkina Faso under a surface mining services contract with a, contract value at award of A$235.0 million over five years. On September 8, 2020, we announced that we were awarded a development and production contract at Western Areas' Odysseus mine, which is valued at approximately A$200 million over five years. On September 10, 2020, we announced that AUMS had been awarded a contract extension at Roxgold's Yaramoko mine located 200 kilometers southwest of Burkina

Faso's capital city, Ouagadougou. The contract extension is valued at approximately A$200 million over two years, from December 2021 to December 2023. The extension results in our total contracted work-in-hand at Yaramoko to A$350 million as at the end of August 2020. Finally, on September 15, 2020, we announced that Barminco has agreed to terms of variation and extension to its development and production contract at MMG's Dugald River mine in North Queensland. In addition to a number of amended contract conditions, the variation extends the term of the contract by 18 months to December 31, 2022 with two one-year extension options.

In addition to the above, our Surface Mining segment was awarded new contracts with a contract value at award totaling A$225.0 million in FY20.

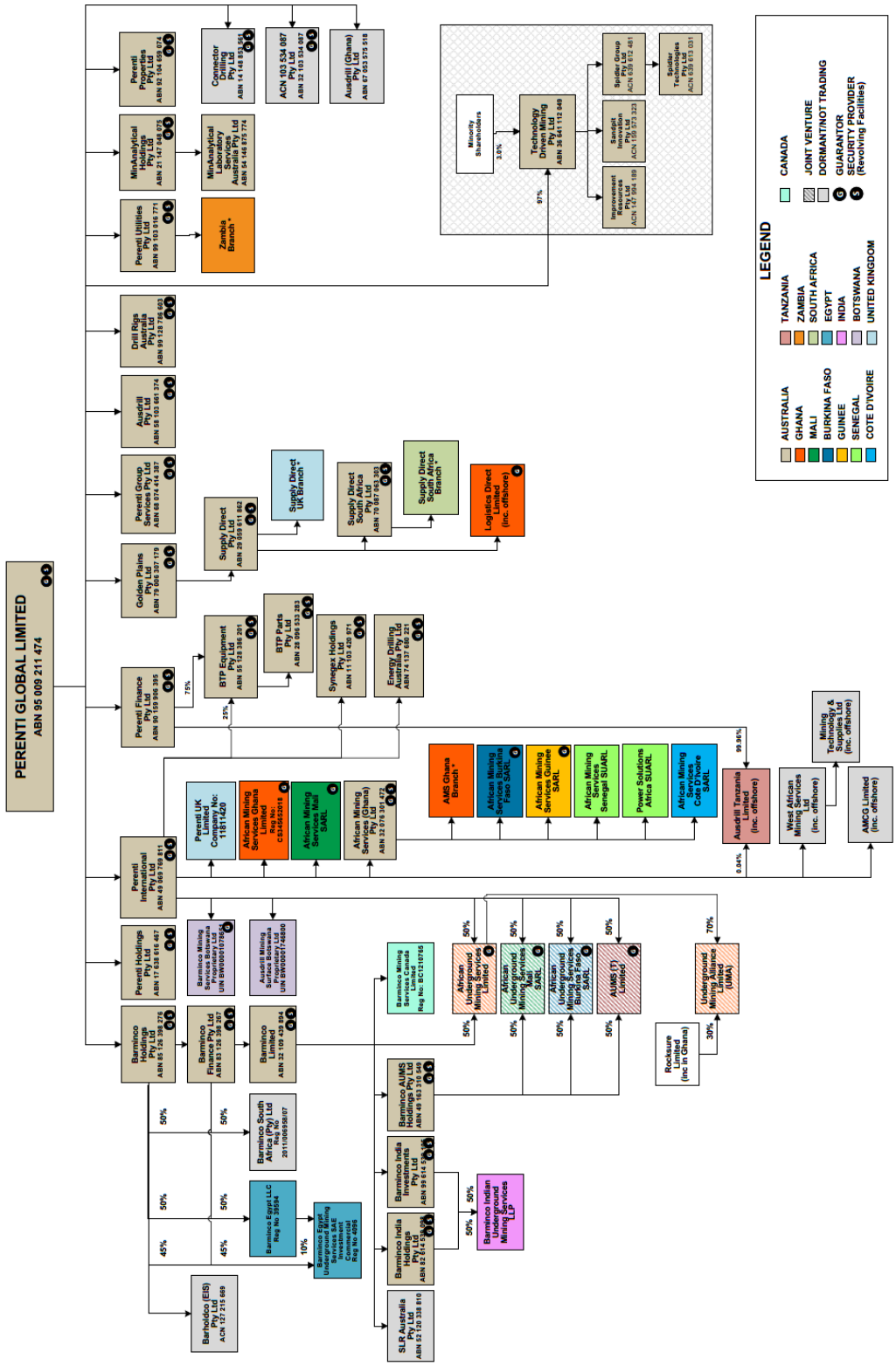
Corporate Information

Our principal executive office is located at Level 2, 202 Pier Street, Perth 6000, Western Australia. Our telephone number is +61 8 9311 5666 and our website is located at www.perentigroup.com.au. The information on Our website is not part of this Offering Memorandum.

Risk Factors

Investing in the Notes offered by this Offering Memorandum involves risks. You should carefully consider all of the information in this Offering Memorandum prior to investing in the Notes. There are several risks related to our business that are described under "Risk Factors" and elsewhere in this Offering Memorandum.

CORPORATE STRUCTURE FOLLOWING THE OFFERING



THE OFFERING

Issuer	Perenti Finance Pty Ltd (ABN 90 159 906 395)
Notes Offered Hereby	6.50% Guaranteed Senior Notes due 2025 (the "Notes")
Parent Guarantor	Perenti Global Limited (ABN 95 009 211 474)
Principal Amount	US$450,000,000 aggregate principal amount
Issue Price	100% of principal amount
Maturity Date	October 7, 2025
Interest Rate and Payment Dates	The Notes will bear interest at the rate of 6.50% per annum. We will pay interest on the Notes semi-annually in arrears on April 7 and October 7 and commencing April 7, 2021. Interest on the Notes will accrue from the issue date of the Notes.
Note Guarantors	The Parent Guarantor and each of the Restricted Subsidiaries of the Parent Guarantor (other than the Issuer) that is a borrower or guarantor under the Credit Agreements will initially guarantee the Notes. The initial Subsidiary Guarantors are listed in Annex A to this Offering Memorandum (the "Subsidiary Guarantors" and, together with the Parent Guarantor, the "Note Guarantors").
Note Guarantees	The Parent Guarantor will fully and unconditionally guarantee the obligations of the Issuer under the Notes, including the payment of the principal of and premium, if any, and interest on the Notes (the "Parent Guarantee"). In addition, each of the Subsidiary Guarantors will fully and unconditionally guarantee, jointly and severally, the obligations of the Issuer under the Notes, including the payment of the principal of and premium, if any, and interest on the Notes (the "Subsidiary Guarantee"), subject to certain limitations described herein. See "Description of the Notes—Guarantees—Limitations on the Validity and Enforceability of the Subsidiary Guarantees."
Ranking	The Notes will be unsecured senior obligations and will rank equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness mandatorily preferred by law. The Notes Guarantees will be unsecured senior obligations of the Note Guarantors and will rank equally with all other unsecured and unsubordinated indebtedness of the Note Guarantors, except indebtedness mandatorily preferred by law. As of June 30, 2020, as adjusted to give effect to (a) the Notes offering and (b) the application of the proceeds of the Notes offering: • there would have been A$883.9 million (US$610 million) of total debt outstanding, of which A$231.7 million (US$160 million) would have been secured, consisting of A$125.3 million of Existing Purchase Money Indebtedness and A$106.4 million outstanding under the Credit Agreements; and

- there would have been A$424 million (US$293 million) of availability under the Credit Agreements.

As of June 30, 2020, the Non-Guarantor Subsidiaries would have had A$85 million (US$59 million) of liabilities outstanding, including A$35 million (US$24 million) of total debt.

Payment of Additional Amounts	In the event that withholding taxes are required to be withheld or deducted from payments on the Notes or under the Note Guarantees, the Issuer or the relevant Note Guarantor, as the case may be, will, subject to certain exceptions, pay such Additional Amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts which would have been payable in respect of the Notes or Note Guarantees had no such withholding or deduction been required. See "Description of the Notes—Additional Amounts."
Optional Redemption.....	At any time on or after October 7, 2022, the Issuer may redeem some or all of the notes at the redemption at the redemption prices described under "Description of the Notes—Optional Redemption." The Issuer may redeem some or all of the Notes prior to October 7, 2022 by paying 100% of the principal amount of such Notes plus a make-whole premium, as described under "Description of the Notes—Optional Redemption." The Issuer may also redeem up to 40% of the Notes prior to using the proceeds of certain equity offerings, as described under "Description of the Notes—Optional Redemption."
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole but not in part, at the principal amount thereof plus accrued and unpaid interest in certain circumstances in which the Issuer would become obligated to pay Additional Amounts. See "Description of the Notes—Redemption for Changes in Taxes."
Change of Control Triggering Event.....	Upon the occurrence of certain change of control events that is accompanied by a decline in the rating of the Notes, each holder of the Notes may require the Issuer to repurchase such holder's Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued but unpaid interest to the purchase date, as described under "Description of the Notes—Change of Control Triggering Event."
Certain Covenants	The Indenture that governs the Notes and the Note Guarantees contains certain covenants, including, among other things, covenants limiting the Issuer's, the Parent Guarantor's and the Parent Guarantor's Restricted Subsidiaries' ability to incur indebtedness, pay dividends or distributions on or purchase stock, make investments, use assets as security in other transactions, sell certain assets or merge with or into other companies, enter into certain sale and leaseback transactions, and enter into transactions with affiliates.

	These limitations are subject to a number of exceptions and qualifications. For more details, see "Description of the Notes—Limitation on Indebtedness", "Description of the Notes—Limitation on Restricted Payments", "Description of the Notes—Limitations on Restrictions on Distributions from Restricted Subsidiaries", "Description of the Notes—Limitation on Sales of Assets and Subsidiary Stock", "Description of the Notes—Limitation on Liens". "Description of the Notes— Merger and Consolidation", "Description of the Notes— Limitation on Sale/Leaseback Transactions" and "Description of the Notes—Limitation on Affiliate Transactions." In addition, in the event that the Notes are assigned a rating of Baa3 or better by Moody's Investors Services, Inc. ("Moody's"), BBB- or better by Standard & Poor's Ratings Services, Inc. ("S&P") or BBB- or better by ("Fitch"), by any two of the foregoing, and no event of default has occurred and is continuing, certain covenants in the Indenture will be suspended. See "Description of the Notes—Covenant Suspension."
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately US$441.5 million after deducting estimated Initial Purchasers' discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceedings of the offering to fund the early redemption of all of Barminco Finance Pty Limited's US$350 million 6.625% Senior Secured Notes due 2022 and to repay amounts drawn which are currently outstanding under the Revolving Facilities. See "Capitalization."
Transfer Restrictions	The Notes have not been registered under the Securities Act or under any U.S. state securities laws and are subject to restrictions on transfer. See "Transfer Restrictions."
Trustee	The Bank of New York Mellon is the trustee under the Indenture.
Security codes	Rule 144A CUSIP/ISIN/Common Code: 71367V AA7 / US71367VAA70 / 223878571 Regulation S CUSIP/ISIN/Common Code: Q7390A AA0 / USQ7390AAA09 / 223878652
Registrar.....	The Bank of New York Mellon is the registrar under the Indenture.
Transfer Agent and Principal Paying Agent	The Bank of New York Mellon is the transfer agent and principal paying agent under the Indenture.
Listing	We have received approval-in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000, for so long as the Notes as listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying

	agent in Singapore where the Notes may be presented or surrendered for payment or redemption in the event that a Global Note is exchange for Certificated Notes. In addition, in the event that a Global Note is exchange for Certificated Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.
Risk Factors	Prospective purchasers of the Notes should consider carefully all the information set forth in this offering memorandum and, in particular, the information set forth under "Risk Factors" before making an investment in the Notes.
Governing Law	The Notes, the Note Guarantees and the Indenture will be governed by and construed in accordance with New York law.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary historical consolidated financial information for the periods ended and as of the dates indicated.

The summary historical consolidated financial information as of and for each of the years ended June 30, 2018, 2019 and 2020 set forth below has been derived from our audited consolidated financial statements and related notes for those periods, which are included elsewhere in this Offering Memorandum. The summary historical consolidated financial and operating data set forth below is not necessarily indicative of future results of operations or financial condition.

The summary historical financial statements presented in this Offering Memorandum have been prepared in accordance with Australian Accounting Standards. Those financial statements have been prepared using the Australian dollar as the reporting currency.

In FY19, we completed the acquisition of Barminco Holdings. As a result of the Acquisition, we acquired full control of Barminco Holdings and its subsidiaries. The Acquisition increased our beneficial ownership of AUMS, our joint venture with Barminco Holdings, from 50% to 100%. The Acquisition was completed on October 31, 2018, and we effectively took control of Barminco Holdings and AUMS on and from November 1, 2018.

Because of the Acquisition, our financial results of FY18, FY19 and FY20 are not comparable across all periods. Prior to the Acquisition, neither we nor Barminco Holdings "controlled" AUMS for accounting purposes, and we accounted for AUMS using the equity method of accounting. Accordingly, in our FY18 financial results, AUMS' financial condition and results of operations were not consolidated. As a result of the Acquisition, we ceased equity accounting for AUMS as of October 31, 2018. In our financial results for FY19, AUMS was equity accounted for the period from July 1, 2018 to October 31, 2018, and we consolidated Barminco Holdings and its subsidiaries, as well as AUMS, for the period from November 1, 2018 to June 30, 2019. This has resulted in a significant increase in the scope of our operations and significant changes to our financial condition. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results."

The summary historical financial information should be read in conjunction with the historical financial statements and the notes thereto included elsewhere in this Offering Memorandum, along with "Financial Information Presentation," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Summary income statement information:

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
Revenue from continuing operations	866,281	1,638,392	2,046,058
Other income	20,285	208,124	12,125
Materials expense	(346,490)	(598,787)	(651,013)
Labour costs	(285,090)	(556,288)	(759,570)
Rental and hire expense	(14,778)	(24,907)	(19,114)
Depreciation expense	(74,528)	(164,829)	(232,141)
Amortisation expense	-	(29,062)	(38,564)
Finance costs	(31,626)	(55,382)	(53,605)
Finance income	2,983	3,143	1,471
Other expenses from ordinary activities	(85,302)	(162,559)	(198,501)
Impairment of assets	-	(113,635)	(59,608)
Share of net profit of joint ventures accounted for using the equity method	22,344	10,709	-
Profit before income tax	**74,079**	**154,919**	**47,538**
Income tax benefit/(expense)	(14,730)	27,362	(19,983)
Profit from continuing operations	**59,349**	**182,281**	**27,555**
Profit from discontinued operations (attributable to equity holders of the Company)	1,701	-	-
Profit for the year	**61,050**	**182,281**	**27,555**
Profit is attributable to:			
Equity holders of the Company	61,050	181,326	23,837
Non-controlling interests	-	955	3,718
Profit for the year	**61,050**	**182,281**	**27,555**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:	CENTS	CENTS	CENTS
Basic earnings per share	16.9	30.0	3.5
Diluted earnings per share	16.6	29.8	3.5
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	17.4	30.0	3.5
Diluted earnings per share	17.1	29.8	3.5

The following table shows our EBITDA, Underlying EBIT(A) and Underlying EBITDA reconciled to our consolidated Profit from continuing operations for each of the years.

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
Profit from continuing operations	59,349	182,281	27,555
Income tax expense/(benefit)	14,730	(27,362)	19,983
Finance income	(2,983)	(3,143)	(1,471)
Finance costs	31,626	55,382	53,605
Amortisation expense	-	29,062	38,564
EBIT(A)	**102,722**	**236,220**	**138,236**
Depreciation expense	74,528	164,829	232,141
EBITDA	**177,250**	**401,049**	**370,377**
Foreign exchange (gain)/loss, net	(11,249)	(971)	3,316
Claim settlement benefit	(5,250)	-	-
Transaction, restructuring costs and other	600	30,233	7,951
AUMS step acquisition gains	-	(198,411)	-
Boungou/Bissa project exit costs	-	-	4,971
Profit on sale of Connector Drilling	-	-	(2,374)

	Year ended June 30,		
	2018	2019	2020
		Historical	
		(A$ in thousands)	
Impairment of assets	-	113,635	59,608
Underlying EBITDA	**161,351**	**345,535**	**443,849**
Depreciation expense	(74,528)	(164,829)	(232,141)
Underlying EBIT(A)	**86,823**	**180,706**	**211,708**

Summary balance sheet information:

	As of June 30,		
	2018	2019	2020
		(A$ in thousands)	
ASSETS			
Current assets			
Cash and cash equivalents	137,258	223,524	327,491
Trade and other receivables	230,464	399,354	369,309
Inventories	212,600	251,110	250,379
Assets classified as held-for-sale	-	13,626	-
Current tax receivables	964	10,902	6,190
Total current assets	**581,286**	**898,516**	**953,369**
Non-current assets			
Receivables	3,314	2,038	830
Joint ventures accounted for using the equity method	71,266	-	-
Financial assets at fair value through other comprehensive income	11,999	17,581	23,632
Property, plant and equipment	664,347	887,666	818,096
Right-of-use assets	-	-	110,739
Intangible assets	-	743,569	705,156
Deferred tax assets	35,549	117,396	131,072
Total non-current assets	**786,475**	**1,768,250**	**1,789,525**
Total assets	**1,367,761**	**2,666,766**	**2,742,894**
LIABILITIES			
Current liabilities			
Trade and other payables	122,770	268,525	261,095
Borrowings	3,334	25,762	7,148
Lease Liabilities	-	-	29,482
Current tax liabilities	1,196	18,578	14,351
Employee benefit obligations	39,061	65,043	71,902
Total current liabilities	**166,361**	**377,908**	**383,978**
Non-current liabilities			
Borrowings	401,216	731,681	775,091
Lease Liabilities	-	-	72,136
Deferred tax liabilities	24,947	143,948	110,131
Employee benefit obligations	486	1,617	1,804
Total non-current liabilities	**426,649**	**877,246**	**959,162**
Total Liabilities	**593,010**	**1,255,154**	**1,343,140**
Net assets	**774,751**	**1,411,612**	**1,399,754**
EQUITY			
Contributed equity	624,571	1,126,769	1,135,323
Other reserves	(12,459)	(10,835)	(11,104)
Retained earnings	162,639	293,836	270,039
Capital and reserves attributable to the owners of Perenti Global Limited	**774,751**	**1,409,770**	**1,394,258**
Non-controlling interests	-	1,842	5,496
Total Equity	**774,751**	**1,411,612**	**1,399,754**

Summary cash flow information:

	Year ended June 30,		
	2018	2019	2020
		(A$ in thousands)	
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	892,394	1,683,000	2,178,904
Payments to suppliers and employees (inclusive of goods and services tax)	(802,239)	(1,385,320)	(1,752,117)
	90,155	**297,680**	**426,787**
Interest received	2,990	3,143	1,471
Interest and other costs of finance paid	(28,982)	(61,035)	(53,605)
Income taxes (paid)/refunded	(12,312)	(33,432)	(68,114)
Management fee received from joint ventures	742	556	-
Net cash inflow from operating activities	**52,593**	**206,912**	**306,539**
Cash flows from investing activities			
Payments for purchase of subsidiaries	-	(17,205)	-
Payments for property, plant and equipment	(173,280)	(206,013)	(235,704)
Payments for intangibles	-	(55)	(150)
Proceeds from sale of property, plant and equipment	3,319	11,170	45,619
Payments for assets at FVOCI/available-for-sale financial assets	(9,187)	(809)	-
Proceeds from sale of assets at FVOCI	-	-	3,268
Proceeds from sale of assets held for sale	-	-	16,000
Proceeds from sale of business	4,600	1,565	-
Cash removed on disposal of subsidiary	(602)	-	-
Distribution received from associates	13,633	-	-
Cash acquired on acquisition of subsidiary	-	100,544	-
Minority interest on start-up of joint venture	-	866	-
Net cash outflow from investing activities	**(161,517)**	**(109,937)**	**(170,967)**
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs	97,606	242,338	-
Proceeds from secured borrowings	-	232,362	284,985
Repayment of secured borrowings	-	(15,762)	(251,872)
Proceeds from unsecured borrowings	3,991	5,072	8,731
Repayment of unsecured borrowings	(3,458)	(421,293)	(9,256)
Repayment of lease liabilities	-	(21,677)	(33,809)
Dividends paid to Company's shareholders	(19,855)	(42,602)	(24,019)
Proceeds from Cross Currency Interest Rate Swaps close-out	-	8,421	-
Net cash (outflow)/inflow from financing activities	**78,284**	**(13,141)**	**(25,240)**
Net increase/(decrease) increase in cash and cash equivalents	(30,640)	83,834	110,332
Cash and cash equivalents at the beginning of the financial year	166,710	137,258	223,524
Effects of exchange rate changes on cash and cash equivalents	1,188	2,432	(6,365)
Cash and cash equivalents at end of year	**137,258**	**223,524**	**327,491**

Segmental financial information:

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
External Sales Revenue			
Surface Mining	725,825	746,193	607,971
Underground Mining	-	747,156	1,299,797
Investments	140,456	145,043	138,290
Group Functions	-	-	-
Total External Sales Revenues	**866,281**	**1,638,392**	**2,046,058**
Underlying Segment EBITDA[1]			
Surface Mining	128,736	136,972	100,988
Underground Mining	22,344	201,856	329,662
Investments	29,241	36,589	46,316
Group Functions	(18,970)	(29,882)	(33,117)
Total Underlying EBITDA[1]	**161,351**	**345,535**	**443,849**
Underlying Segment EBIT(A)[1]			
Surface Mining	65,468	56,401	25,453
Underground Mining	22,344	129,179	196,197
Investments	18,264	25,383	25,089
Group Functions	(19,253)	(30,257)	(35,031)
Total Underlying EBIT(A)[1]	**86,823**	**180,706**	**211,708**

Note:

(1) EBITDA, Underlying EBITDA, Underlying EBITDA margin, Underlying EBIT(A), Underlying EBIT(A) margin, net working capital, free operating cash flow, net debt, ratio of net debt to Underlying EBITDA, ratio of Underlying EBITDA to net interest expense and gearing ratio are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures." For a reconciliation of Underlying EBITDA and Underlying EBIT(A) to profit or loss for the period, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)."

Other financial information:

	Year ended June 30,		
	2018	2019	2020
		Historical	
		(A$ in thousands)	
External Sales Revenue	866,281	1,638,392	2,046,058
EBITDA[1]	177,250	401,049	370,377
Underlying EBITDA[1]	161,351	345,535	443,849
Underlying EBITDA margin[1]	18.6%	21.1%	21.7%
EBIT(A)	102,722	236,220	138,236
Underlying EBIT(A)[1]	86,823	180,706	211,708
Underlying EBIT(A) margin[1]	10.0%	11.0%	10.3%
Net working capital[3]	320,294	381,939	358,593
Free operating cash flow[1][2]	18,072	135,127	230,463
Total debt	404,550	757,443	883,857
Net debt	267,292	533,919	556,366
Net working capital to external sales revenue	37.0%	23.3%	17.5%
Ratio of net debt to Underlying EBITDA[1]	1.7	1.5	1.3
Ratio of Underlying EBITDA to net interest expense[1]	5.6	6.6	8.5
Gearing ratio[1]	25.7%	27.4%	28.4%
Capital Expenditures[1]	173,280	206,013	235,704

Notes:

(1) EBITDA, Underlying EBITDA, Underlying EBITDA margin, Underlying EBIT(A), Underlying EBIT(A) margin, net working capital, Free operating cash flow, net debt, ratio of net debt to Underlying EBITDA, ratio of Underlying EBITDA to net interest expense, gearing ratio and Capital Expenditures are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures." For a reconciliation of Underlying EBITDA and Underlying EBIT(A) to profit or loss for the period, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)."

(2) We define free operating cash flow as our cash flow from operating activities, before interest and tax, less sustaining capital expenditure. Depreciation of plant and equipment was used as a proxy for sustaining capital expenditure.

(3) Net working capital is current trade and other receivables and inventories less current trade and other payables.

RISK FACTORS

Any investment in the Notes involves risks. You should carefully consider the risks described below and all of the information contained in this Offering Memorandum before deciding whether to purchase the Notes. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to our management or that our management currently deems immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See "Forward-looking Statements" in this Offering Memorandum.

Risks Relating to Our Business and Industry

Our business and operations, and that of our customers and suppliers, have been and may continue to be adversely affected by the COVID-19 pandemic or other similar outbreaks.

The outbreak of COVID-19 commenced in late 2019 and was declared a pandemic by the World Health Organization on March 11, 2020. The spread of COVID-19 and the measures taken in response to the pandemic have caused significant disruption across many geographies and markets, and resulted in significant economic damage, interrupted business activities and supply chains, high levels of unemployment, border closures and travel restrictions, and volatile financial, commodity and other markets. As a result, our business, customers and suppliers have had to quickly adapt to new ways of operating in light of the rapidly changing economic, regulatory and social environment.

In response to COVID-19, national and local governments, including in Australia and the countries in Africa where we operate, implemented significant restrictions on movement and activity to slow or stop its spread. Some of these measures and recommendations affected and continue to affect our businesses directly, while others have, and are expected to continue to have, an indirect effect. For example:

- the initial lockdown across Australian states, and the reintroduction of lockdown in Victoria and additional restrictions in New South Wales, impacted operations at our Australian sites, including at the Savanah nickel mine in the Kimberley;

- the global spread of the pandemic resulted in temporary disruptions at a small number of mine sites we operate at in Egypt, Burkina Faso and Senegal in April and May 2020;

- flight cancellations and travel restrictions adversely impacted the mobility of our international and regional workforce, resulting in operational disruptions to our planned workforce rotations and delays in our ability to mobilize on sites of newly awarded contracts;

- travel restrictions and lockdowns have also caused global supply chain disruptions and shortages, which could impact movement of mining equipment between our mining sites and in some cases our ability to obtain supplies, consumables, parts and equipment on a timely basis.

In addition, COVID-19 has had an even greater impact on the operations of our Underground mining segment where the major changes in rostering affected mine site productivity and the rotation of expatriate crews during the last quarter of FY20. We also have suffered higher than normal attrition in our Underground mining segment due to expatriates electing to terminate their employment.

While we have not experienced any major outbreaks of COVID-19 at any of our mining projects, the disruptions caused by COVID-19 have required our senior management team and staff to devote substantial time and resources to address the impact of the pandemic on our businesses.

Given the ongoing and dynamic nature of the pandemic, the measures implemented to try to control it and the resulting volatility in financial, commodity and other markets, it is impossible to predict the impact that the

pandemic and related measures taken to try to control the pandemic, will have on our business (or on the operations of our customers, suppliers and other businesses upon which we rely), and the length of time of such impact. However, our business is likely to continue to be affected by, among others, the geographic spread of the virus; changes in the severity of the disease; the duration of the pandemic; actions that may be taken by Australian federal and state governmental authorities and governmental authorities in the other jurisdictions outside Australia in which we operate in response to the pandemic, including actions to relax or further tighten existing restrictions. The pandemic and such responsive measures could also impact the availability of future tendering opportunities and our ability to effectively implement our risk management framework and internal controls and procedures.

While global commodity prices have remained relatively resilient throughout the pandemic, partly as a result of government stimulus measures, a protracted global economic slowdown could result in lower commodity prices, which may affect the viability of our customers' operations and therefore impact demand for our services. In addition, economic uncertainty related to COVID-19 has already resulted in disruption to global capital markets and may do so again. Any interruption in the availability of capital may affect our ability to grow our business and refinance our existing debt.

There can also be no assurance that our plans, or our customers' and suppliers' plans, to address existing and potential disruptions in our respective operations will partially or completely mitigate the adverse impacts related to COVID-19, if at all.

The outbreak of other communicable diseases and adverse public health developments in the future could also adversely affect our business operations, the business operations of our customers and suppliers, and regional and global political, economic and social conditions generally.

To the extent the COVID-19 pandemic, or any other communicable disease (or measures implemented to control them) adversely affect us, they may also have the effect of heightening many of the risks described in this "Risk factors" section. Any of the foregoing factors could have a material adverse effect on our business, financial condition and results of operations, cash flows and access to credit markets and our ability to service our existing and future indebtedness, including the notes offered hereby, particularly if such outbreaks and developments are inadequately controlled, are prolonged, or if they occur in regions where we derive a significant amount of our revenue or where our suppliers and business partners are located.

We generate a significant portion of our revenue from mining services provided in African countries that face instability and security risks.

For FY20, 53.7% of our external sales revenue was derived from contract mining services we provide in African countries. AUMS and African Mining Services currently operate or have offices in Ghana, Botswana, Mali, Tanzania, Burkina Faso, Senegal, Egypt and South Africa and are exploring growth opportunities in Southern Africa.

Our African operations increase our exposure to risks of war, terrorist and banditry activity or other civil disturbance, expropriation, piracy, religious and tribal conflicts, workforce instability, import and export restrictions, exchange controls, inflationary economies, currency risks and risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries. See also "—Unfavorable fluctuations in currency values and exchange rates and the imposition of currency exchange controls could have a material adverse impact on our business." The occurrence of one or more of these risk may result in disruption to our operations or termination of our operations, require us to incur greater costs for security, restrict the movement of funds or limit repatriation of profits, lead to international sanctions, restrict our financing abilities or limit access to markets for periods of time.

We also operate in countries that have been and continue to be subject to political instability and that have experienced various political issues in recent years, in addition to the risks mentioned in the prior paragraph. For example, in 2015 and 2016, there were coup attempts in Burkina Faso against the president. On January 7, 2019, a group of Gabonese soldiers attempted a military coup against the government of President Ali Bongo Ondimba and temporarily controlled certain national television and radio stations. Improvised explosive devices were detonated on the road leading to Semafo's Boungou site in Burkina Faso at which we operated at the time, resulting in the deaths of gendarmes and others, and increased security measures being taken by Semafo and us at the site and in relation to travel to and from the site. In November 2019, there was a terrorist attack involving five buses carrying miners and members of our AMS workforce and other contractors under police escorts coming under attack near the

Boungou mine site in Burkina Faso, which resulted in 39 fatalities, including 19 AMS fatalities. Subsequently, we concluded work at the Boungou site and exited the contract in December 2019. In light of deteriorating security conditions in that region of Burkina Faso, we also terminated our contract at the Bissa project in December 2019. In addition, instability remains elevated in Mali where on August 18, 2020, senior members of the Malian military deposed and arrested senior leaders, including President Ibrahim Boubacar Keita, and seized power. This came amid an escalating conflict in the country between the government and various extremist terror groups. Elections to be conducted in Burkina Faso in November 2020 and in Côte d'Ivoire and Tanzania in October 2020 may also result in further instability.

In December 2019, Ghana Manganese Company ("GMC") terminated its contract with AMS at Nsuta, announcing that GMC's termination was due to the Ghanaian government capping GMC's production at the mine. In addition, nationalization or expropriation of our client's mines is also a risk we face.

Infectious viruses and diseases are a threat to the stability of many of the countries in which we operate and our employees in those countries, where limited local health infrastructure weakens governments' ability to manage and contain outbreaks effectively. For example, from 2014 through 2016, West Africa suffered a large Ebola outbreak that resulted in over 25,000 people being infected with the disease and over 11,000 deaths, according to the World Health Organization, and a new Ebola outbreak was declared in Congo in June 2020. In addition, the full impact on regional stability of COVID-19 is yet to be realized, and there is a potential for further civil unrest as socio-economic pressure and burden on health resources increase. See "— Our business and operations, and that of our customers and suppliers, have been and may continue to be adversely affected by the COVID-19 pandemic or other similar outbreaks."

Where the group operates in countries that the Board considers as carrying political risk, we may take out political risk insurance to protect the assets of the group, if available on commercially reasonable terms. As of the date of this Offering Memorandum, we have political risk insurance in various overseas jurisdictions where we operate. These political risk insurance policies typically cover the expropriation of assets, deprivation or forced abandonment of plant and equipment and loss due to riot, terrorism or war. Even in countries where we have political risk insurance, there can be no assurance that such insurance will cover all relevant contingencies or will adequately compensate us for losses we may suffer as a result of operating in these foreign countries, nor can there be any assurance that such insurance will continue to be available in the future on a cost-effective basis or at all. Risk assessments may also categorize threats as serious enough to require resort to public security forces, such as national police or military units on a near-permanent basis. In the event that the continued operation in some countries compromises our security or business principles, we may withdraw from these countries on a temporary or permanent basis. This could have a material adverse impact on our business, financial condition and results of operations.

A decline in the consumption of, or demand for, minerals could result in a significant decrease in demand for our mining services and adversely affect our results of operations.

Demand for our mining services depends in significant part upon the level of production at mines owned by our customers. Production and production related mining services contributed 94.5% of our total external sales revenue in FY20. We provide contract mining services principally with respect to gold/copper, nickel, zinc, iron ore, copper and manganese projects. Approximately 72.0% of our external sales revenue in FY20 was generated from the provision of mining services on gold/copper mining projects, approximately 10.0% from nickel projects, approximately 5.0% from zinc projects, approximately 4.0% from iron ore projects, and approximately 2.0% from manganese projects. Consequently, our activity levels and results of operations are dependent on production levels and commodity prices at our customers' mines and it remaining economic to continue production at existing gold/copper, nickel, zinc, iron ore, copper and manganese mines. Furthermore, we are exposed to the risk that our customers' mines close before the end of our contracts for various reasons including the loss of their mining licenses or if it is no longer economically viable for them to continue to operate due to changes in commodity prices or their cost base. Our growth is dependent on mine operators continuing to expand production at existing mines or bring new mines into production.

The production of, or demand for and therefore prices of, minerals could decline as a result of many factors, including:

- **A decline in the demand for gold, which could significantly reduce production in this metal.** The price of gold is affected by numerous factors, including international economic trends, foreign exchange fluctuations, expectations for inflation, speculative activities, consumption patterns, purchases and sales of gold bullion holdings by central banks and others, world production levels and political events. Gold prices are currently at elevated levels, with the price in August this year reaching an all-time high. However, the price of gold has historically been volatile and subject to sharp declines. A decline in the demand and price of gold from its current level and a resulting decrease in the demand for our services could adversely impact on our revenue.

- **A slowdown in global industrial activity, which could cause a decline in the production of nickel, zinc, iron ore and copper.** Unlike gold, global demand for metals such as nickel, zinc, iron ore and copper is mainly related to industrial activity. For example, a significant amount of nickel consumed in the world is ultimately used in metals fabrication and stainless-steel products. Nickel alloys are an important engineering and construction material that is widely used in manufacturing, infrastructure and industrial applications due to their heat and corrosion resistance. If industrial activity slows or declines, the demand for nickel, as well as for iron ore, zinc and copper could decline, resulting in less production and a reduced demand for our mining services. The prices of nickel, iron ore, zinc and copper have risen in recent years, though prices remain relatively lower compared to historical periods and there can be no assurance that the price of each of these metals will continue to rise or will maintain current price levels. A decline in the demand and price of nickel, iron ore, or zinc from their current level and a resulting decrease in the demand for our services could adversely impact our revenue.

- **An economic slowdown or a global recession, which could decrease demand for our mining output.** The overall state of the global economy, including lending rates, fluctuations in inflation, interest rates and changes in various countries' fiscal and monetary policies, can have an impact on the global demand for gold, nickel, copper and other metals, which in turn could have a significant impact on the overall demand for our services. An economic slowdown or a global recession could result in a decrease in the demand for our services and could adversely impact our revenue.

Any of the foregoing factors could adversely affect our business, financial position and results of operations.

Our margins and results of operations could be adversely affected if we misprice our contracts during tendering or negotiation or our performance does not meet the terms of our contracts or our customers' expectations.

Our mining services contracts are generally awarded following a competitive tender process where price is one of the most important factors that a customer will consider in evaluating tenders. Even for those projects that are not put out to tender, we still must negotiate the pricing of the contract with the customer. In determining the price and other terms on which we will submit a tender or which we will otherwise propose to a potential customer, we undertake modeling of the contract pricing based on a series of assumptions that we make about a range of factors such as the type and amount of equipment to be deployed, length of contract, life of mine, location of mine, mine cost curve position, the utilization rates, reliability and maintenance costs of our equipment, mining consumables expenditure, ground conditions, mine plan and geological conditions, the amount of labor required to support the project and labor productivity levels. If any of the assumptions that we made during our modeling subsequently prove to be materially incorrect, then we could be obligated to fulfil a contract with unfavorable economics that could adversely affect our margins and results of operations. This could include changes to mine plans (other than those considered material enough to trigger a 'force majeure') affecting production volumes and impacting our results of operations. We would have no right to renegotiate the contract with the customer should the economics be or become unfavorable to us.

Our revenues and order book are subject to underlying contracts with varying terms which may not be renewed or which may be terminated and which are subject to factors outside of our control.

Contracts for production and production related mining services represented 94.5% of our consolidated revenues in FY20 and our order book as of June 30, 2020 had an aggregated contracted value of A$5.4 billion over the remainder of FY21 to FY26. We calculate our order book based on monthly run-rate revenue, assuming that the

contract continues to completion, without assuming any renewals or extensions and assuming contractual rates remain constant and that there are no significant work stoppages or interruptions in production. There can be no assurances that any of our contracts will result in revenues that match our order book, as actual production is based on a number of variables and many factors outside of our control. See "— Our revenues could be adversely affected if our operations are interrupted by factors beyond our control."

In particular, our order book assumes that our contracts will continue until completion. Most of our mining services contracts are for terms between three and five years, typically with an option to extend exercisable by the customer. Some exploration contracts may be for shorter terms, such as 12 months, while equipment rental contracts have varying terms, typically from three months to up to two years. If we do not perform our obligations under a contract in accordance with the terms of the contract or our customer's expectations, we are at risk that the contract will be terminated or not renewed. Any such performance issue could also adversely affect our reputation in the marketplace, which could adversely impact our ability to secure new contracts.

In addition, as is customary in the mining industry, our mining services contracts are generally subject to termination for convenience by customers without cause on short notice, typically without compensation for lost revenue. There is a risk that our contracts may be cancelled or may not be renewed if our customers decide to reduce their levels of spending, potentially reducing our revenue.

As of June 30, 2020, only seven of our contracts that represent greater than A$10 million in estimated annual revenue are due to expire in the next 12 months. One is in the Underground Mining segment and six are in the Surface Mining segment. A customer may have no further need for our services due to the closing of a mine or because it is seeking an alternative mining service provider or taking the service in-house. A customer may also vary our scope of work, access to available mining area, the mine plan and production rates, which could affect our revenue and profit. In the event of a contract termination, we may not be able to redeploy the employees or equipment used at that mining site to other sites on the same terms or at all, and we may experience downtime between and additional costs from demobilization and redeployment. Any of these factors could adversely affect our business, financial position and results of operations.

Our results of operations depend on new contract awards; however, the tender process and timing for performing these contracts are not within our control.

Our revenue is dependent on winning new contracts. We operate in highly competitive markets, and it is difficult to predict whether and when tendering opportunities may arise and whether we will be successful in tendering for new contracts due to multiple factors influencing how customers evaluate potential service providers, such as rates, qualifications, experience, reputation, technology, customer relationships, financial strength, and ability to provide the relevant services in a timely, safe, and cost-efficient manner. In addition, anticipated tendering opportunities may not arise as a project can be cancelled or delayed due to the lengthy and complex bidding and selection process, customer capital investment decisions, market conditions, available financing, government approvals, permitting and environmental matters. Consequently, we are subject to the risk of losing new awards to competitors and the risk that a project may experience significant delays or cancellation which could adversely impact our business, results of operations and financial condition. In addition, the scale of operations and the mix of activities we undertake during a period impact our results of operations, due to the differing margins on our businesses, which depends largely on the projects that we are awarded and the decisions of our customers. Our activity mix depends in part on client demand for existing services as well as our ability to offer new services that are sought by clients and/or won by us. If we are more successful in tendering for projects with lower profit margins than projects with higher profit margins, our overall profit margin will suffer. Our results of operations, cash flows and our profit margins may fluctuate from period to period depending on the timing, size and type of new contract awards and delays or cancellations.

New contracts are subject to additional risks and typically are initially less profitable relative to mature contracts during their start-up phase due to upfront costs.

Our new contracts typically have high upfront costs compared to mature contracts during their ramp up phase and may even operate at a loss for a period of time while the project recoups initial capital expenditures. This is due to additional expenses associated with mobilizing equipment and labor training, and commitment of additional staff while commencing operations. Capital expenditures typically decrease, and revenues increase within

six months from the commencement of a new contract but this can take longer depending on the mine plan and structure of the contract.

When we commence work under new contracts for mining services, we face a number of risks associated with the transition of mining operations from the owner or incumbent mining services company to us, which can result in unexpected costs for a period of time. These risks include delays in the delivery of equipment to site due to manufacturer or logistical constraints, shortages of skilled labor during contract start-up and unanticipated issues with mine infrastructure and ground conditions.

In instances where we are awarded a contract from a mine owner-operator, we may be required to assume the workforce and equipment on site and the associated assets and liabilities upon commencement of the contract. This can result in unexpected costs associated with additional training required to bring workforce practices in line with our operating and safety standards and the upgrading of equipment to ensure the transferred fleet meets our required operating standard.

A deterioration in our health and safety record would harm our relationships with customers, make it less likely for customers to contract for our services and subject us to penalties and fines, which could adversely affect our business, operating results and financial condition.

Our operations are subject to a variety of general workplace and industry-specific health and safety laws and regulations. In general, Australian state and territory Work Health and Safety Acts ("WHS Acts") set out general duties of employers, employees and others regarding Work Health and Safety ("WHS"). Under the legislation, employers have a general duty of care with respect to the safety of employees, as well as a range of more specific duties and obligations. Each state and territory has a range of WHS regulations that provide more specific detail of the requirements that must be followed for a range of WHS issues or hazards. Non-compliance with either the WHS Acts or any WHS regulation can result in prosecution, a prohibition notice, an improvement notice or a provisional improvement notice and, in some states, on-the-spot fines. Prohibition notices could result in work having to cease at a site, or even across the entire business, until a deficiency is rectified. Willful non-compliance with mining or WHS legislation can result in criminal sanctions. The African countries in which we operate also have jurisdictional health and safety regulations. We apply the same operating standards, including with regard to health and safety, to our African operations as we do to our Australian operations which, we believe, exceed legal and regulatory obligations in African markets.

We face significant competition, and a large part of our business is dependent upon winning new mining services contracts through a competitive bidding process. Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely deliver services. Existing and potential customers consider the health and safety record of their mining services providers to be of high importance in their decision to award service contracts. Some of our activities, in particular drill and blast services and underground mining services, are by their nature among the higher risk activities undertaken at a mine site. If one or more accidents were to occur at an operating site, the affected customer may terminate or cancel our contract and may be less likely to continue to use our services. Even though our commitment to health and safety is one of our core business values, and we are focused on improving health and safety performance, including fatality prevention and reducing the All Injury Frequency Rate, we have, and may continue to, experience accidents (including fatalities), causing our health and safety record to deteriorate. In June 2020, a heavy vehicle incident occurred at AngloGold Ashanti's Obuasi Gold Mine in Ghana, which resulted in the tragic fatality of an employee of Underground Mining Alliance, a joint venture between AUMS and Rocksure International, a Ghanaian contracting company. Underground Mining Alliance have undertaken an investigation into the cause of the fatality in conjunction with the Ghanaian authorities. A deterioration of our health and safety record may be more likely as we continue to grow if we experience high employee turnover or add employees who may not be very experienced due to shortages of skilled labor. Our increased exposure to underground mining as a result of the Acquisition also increases the health and safety risks of our business. Similarly, our health and safety risks may be increased by the fact that we are providing a broader range of services in many jurisdictions and we may encounter health and safety issues with which we are not yet familiar with or that arise from risks that are yet to be identified despite our focus on health and safety as a priority. Because our customers require us to report our health and safety metrics to them as part of the bidding process and because the majority of our customers are major mining companies with high health and safety standards, a general deterioration in our health and safety record could have a material adverse impact on our business, including our ability to win new contracts and renew existing contracts. Moreover, because

of the inherently higher risk nature of some of our activities, our health and safety record could appear less favorable if mine operators compare it directly to other contractors that are undertaking lower risk activities on site. We could also be subject to liability for damages as a result of any accidents. Changes in health and safety laws and regulations could result in material additional expenditures or material interruptions to our business or operations, including as a result of any failure to comply with applicable regulations, which could adversely affect our business, financial position and results of operations.

Failure to comply with health and safety laws and regulations could result in enforcement actions which could disrupt our operations and result in monetary penalties or suspension or closure of our operations altogether. In addition, any significant governmental investigation or enforcement of health and safety requirements could damage our reputation as a responsible mining services provider and employer. Our customers place a premium on safety, and any damage to our reputation may have an adverse effect on our ability to win new contracts or keep existing contracts. As a result of COVID-19, we also have endured higher than normal attrition in our Underground mining segment due to expatriates electing to terminate their employment. There can be no assurances that we will be able to sufficiently and quickly replace expatriates if they elect to terminate their employment with us due to COVID-19 or any other event that may cause significant labor disruptions. In addition, any damage to our safety record or our reputation for providing our employees a healthy and safe work environment could make it difficult for us to hire or retain skilled labor and employees, including local employees in the jurisdictions in which we operate. All of these factors could adversely affect our business, financial position and results of operations.

We face competition from a diverse range of companies.

The global contract mining services industry is highly fragmented, with few global market participants and a large and increasing number of smaller, often family-run, regional or local companies.. In Australia, there are a small number of key players operating in the contract mining market due to high capital requirements and specialized skill sets required. Our main competitors in Australia for underground mines include Pybar, Macmahon and Byrnecut and for surface mines include Macmahon, MACA, NRW and Thiess. Within the African market, adoption of contract mining services varies from region to region. Mature markets (for example, South Africa) have an established contract mining industry. In these markets, we compete against both contract miners and owner-operators. Some key competitors with African operations include Aveng, Moolman, Rocksure, Redpath, Byrnecut, Murray & Roberts, PW Mining and EC Mining. Emerging African markets (for example, Ghana) have a limited history of underground contract mining. However, competition in Africa is increasing, including from other companies that have not historically specialized in contract mining services and from local contractors who may have an advantage through local content or ownership measures in those jurisdictions.

Some of our competitors may have greater financial resources and different cost structures than we do and may be better positioned to weather financial or industry downturns. They may also be able to provide a wider range of contract mining services or offer services at lower prices. In addition to utilizing the products and services of our competitors, our customers may also elect to use internal replacements to our service offering.

Competition may affect our ability to renew contracts with our existing customers or win new contracts, which may adversely impact our business, financial position and results of operations.

We may be unable to hire sufficient qualified labor to perform our mining services, which could reduce our revenue or operating margins.

Our ability to remain productive, profitable and competitive and to achieve our planned growth initiatives depends on our ability to attract and retain skilled labor. Tightening of the labor market in key regions due to a shortage of skilled labor, combined with a high industry turnover rate and growing number of competing employers for skilled labor, may inhibit our ability to hire and retain employees and may lead to exposure to increased labor costs in markets where the demand for labor is strong. In addition, as the skills required in the mining services industry change and become more technology-focused, we expect to compete for talent with industries not previously seen as competitors for talent. Furthermore, our mining services projects are often in remote locations in Australia, Africa and Canada and sometimes require our employees to endure harsh conditions and/or to “fly-in, fly-out” from a city to a remote location. We may not be able to hire enough qualified people who are willing to relocate or accept such conditions and may incur higher labor costs. We are also subject to certain regulations in countries where we operate that require us to hire local workers, thereby decreasing the potential supply of qualified

employees for any given project and increasing our training costs. We commit significant resources training our employees, including local employees in the jurisdictions in which we operate. If our employees choose to work for our competitors or for mine owners or terminate their employment for any other reason, we may not realize any benefits from our investment in their training. A shortage of skilled labor could limit our ability to grow our business or lead to a decline in productivity and an increase in training costs and adversely affect our safety record. Each of these factors could adversely affect our business, financial position and results of operations.

Loss of key members of management could disrupt our business.

We depend on the continued employment and performance of our senior executives and other key members of management. If any one of these individuals resigns or becomes unable to continue in his or her present role and is not adequately replaced in a timely manner, our business operations and our ability to implement our strategies could be materially disrupted. We compete with mining services providers and other companies to attract and retain key executives and other employees with the appropriate technical skills and managerial experience necessary to continue to operate our business. The loss of members of senior management or key employees could materially adversely impact our business if we are unable to recruit suitable replacements in a timely manner. There can be no assurance that we will be able to attract and retain skilled and experienced employees and, should we lose any of our key management personnel or fail to attract qualified personnel, our business may be harmed and business, financial position and results of operations could be adversely affected.

We may be exposed to liabilities under anti-bribery and anti-corruption laws and any determination that any member of the Perenti Group or any third party retained by any member of the Perenti Group has violated any anti-bribery or anti-corruption laws could adversely affect our business.

We operate in numerous countries, including many countries in Africa that rank poorly in published indices of perceived public corruption. In these and other countries, our operations may be subject to the United Kingdom's Bribery Act (the "Bribery Act"), the United States Foreign Corrupt Practices Act and other anticorruption laws (including laws in Australia relating to corruption, such as section 70.2 of Australia's Commonwealth Criminal Code), which generally prohibit companies or their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity or obtain any unfair advantage. There has been a substantial increase in the global enforcement of these laws and an increased focus on the actions of companies in the mining sector. Conversely, strict compliance with anti-bribery laws may conflict with certain local customs and practices. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, agents or distributors that could be in violation of applicable anti-corruption laws, even though these parties are not always subject to our control. In some countries in Africa, we are reliant on third party tax and fiscal agents to administer our local tax affairs with the relevant local taxing authorities and, accordingly, may have more limited knowledge or control of their activities that we do with our own employees. Since we operate globally in multiple jurisdictions, including those with less developed political, legal and regulatory environments, our governance and compliance processes may not prevent potential breaches of law, accounting principles or other governance or customary practices.

We have recently enhanced our internal controls, policies and procedures to protect against such risks and have implemented training and compliance programs for our employees and additional procedures relating to the engagement of agents and other third parties with respect to these laws. However, we cannot assure you that our controls, policies, procedures and programs will always protect us from potentially improper or criminal acts committed by our employees, agents or other third parties retained by us, including bribery and corruption. They also may not guarantee compliance with legal and regulatory requirements and may fail to enable management to detect breaches thereof. In the event that we believe or have reason to believe that our employees, agents or other third parties retained by us have or may have violated applicable anti-corruption laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, and we may report violations to regulators. Violations of anti-corruption laws or regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities and reputational damage, which could adversely affect our business, financial position and results of operations. We do not believe we have violated the Bribery Act or any other anti-corruption laws or regulations. We cannot assure you, however, that any future investigation will not reveal violations of the Bribery Act or other anti-corruption laws or regulations. Moreover, a violation by a customer of such laws may

adversely impact our business if such a violation was to cause a suspension or termination of the customer's project for which we were providing services.

In addition, as we continue to evaluate existing and new anti-corruption laws, regulations or local laws, we or our customers may cease conducting business in certain countries where certain acts prohibited by the Bribery Act or other anti-corruption laws or regulations may be prevalent. The potential decision of either us or our customers to discontinue operations and business in a certain region could adversely affect our business, financial position and results of operations.

We may enter into new geographic markets, including within Africa and North America.

We have a long track record of international operations, first operating in Africa in 1996. We have since expanded to operate in eleven countries, including in Canada where we commenced work in July 2020. We intend to continue to consider prudently exploring entry into new markets including within Africa, particularly in southern Africa. We are also actively exploring opportunities to expand further in the North American market. Our ability to manage our increased scope of operations and to achieve future growth and profitability depends upon a number of factors, including our ability:

- to recruit, train and retain qualified staff to manage and operate in new jurisdictions;
- to accurately evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with our international investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with our accounting policies;
- to compete successfully with established market participants;
- to accurately judge market dynamics, growth potential and competitive environment;
- to effectively determine, evaluate and manage the risks and uncertainties in entering new markets through our country due diligence and other processes, particularly given the heightened risks in emerging markets and areas of political instability or deteriorating security conditions; and
- to maintain and obtain necessary permits, licenses and approvals from governmental and regulatory authorities and agencies and satisfy any local content as ownership requirement.

Furthermore, our contract mining business model, while common in Australia and Africa, is not common in North America, where mine owners typically operate a mine in-house or contract with small-scale contractors for discrete aspects of mine operations. In North American markets, we may need to acclimatize potential customers to a new operating procedures, which may not be successful or may be more expensive to implement. Any difficulties in addressing these jurisdictions or integrating one or more of our existing or future international operations could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to successfully implement our business strategy or manage our growth successfully.

The successful implementation of our business strategy may be affected by a number of factors, including our ability to successfully bid for new business, our health and safety record, our ability to gain a foothold in new markets, commodity prices, the investment outlook for mining projects, the competition we face in our businesses, our success in implementing new technologies and innovations and our ability to retain our key management and employees and attract new talent. We cannot assure you that we will be able to implement all or some of our business strategies, and the failure to implement one or more of such strategies may materially adversely affect our business, financial condition, results of operations and prospects.

We expect our future growth to place significant demands on our management, operations and other resources. Challenges we may face in our future growth include continuing to improve our managerial, technical and operational knowledge, implementing effective management information and IT systems, continuing to recruit and train operational, managerial and other skilled personnel to satisfy our business requirements, obtaining sufficient

financial resources to fund our ongoing operations and our future growth, managing relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties, and strengthening our internal control and compliance functions to ensure that we are able to comply with our regulatory and contractual obligations.

We cannot assure you that we will not experience issues such as capital constraints, project development delays, operational difficulties at new locations or difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business. If we are unable to successfully manage the impact of our growth on our operational and managerial resources and control systems, our reputation could suffer, which could materially adversely affect our business, financial position and results of operations.

If we fail to adopt new technologies, our future performance and growth may be adversely affected.

The acquisition and integration of new technologies by our competitors, or the threat that they may do so, means we must continue to make further technological advancements in order to remain competitive. For example, automation technologies are increasingly being added to mining equipment, which is expected to reduce the cost of mine operations. If we fail to adopt similar technologies and make continued advances, including through the use of autonomous and remotely operated equipment, real-time monitoring of data and assessment of results, automation of certain functions and other technology-driven increases in efficiency and safety, our cost structure may become less competitive. While we work with our equipment suppliers to adopt new technological breakthroughs as they come to market, acquiring and introducing innovative solutions and technologies can be time consuming, costly and complex. Successful acquisition and introduction of innovative solutions and technologies on a timely basis requires that we understand our customers' needs and the potential technological solutions for such needs, identify emerging technological trends in our industry and respond effectively to technological changes by our competitors. Delays in completing the acquisition and introduction of innovations in our services could cause our costs to become uncompetitive and our margins to decline. Furthermore, we may make substantial investments in adopting innovative solutions and technologies that are not well accepted by our customers. If we fail to effectively address the changing demands of customers and to maintain our competitive advantage, our business, financial position and results of operations could be materially adversely affected.

Our operations are subject to labor laws and regulations.

For FY20, our labor expenses accounted for 38% of our total expenses. We are exposed to labor costs arising from a number of factors. We may face labor disruptions, from time to time, with respect to our employees and the employees of suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints, and claims of unfair practices or other industrial activity. Furthermore, any changes in labor laws, could cause our labor expenses to increase. Any such activity could cause production delays, increased labor costs and adversely impact our ability to fulfill our existing contracts or win new contracts. As a result, our operating results may be adversely affected. In Australia, we generally do not have a unionized workforce. Employment conditions are generally governed by non-union enterprise agreements or common law contracts. We typically negotiate collective bargaining agreements with our Ghanaian unions every three years. Also, as of June 30, 2020, approximately 78% of our Australian workforce was subject to collective bargaining agreements in Queensland, Western Australia and Tasmania. If labor laws in the countries where we or our suppliers operate change, we or our suppliers enter into new markets or become subject to labor laws of other jurisdictions, any enforcement action is taken against us with respect to current labor laws, or there is any work stoppage or delay for any reason, our business, financial position and results of operations could be adversely impacted.

We rely on a small number of key suppliers and any interruption in supply could adversely affect our business.

Whenever we enter new contracts, we need to acquire new capital equipment, typically mining equipment, if we do not have existing equipment available. We rely on a small number of key suppliers and equipment manufacturers to source new drilling equipment and related parts to perform our obligations under our existing and new contracts. We primarily source surface mining equipment from Caterpillar and underground mining equipment from Sandvik. We have had a long term relationship with Caterpillar and Sandvik for over 30 years. Any change in our relationships with any of our suppliers may result in a shortage of equipment and parts, which would constrict our ability to enter new contracts or fulfill existing contracts and adversely impact our business and financial

performance. In addition, increased demand for equipment, coupled with over-reliance on a small number of suppliers and a possible failure to accurately forecast and plan equipment needs may lead to a break down in the supply chain and our inability to obtain equipment when needed. We could be adversely affected by any incidents affecting the ability of our suppliers to supply equipment to us, including casualty events affecting production facilities, work stoppages or strikes, financial difficulties of our suppliers, transport disruptions or other events or circumstances. It may be difficult for us to locate alternative suppliers in the event of any disruptions, which could have a material adverse impact on our production.

Our operations face many risks of interruption and casualty losses, and our insurance coverage may be insufficient to cover relevant risks and the costs of our insurance may increase.

Our operations are subject to many hazards inherent in the mining services industries, including blowouts, cratering, explosions, fires, loss of hole, damages or lost equipment and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage and damage to the property of others. Additionally, warranty and indemnity provisions in our mining services contracts could leave us exposed to the risk and liability associated with the services performed under such contracts. We seek protection for certain of these risks through insurance, and insurance coverage is currently maintained for employees, as well as professional indemnity, product liability, third party liability and insurance for certain property damage (subject to carve-outs for war, terrorism, nuclear, pollution except where sudden and unforeseen, political risks and certain other exclusions (except where specifically insured)). However, we cannot ensure that the proceeds from such insurance or any indemnification we may receive from third parties will adequately protect us against liability from the consequences of the hazards described above, or at all in the case of gross negligence or deliberate, willful, reckless or fraudulent acts. The occurrence of an event not fully insured or indemnified against or the failure of a third party or an insurer to meet its indemnification or insurance obligations could result in substantial losses. In addition, insurance may not be available at commercially reasonable terms, or at all, to cover certain of these risks, or, even if available, may not be adequate to insure against all losses or liabilities we may incur if any hazard or risk materializes. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomical. In future insurance renewals, we may choose to increase our self-insurance retentions (and thus assume a greater degree of risk) in order to reduce costs associated with increased insurance premiums or assume certain potential liabilities which our current insurance policies cover.

Difficulties integrating our acquisitions could lower our profits.

From time to time, we have made acquisitions to pursue market opportunities, increase our existing capabilities and expand into new areas of operations. We may continue to pursue select acquisitions in the future, in which case we may encounter difficulties integrating any such acquisitions and in successfully managing or realizing the growth we expect from the acquisitions.

Acquisitions involve a number of risks, including:

- the ability to identify appropriate businesses or assets for acquisition or to negotiate acquisitions on favorable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining financial and strategic focus while integrating the acquired business;
- adequately addressing any pre-existing liabilities or claims involving the acquired businesses;
- unexpected increases in costs;
- historical under-investment in sustaining capital expenditure; and

- the ability to successfully integrate the acquired business, including by implementing uniform standards, controls, procedures and policies.

Business combinations and acquisitions entail a number of risks including the effective integration of acquisitions to realize synergies, significant one-time write-offs or restructuring charges and unanticipated costs and liabilities. We may also be liable for the past acts, omissions or liabilities of the acquired business that are unforeseen or greater than anticipated. Furthermore, expansion into new businesses may expose us to additional business risks that are different from those we have traditionally experienced. Because we may pursue acquisitions around the world and may actively pursue a number of opportunities simultaneously, we may encounter unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight. To the extent we encounter problems integrating any of our acquisitions, our operations could be impaired as a result of business disruptions and lost management time, which could materially adversely affect our business, financial position and results of operations.

Our revenues could be adversely affected if our operations are interrupted by factors beyond our control.

Contract operations are vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond our control, including unsafe conditions, geological instability or unexpected geological conditions, including strong seismic activity, landslides, mudslides, rock falls, cave-ins, other environmental events or conditions that threaten to result in such an event, acts of god or other force majeure events and variations to reduce scope of works. Interruptions to existing operations or delays in commencing operations experienced by clients may result in lost revenue and, in some circumstances, result in us incurring additional costs, which may have a material adverse effect on our business, results of operations and financial condition.

We are subject to various environmental laws, rules, legislation and guidelines, which can impose material liability or greater costs on our business or lead to a decline in the demand for our services.

Our clients' businesses and operations are subject to numerous laws, regulations and guidelines relating to the protection of the environment, including those governing the management, transportation and disposal of hazardous substances and other waste materials, which we must abide by under law in the relevant jurisdictions and under our contractual arrangements with our clients. These laws, regulations and guidelines include those relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, requiring removal or remediation of pollutants or contaminants and imposing civil and criminal penalties for violations. Some of the laws, regulations and guidelines that apply to our operations also authorize the recovery of natural resource damages by the government, injunctive relief and the imposition of stop, control, remediation and abandonment orders. Additionally, our drill and blast operations, along with our operations involving the release of hydrocarbons, may be conducted in or near ecologically sensitive areas, such as wetlands, which are subject to special protective measures and which may expose us to additional operating costs and liabilities for noncompliance with applicable laws. While we aim to work together with our clients to ensure that our services are performed in alignment with our clients' onsite policies, management systems and procedures, our actions or failure to act may result in our client incurring environmental liability, regulatory penalties or having licenses suspended, cancelled or subjected to additional conditions.

The trend in environmental regulations has been to impose more restrictions and limitations on activities that may impact the environment, including the generation and disposal of wastes and the use and handling of chemical substances, including explosives. These restrictions and limitations have increased operating costs for both us and our customers. Any regulatory changes that impose additional environmental restrictions or requirements on us or our customers could adversely affect us through increased operating costs and potential decreased demand for our services. Environmental issues have created intense public debate around the world in recent years that is likely to continue for the foreseeable future and could potentially have significant effects on our business, financial position and results of operations.

While we maintain liability insurance, including insurance for certain environmental claims, the insurance is subject to coverage limits and certain of our policies exclude coverage for damages resulting from environmental contamination such as damage resulting from gradual pollution and seepage. We cannot assure you that insurance will continue to be available to us on commercially reasonable terms or at all, that the possible types of liabilities that may be incurred by us will be covered by our insurance, or that the dollar amount of such liabilities will not

exceed our policy limits. Even a partially uninsured claim, if successful and of sufficient magnitude, could adversely affect our business, financial position and results of operations.

We have recently experienced an instance of employee fraud, which could indicate weaknesses in our internal controls and risk management systems.

We have implemented internal controls and risk management systems, which are designed to identify and minimize incidents of fraud, non-compliance with our risk management policies and weaknesses and limitations in our internal controls and risk management systems, and we have recently enhanced those systems. However, in 2019 we discovered that an Australia-based employee authorized and concealed payments to an unrelated, invalid supplier totaling approximately A$10.0 million over an eight year period. The employee was dismissed and we reported the matter to the police. In connection with this incident, we retained Ernst & Young as an external forensic investigator, and assisted police with their investigations. Although we believe that our risk management and internal control systems and procedures meet the required standards, there can be no assurance that such systems and procedures will be effective in identifying all similar incidents or that any further investigation will not identify similar incidents that have occurred in the past or weaknesses in our internal controls and risk management systems. Inadequacies in our internal controls and risk management systems and any instances of employee or other fraud that arise may have a material adverse effect on our business, results of operations and financial condition.

Increases in the prices of consumables or wages could increase our operating costs and decrease our operating margins.

We purchase a significant amount of consumables, such as drilling rods, tires, engines and spare parts, for use in our operations. We do not engage in any type of hedging activities to mitigate the risks of increases in market prices for these consumables, and therefore significant increases in the price of these items would increase our operating costs. In addition, a shortage of qualified employees may result in significant wage inflation. We may be unable to pass along increases in the prices of consumables or increases in the wages that we must pay, in which case our operating margins could decrease and this may also adversely affect our business, financial position and results of operations.

We operate in and are subject to tax regimes of many different countries.

We provide services in a number of countries around the world. Therefore, we are subject to tax regimes of many different countries and are subject to risks of changes in tax rates, tax legislation generally, interpretation or enforcement. We operate and sell services in countries that have tax regimes in which the rules may not be clear, may not be consistently applied and may be subject to sudden change. This is especially true with regard to international transfer pricing. An interpretation of tax laws by the relevant taxing authority, including the Australian Taxation Office and taxing authorities in the foreign countries in which we operate, that differs from ours may lead to an increase in our tax liabilities and adversely affect our financial condition. Furthermore, we are subject to periodic tax audits in the ordinary course of business in many of the jurisdictions in which we operate, such as Ghana and Mali. Our earnings could be reduced by the uncertain and changing nature of tax regimes in these foreign locations. In addition, given the number of jurisdictions in which we operate, the tax positions we have taken or tax attributes of our contracts could be challenged. Any of the foregoing could adversely affect our business, financial position and results of operations.

Changes in, or our or any of our customers' failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business could adversely affect our business, financial position and results of operations.

The mining industry is subject to regulation by governments around the world, including the regions in which we have operations, relating to matters such as controls and restrictions on production, and, potentially, nationalization, expropriation or cancellation of contract rights, as well as restrictions on conducting business in such countries. In addition, as we expand our operations, we may be required to operate through subsidiaries incorporated in the particular jurisdictions for tax, legal and operating reasons, and we will be subject to the associated compliance risks. For example, Tanzania has started enforcing certain local ownership requirements and we had to establish a joint venture in Ghana through a local subsidiary to meet the local ownership requirements for work permit approvals. In December 2019, GMC terminated its contract with AMS at Nsuta, announcing that

GMC's termination was due to the Ghanaian government capping GMC's production at the mine. Changes in, or our failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business, either by the mine owner or ourselves, could result in, among other consequences, the loss of our assets in such jurisdiction, the elimination of certain rights that are critical to the operation of our business in such jurisdiction or a decrease in revenue. In addition, some of the jurisdictions in which we operate have recently considered or are considering legislation that would tax mining activity.

Unfavorable fluctuations in currency values and exchange rates and the imposition of currency exchange controls could have a material adverse impact on our business.

Reporting currency translation risk. Broadly speaking, our Australian operations are Australian dollar denominated and our African operations are primarily U.S. dollar denominated but are also exposed to local currencies. Therefore, for reporting purposes, we are exposed to fluctuations in the value of the Australian dollar versus U.S. dollars and those other currencies. Because our consolidated financial results are reported in Australian dollars, if we generate sales or earnings or have assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes can result in a significant increase or decrease in the amount of those sales or earnings and our net assets. Of our consolidated sales revenue, 60.8%, 53.9% and 51.5% in FY18, FY19, and FY20, respectively, was denominated in a currency other than the Australian dollar, primarily U.S. dollars, and West African francs which are pegged to the Euro. Fluctuations in foreign currency exchange rates may also make period-to-period comparisons of our results of operations difficult. As our operations grow internationally, our foreign exchange translation risk may increase.

Unhedged revenue and expense risk. We are also economically exposed to currency exchange rate fluctuations when our sales revenues are derived in one currency and the corresponding expenses are incurred in a different currency. From time to time, we hedge these economic exposures if they are material, but the hedges we use may not fully protect us from the exchange rate fluctuations.

Currency exchange transaction risk. Our operations in Africa and Canada are exposed to currency exchange transaction risk. Under most of our contracts in Africa, the payment terms are denominated in U.S. dollars, but we are paid by our customers in West African francs based on a U.S. dollar to West African franc spot-exchange rate at the time of invoicing. In Canada, our contract with Barrick Gold is denominated and paid in Canadian dollars. We typically provide for 30 day payment terms and attempt to convert our revenues, less an amount to cover local currency expenses, immediately to U.S. dollars or Australian dollars. We also purchase some of our major capital equipment in U.S. dollars. During the period between invoicing our customers in local currency and exchanging that currency into U.S. dollars or Australian dollars, we are exposed to further exchange rate risk. In addition, we may purchase capital equipment for our business such as dump trucks, excavators and other equipment in currencies other than the Australian dollar, which will affect our costs. When entering into a new contract, we try to price our anticipated foreign exchange exposure into the capital expenditure budget set out in the contract terms.

Exchange controls risk. We operate in many countries and some of the countries in which we operate have, or may in the future impose, currency exchange controls in the future. For example, Egypt has regulations that may restrict our ability to send cash out of the country. As a result, cash in Egypt, and any other countries with foreign exchange controls may not be available to meet obligations incurred in other countries. Currency exchange controls currently do, and may in the future, prevent us from being able to freely convert these currencies into currencies of other countries. The increased hold time of these currencies further exposes us to exchange rate risk.

Any of the foregoing or any other risk related to foreign exchange exposure could adversely affect our business, financial position and results of operations.

For discussion related to our foreign exchange rate exposure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Results of Operations— Currency fluctuations."

We face risks related to our exploration related services that may adversely affect our results of operations and profitability.

In FY20, exploration related services accounted for 5.5% of our external sales revenue. Exploration activity of our customers can be volatile as a customer's decision to undertake exploration projects is generally linked to various factors beyond our control, including the market sentiment on relevant commodity prices, the customer's existing reserves and resources, grades and metallurgical characteristics of ore to be mined and processed, the tonnage of ore to be mined and processed, anticipated recovery rates of the relevant commodity extracted from the ore and the customer's ability to fund the anticipated capital expenditure and cash operating costs. Consequently, our customers' need for our services will vary depending on any of these factors, and in the event that our customers decide to terminate or suspend or refrain from exploration activities, our business, results of operations and financial condition may be adversely affected.

Certain of our mining contracts give the customer an option to buy the capital equipment used by us in connection with the contract, which could reduce our available fleet of equipment to service other customers.

Some of our mining contracts give the customer an option (exercisable on default or on termination for convenience) to purchase from us the equipment used to perform mining services at its operation, at an agreed market price. This means that a customer may terminate its contract with us and exercise an option to purchase our equipment, such as in an event where the customer has chosen to move to an owner-operated model. The price at which equipment can be purchased by a customer in these circumstances varies according to the particular contract, but is often the greater of the equipment's market value or the written down value. Even if the purchase price is above market value for such equipment, this could adversely impact our business and operations since there is a substantial lead time to obtain new equipment and loss of such equipment reduces our available fleet of unutilized equipment to service other existing or new customers.

We rely on our information systems to conduct the administrative aspects of our business, and failure to protect these systems against security breaches could adversely affect our business. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

We rely on computer, information, and communications technology and related systems in order to properly operate the administrative aspects of our business. From time to time, we experience occasional system interruptions and delays. We have processes in place to respond to system interruptions and delays and our daily mining operations do not depend on information, communications technology and related systems. However, in the event we are unable to regularly deploy software and hardware, effectively upgrade our systems and network infrastructure and take other steps to maintain or improve the efficiency and efficacy of our systems, the operation of such systems could be interrupted or result in the loss or corruption of data. In addition, our computer systems are subject to the risks of unauthorized access, computer hackers, computer viruses, malicious code, organized cyber-attacks and other security problems and system disruptions, including possible unauthorized access to our and our customers' proprietary or classified information. We rely on industry-accepted security measures and technology to securely maintain all confidential and proprietary information on our information systems. We have devoted and will continue to devote significant resources to the security of our computer systems, but they may still be vulnerable to these threats. A user who circumvents security measures could misappropriate confidential or proprietary information or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage our reputation and have a material adverse effect on our business, results of operations and financial condition.

The effects of climate change and the regulatory response from governments may pose risks to our business and our failure to respond to the threat of climate change may cause reputational damage.

There is a growing market pressure for companies to disclose their measures for identifying and managing both physical and transitional climate related risks. The physical impacts of climate change pose a potential threat to people, infrastructure, local communities, environment and access to key mining inputs (such as, access to water). Physical climate change effects that have the potential to impact us include changes in weather patterns, such as increased temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, drought, storms and increased frequency of natural disasters. These occurrences may cause damage to infrastructure

and assets, major business disruption and increased energy costs. We are also at risk of reputational damage if key external stakeholders perceive that management are not adequately responding to the threat of climate change. Finally, we may be exposed to liability for increased costs related to climate-related risks under its contracts with clients. Any of the foregoing risks could have a material adverse effect on our business, results of operations and financial condition.

Changes in Australian accounting standards could adversely affect our reported results of operations and reported financial condition.

Australian accounting standards are set by the Australian Accounting Standards Board (the "AASB") and are outside our control. Changes to accounting standards issued by the AASB could materially adversely affect the reported financial performance and position reported in our financial statements.

Risks Relating to our Indebtedness

Our substantial debt could adversely affect our financial health and prevent us from fulfilling our obligations under the Notes.

We have significant debt obligations. As of June 30, 2020, we had outstanding A$883.9 million of total debt with an additional A$276.4 million in undrawn commitments in relation to our Revolving Credit Facilities. This outstanding debt includes US$350 million 6.625% Senior Secured Notes due 2022 issued by Barminco Finance Pty Limited (the "Barminco Notes"), which we intend to redeem. Depending upon market conditions and our financial condition at the time any of our indebtedness matures, we may be unable to refinance such indebtedness on commercially favorable terms or at all.

Our substantial debt could have adverse consequences for us. For example, it could:

- make it more difficult for us to service our debt;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which will reduce the funds available for working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in the market for our services and competitive pressures;
- place us at a competitive disadvantage compared to those of our competitors that have less debt than we do;
- increase our vulnerability in the event of general and/or industry-specific adverse economic conditions; and
- limit our ability to borrow additional funds or increase the cost of any such borrowing, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt.

We may not be able to obtain funding on acceptable terms, or at all, due to a deterioration of the credit and capital markets. This may hinder or prevent us from meeting our current or future capital needs and from refinancing our existing indebtedness.

Our business requires significant amounts of capital expenditures, which often includes a front-ended investment by us given the contracting nature of our operations. Whenever we enter new contracts, we need to acquire new capital equipment, typically mining equipment, which has a useful life of between five and ten years for surface mining equipment and three and five years for underground mining equipment, if we do not have existing equipment available. Capital expenditures are also required to maintain capital equipment over its useful life. Consequently, during periods of high or rapid growth in revenues, our capital requirements increase as we enter new contracts. Historically, capital expenditures have been funded by a combination of operating cash flow, funding from equity raisings and secured finance arrangements.

We intend to finance our capital expenditures, other than significant acquisitions, primarily through cash flow from operations and borrowings. Our financing needs, however, may require us to alter or increase our capitalization substantially through the issuance of additional equity or incurrence of additional indebtedness. Additional borrowings will require that a greater portion of our cash flow from current operations be used for debt service, thereby reducing our ability to use cash flow to fund working capital, capital expenditures and acquisitions.

Our cash flow from operations and access to debt and equity capital is subject to a number of variables, including:

- our activity levels;
- financial leverage;
- margins under our services contracts and the prices at which our services are sold;
- global credit and securities markets; and
- the ability and willingness of lenders and investors to provide capital and the cost of the capital.

If our revenues or margins decrease as a result of adverse changes in contract terms, decreases in the prices for our services, operating difficulties or disruptions, lending requirements or regulations or for any other reason, we may not be able to obtain the capital necessary to sustain our operations at current levels. As a result, we may require additional capital to fund our operations, and we may not be able to obtain debt or equity financing to satisfy our capital requirements on commercially reasonable terms or at all.

In recent years, certain financial markets, including emerging markets, have experienced disruptions (including due to the on-going COVID-19 pandemic), and economic conditions in these markets have been volatile, which has adversely affected the availability and cost of capital. The continuation of these conditions or a recurrence of similar conditions, including as a result of prolonged or further deterioration of economic, fiscal or credit market conditions within Europe, Asia or Australia, could make it difficult for us to obtain financing for our ongoing capital needs. In volatile financial markets, the cost of raising money in the debt and equity capital markets can fluctuate widely, and the availability of funds from those markets may diminish significantly. Due to these factors, we cannot provide assurance that funding will be available on commercially reasonable terms or at all. In addition, we may be unable to refinance our existing indebtedness as it comes due on commercially reasonable terms or at all. If we cannot meet our capital needs or refinance our existing indebtedness, we may be unable to implement our development plans, enhance our existing business, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial position and results of operations.

Despite restrictions in the indenture governing the Notes and in the Revolving Facilities, we will still be able to incur substantial additional indebtedness. This could create substantial leverage and related risks.

We may be able to incur substantial additional indebtedness in the future, including additional secured indebtedness. Although covenants under the indenture governing the Notes and in the Revolving Facilities will limit our ability to incur such additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. In addition, subject to certain exceptions, we are not required to repay any existing indebtedness with the proceeds of such additional indebtedness. The indenture will also allow any subsidiaries that we may designate as unrestricted subsidiaries under the Indenture to incur unlimited additional debt, all of which would be structurally senior in right of payment to the Notes. In addition, the indenture will not prohibit us from incurring obligations that do not constitute indebtedness as defined therein. If we incur additional indebtedness, the related risks would be increased, and we may not be able to meet all of our debt obligations, including the obligations of the Issuer to repay the Notes in whole or in part.

We cannot assure you that we will be able to maintain or improve our leverage position.

An element of our business strategy involves maintaining a disciplined approach to financial management. However, implementation of our business strategies may require the incurrence of additional indebtedness. Although we will seek to maintain or improve our leverage position, our ability to maintain or reduce our level of indebtedness depends on a variety of factors, including future performance and our future debt financing needs. General economic conditions, mineral production volume, labor costs, fuel prices and financial, business and other factors will also affect our ability to maintain or improve our leverage position. Many of these factors are beyond our control.

We may not be able to successfully refinance our maturing debt facilities on commercially favorable terms or at all.

Our ability to refinance our obligations with respect to our indebtedness, including the Notes, will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. Our ability to refinance our maturing indebtedness may be detrimentally impacted if global credit markets tighten and there is a resultant shortage of available credit. Beginning in 2008, global credit markets experienced a shortage in overall liquidity, and there was a resulting disruption in the availability of credit. Also, at the beginning of the COVID-19 pandemic, global markets experienced significant volatility and credit markets experienced a temporary period of illiquidity. Future disruptions in the global financial marketplace, including the bankruptcy or restructuring of financial institutions, could make debt markets less accessible and adversely affect the availability of credit already arranged and the availability and cost of credit in the future. Any limitations on our access to external capital, including limitations caused by volatility in the credit markets, may impair our ability to refinance our maturing debt facilities on favorable terms or at all. If we are unable to refinance our maturing indebtedness in a timely manner and on commercially favorable terms or at all, our financial results may be materially adversely affected and, in an extreme case where alternative funding is not available, we may become insolvent.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales or that additional financing could be obtained on acceptable terms, if at all. In the absence of such cash flow and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them, and such proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations or to refinance our indebtedness on commercially reasonable terms and in a timely manner or at all would materially and adversely affect our financial condition and results of operations and the Issuer's ability to satisfy its obligations under the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of the Notes".

We require a significant amount of cash to service our debt and capital expenditure requirements, and our ability to generate sufficient cash in the future depends on many factors beyond our control.

Our ability to make payments on and/or to refinance our debt and to fund working capital expenditures and capital expenditure requirements will depend on our future operating performance and ability to generate sufficient cash. Our operating performance and cash flow both depend, to some extent, on general economic, financial, and competitive, market and other factors, many of which are beyond our control.

If our capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay capital expenditures;
- sell assets;
- obtain additional debt or equity capital; and
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing and future debt, including the Notes, may limit our ability to pursue any of these alternatives.

Our debt agreements contain significant restrictions limiting our flexibility in operating our business.

Various covenants contained in our debt instruments, including the Indenture, the Australian and the Revolving Facilities, limit or may limit our ability to, among others:

- incur additional indebtedness;
- pay dividends or make other distributions;
- make certain other restricted payments and investments;
- create or incur liens;
- create restrictions on our ability to receive dividends or other payments from our subsidiaries;
- transfer or sell assets;
- merge or consolidate with other entities; and
- enter into transactions with affiliates.

These restrictions could hinder our ability to finance our future operations (including working capital requirements and capital expenditure) and could thereby have an adverse impact on our ability to make payments of principal or interest on our debt, including the Notes. In addition, we are required to maintain certain financial ratios under our Revolving Facilities, including interest cover, leverage, gearing, security and guarantor cover ratios.

Complying with the covenants and tests contained in our debt instruments may cause us to take actions that we otherwise would not take or not take actions that we otherwise would take. The failure to comply with these covenants and tests would cause a default under the Revolving Facilities and would prevent us from taking certain actions, such as incurring additional debt, paying dividends or redeeming the Notes or other debt. A default, if not remedied or waived, could result in the debt under the Notes becoming immediately due and payable and could result in a default or acceleration of other indebtedness with cross-default provisions. If this occurs, we may not be able to pay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

You should read the discussion in "Description of the Notes—Certain Covenants" for further information about these covenants. A failure to comply with the obligations contained in the Indenture could result in an event of default under the Indenture, which would permit acceleration of payment of the Notes and could permit acceleration of our indebtedness under other instruments that contain cross-default or cross-acceleration provisions. In the event any such accelerations occur, we cannot assure you that we will have sufficient assets to repay such indebtedness.

Interest rate fluctuations could negatively affect our financial condition and results of operations.

As of June 30, 2020, 29% of our indebtedness is subject to floating interest rates. As a result, a portion of our finance costs, and therefore our results of operations, may be exposed to volatility as a result of fluctuations in interest rates. These interest rates could rise significantly in the future. In addition to the effect on our results of operations, a substantial increase in our finance costs could affect our ability to make payments on the Notes and comply with interest cover covenants in our debt instruments.

Risks Relating to the Notes

Your right to receive payments on the Notes is effectively junior to the right of lenders who have a security interest in our assets to the extent of the value of those assets.

Our obligations under the Notes and the Note Guarantors' obligations under the Note Guarantees will be unsecured, but our obligations under the Revolving Facilities and each Australian Note Guarantor's obligations under its guarantee of the Revolving Facilities are secured by a security interest in substantially all of our assets. In addition, some of our regional working capital facilities and hire purchase agreements are secured. If we are declared bankrupt or insolvent or if we default under the Revolving Facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could take enforcement proceedings in respect of the secured assets to the exclusion of holders of the Notes, even if an event of default exists under the Indenture at such time. Furthermore, if the lenders take enforcement proceedings and sell the pledged equity interests in any Subsidiary Guarantor under the Notes, then that Subsidiary Guarantor will be released from its guarantee of the Notes automatically and immediately upon such sale. In any such event, because the Notes will not be secured by any of our assets or the equity interests in Subsidiary Guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims in full. See "Description of Other Financing Arrangements."

As of June 30, 2020, on an as adjusted consolidated basis giving effect to (a) the Notes offering and (b) the application of the net proceeds of the Notes offering, we would have had A$231.7 million outstanding of indebtedness that is secured and effectively senior to the Notes to the extent of the value of the secured assets, consisting of A$125.3 million of Existing Purchase Money Indebtedness and A$106.4 million outstanding under the Credit Agreements. The Indenture will permit us, our Subsidiary Guarantors and our Restricted Subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness. In addition, other debts and liabilities of the Note Guarantors and the Issuer, such as certain employee entitlements or amounts owed to tax authorities, may rank ahead of the Notes and the Note Guarantee in the event of administration or insolvency or similar proceedings.

Your rights as a holder of the Notes will be structurally subordinated in right of payment to claims of creditors of our subsidiaries that do not guarantee the Notes, which may limit your recovery as a creditor.

The Notes will be issued by Perenti Finance Pty Ltd. and guaranteed by our parent company, Perenti, and certain of its subsidiaries. The Issuer, Perenti Finance Pty Ltd, is a wholly owned finance subsidiary of Perenti Global Limited. The assets of the Issuer consist principally of loans made to other members of the Perenti Group and its interest in the BTP Group. Therefore, the Issuer is dependent on loan repayments or intercompany transfers of funds it receives from such entities in order to meet its obligations under the Notes. The Notes will be structurally subordinated in right of payment to the existing and future claims of the creditors of our subsidiaries that do not guarantee the Notes. Any existing and future claims of the creditors of our subsidiaries that do not guarantee the Notes to the assets of such subsidiaries will have priority over the holders of the Notes, except to the extent that the Issuers or a Note Guarantor may be recognized as a creditor of any such subsidiary. Consequently, the Notes may be structurally subordinated in right of payment to all liabilities, including trade payables and lease obligations, whether or not secured, of any of our subsidiaries that do not guarantee the Notes and any subsidiaries that we may in the future acquire or establish to the extent they do not guarantee the Notes, which may limit your recovery as a creditor. As of June 30, 2020, the Non-Guarantor Subsidiaries of the Parent Guarantor had external liabilities to third parties of A$85 million.

Many of the covenants in the Indenture would not apply during any period when the Notes are rated investment grade by any two of Fitch, Moody's and S&P and no default has occurred and is continuing.

Many of the covenants contained in the Indenture will not apply during any period when the Notes are rated investment grade by any two of Fitch, Moody's and S&P and no default has occurred and is continuing. There can be no assurance that the Notes will ever be rated investment grade, that if they are rated investment grade or that the Notes will maintain such ratings. Ratings assigned to the Notes may be lowered or withdrawn in the future. However, suspension of these covenants will allow us to engage in certain actions that would not have been permitted were these covenants in force, and the effects of any such actions that we take while these covenants are not in force will be permitted to remain in place, and will not constitute an Event of Default under the Indenture, even if the Notes are subsequently downgraded below investment grade and the covenants are reinstated. See "Description of the Notes—Covenant Suspension."

The ratings assigned to the Notes may be lowered or withdrawn.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated "BB" by S&P, and "Ba2" by Moody's. The ratings represent the opinions of the ratings agencies and their assessment of the ability of each of the Issuer and the Parent Guarantor to perform its respective obligations under the terms of the Notes and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Notes. The rating agencies also provide corporate ratings with respect to the Parent Guarantor on a general basis, which do not take into account the specific features of the Notes and Note Guarantees offered hereby. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that such rating will be issued or that any rating issued will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. In addition, we cannot assure you that rating agencies other than S&P, Moody's and Fitch would not rate the Notes or the Parent Guarantor differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the Parent Guarantor or the assignment by a rating agency other than S&P, Moody's or Fitch of a rating of the Notes or the Parent Guarantor lower than those provided may adversely affect the market price of the Notes.

Fraudulent transfer and other laws may permit a court to void the Note Guarantees, and if that occurs, you may not receive any payments on the Note Guarantees.

The issuance of the Note Guarantees by the Note Guarantors may be subject to review under applicable fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including circumstances in which bankruptcy is not involved, were commenced at some future date by, or on behalf of, our unpaid creditors or unpaid creditors of the Note Guarantors. Under Australian law, if a liquidator were to be appointed to any Australian note guarantor, the liquidator would have the power to investigate the validity of past transactions and may seek various court orders, including orders to void certain transactions entered into prior to the winding-up of such guarantor and for the repayment of money. These transactions are known as "voidable transactions" and include transactions that are uncommercial, result in an unfair preference being given to a creditor, or otherwise defeat, delay or interfere with the rights of creditors. There are various time periods within which a liquidator can take such action depending on the nature of the transaction being challenged. The test for insolvency in Australia in this context is whether the relevant company is able to pay its debts as and when they become due and payable.

Under Australian law, a guarantee given by a company may also be set aside on a number of additional grounds. For example, a guarantee may be unenforceable against a guarantor if the directors of the guarantor did not comply with their duties to act in good faith for the benefit of the guarantor and for a proper purpose in giving the guarantee. The issue is particularly relevant where a company provides a guarantee in relation to the obligations of another member of its corporate family, as is the case for the Note Guarantees. In determining whether there is sufficient benefit, all relevant facts and circumstances of the transaction need to be considered by the directors, including the benefits and detriments to the guarantor in giving the guarantee and the respective benefits to the other parties involved in the transaction.

Whether a guarantee entered into in breach of directors' duties can be avoided against a party relying on the guarantee depends on certain factors, including the state of knowledge of that party and whether the party knew of or suspected the breach. Also, under Australian law, a person is entitled to assume that the directors have properly performed their duties to the company unless that person knows or suspects that they have not done so. In addition, other debts and liabilities of the Note Guarantors and the Issuers, such as certain employee entitlements, may rank ahead of claims under the Note Guarantees in the event of insolvency, administration or similar proceedings.

For additional information on fraudulent transfer considerations in Australia and in the other jurisdictions where our significant Subsidiary Guarantors are incorporated, see "Description of the Notes— Guarantees— Limitations on the Validity and Enforceability of the Subsidiary Guarantees."

If any of the Note Guarantees are avoided, it is possible that you will be left with a claim solely against the Issuers. For additional information on the limitations on the Note Guarantees of the Subsidiary Guarantors in certain jurisdictions, see "Description of the Notes—Certain Covenants—Limitations on Indebtedness."

Insolvency laws of Australia and other jurisdictions may preclude holders of the Notes from recovering payments due on the Notes or the Note Guarantees.

The Parent Guarantor, the Issuer and certain Subsidiary Guarantors representing 59% of our total assets as of June 30, 2020 are incorporated in Australia, and certain Subsidiary Guarantors representing 32% of our total group assets as of June 30, 2020 are incorporated in a variety of jurisdictions other than Australia and the U.S. As of June 30, 2020, the Parent Guarantor, the Issuer and the initial Subsidiary Guarantors accounted for 91% of the total group assets and, for FY20, 86% of total group Underlying EBITDA. In the event of insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Note Guarantor. The rights under the Note Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcies, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Issuers and the Note Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realize any recovery under the Notes and the Note Guarantees.

The insolvency laws of Australia and some of the other jurisdictions in which Subsidiary Guarantors are incorporated may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. In particular, the voluntary administration procedure under the Australian Corporations Act, which provides for the potential reorganization of an insolvent company, differs significantly from Chapter 11 under the United States Bankruptcy Code. If the Parent Guarantor becomes insolvent, the treatment and ranking of holders of the Notes, its other creditors and shareholders under Australian law may be different from the treatment and ranking of holders of the Notes, its other creditors and shareholders if it were subject to the bankruptcy laws of the United States or certain other jurisdictions. For instance, in Australia, certain entitlements of employees are given priority over certain claims of secured creditors and all claims of unsecured creditors (with limited exceptions).

For additional information on Australian insolvency proceedings and insolvency proceedings in the jurisdictions where our significant Subsidiary Guarantors are incorporated, see "Description of the Notes— Enforceability of Judgments."

The Note Guarantees by certain Subsidiary Guarantors organized in jurisdictions outside the United States will be subject to significant limitations affecting enforcement of the Note Guarantees.

The Note Guarantees to be provided by certain Subsidiary Guarantors, and the judgments obtained in the United States in respect thereof, may be difficult or impossible to enforce in certain jurisdictions. Note Guarantors that have assets and/or are organized in jurisdictions outside the United States must comply with local law requirements, which may significantly affect the permissibility of payments and/or the enforcement of the Note Guarantees. This is particularly true for Subsidiary Guarantors organized in Mali, Ghana, Burkina Faso and

Tanzania. For example, some of these jurisdictions impose limitations that generally limit the value of the guarantee to the amount that would not render such guarantor insolvent, which is generally measured by the value of their net assets at any time. These contractual and/or statutory limitations could significantly reduce the amount that can be claimed or recovered from these Guarantees. See "Description of the Notes—Guarantees—Limitations on Validity and Enforceability of the Subsidiary Guarantees."

Some of our subsidiaries will not guarantee the Notes and your claims will be effectively subordinated to all of the creditors of these subsidiaries and the Note Guarantors may be released from their obligation to guarantee the Notes in certain circumstances.

As of the Issue Date, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries." However, the Parent Guarantor will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries" under the circumstances described in the definition of "Unrestricted Subsidiary." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not Guarantee the Notes.

The Notes and the Note Guarantees will be structurally subordinated to the indebtedness of any subsidiaries that do not guarantee the Notes. Other than the Note Guarantors, our subsidiaries are separate and distinct legal entities with no obligation to pay any amounts due pursuant to the Notes or to provide us with funds (whether by dividend, distribution, loan or otherwise) for our payment obligations. Payments to us by our subsidiaries will be contingent upon their earnings, their business considerations and their ability to service their own liabilities. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries other than the Note Guarantors, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets of the subsidiaries are made available for distribution to us. In addition, the Indenture will, subject to some limitations, permit the non-Guarantor subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by the non-Guarantor subsidiaries. In addition, the Note Guarantors will automatically be released from their obligations under the Note Guarantees upon the occurrence of certain events. If any Note Guarantee is released, no holder of the Notes will have a claim as a creditor against that Note Guarantor, and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of that Note Guarantor will be effectively senior to the claim of any holders of the Notes. See "Description of the Notes—Guarantees."

Service of process and bringing of original actions in the United States may be difficult, and enforcement of judgments obtained in the United States may be difficult or impossible to enforce in certain jurisdictions where Note Guarantors have assets and/or are organized.

The Issuer, the Parent Guarantor and a substantial number of our subsidiaries are incorporated outside of the United States. In addition, most of the directors and executive officers of these entities reside outside the United States. As a result, it may be difficult or impossible for holders of the Notes to effect service of process for a lawsuit within the United States upon certain of these entities and our operations, including with respect to matters arising under the U.S. federal securities laws. A substantial portion of the Parent Guarantor's, the Issuer's and the Subsidiary Guarantors' assets and the assets of these other persons are located outside the United States, which may make it difficult or impossible to enforce judgments obtained in courts of the United States in jurisdictions outside of the United States, including any judgments predicated upon the civil liability provisions of the federal securities laws of the United States or state securities laws. For example, there is doubt as to the enforceability in Australia, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated upon the civil liability provisions of the federal or state securities laws of the United States. Also, there is no statutory recognition in Australia of the judgments of United States courts (whether or not such judgment relates to United States federal or state securities laws), and such judgments will not be enforceable in Australia in certain circumstances, including, but not limited to: where the plaintiff is unable to prove that the U.S. court exercised jurisdiction over the defendant which is recognized by Australian courts; where such judgments contravene local public policy, were obtained by fraud or duress, breach the rules of natural justice or general principles of fairness, are not for a fixed or readily ascertainable sum, are subject to a stay of execution; where an order under the Foreign Proceedings (Excess of Jurisdiction) Act 1984 (Cth) has been made; where such judgments are otherwise not final and conclusive or involve multiple or punitive damages; or where the proceedings in such courts were of a penal nature.

For additional information on the enforcement of judgments obtained in the United States in certain jurisdictions where the Note Guarantors have assets and/or are organized, see "Enforcement of Civil Liabilities."

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes have not been and will not be registered under the Securities Act or any United States state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. We do not intend to register the Notes, and holders thereof will not be entitled to require us to register the Notes for resale or otherwise. The Notes and the indenture governing the Notes contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

There is no established trading market for the Notes. If an actual trading market does not develop for the Notes, you may not be able to resell them quickly for the price that you paid or at all.

The Notes will constitute new issues of securities, and there is no established trading market for the Notes. The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. Each Initial Purchaser may discontinue any market making in the Notes at any time, in its sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the Notes.

We also cannot assure you that you will be able to sell your Notes at a particular time or at all or that you will receive a favorable price for them. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price. The liquidity of, and trading market for, the Notes may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. It is possible that the market for the Notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the Notes, regardless of our prospects and financial performance.

We may not be able, or may not be required, to repurchase the Notes upon a change of control triggering event.

Upon the occurrence of a change of control that is accompanied by a specified decline in the rating of the Notes, we will be required to offer to repurchase all of the Notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. We may not have sufficient funds at the time of any such event to make the required repurchases. Additionally, a change of control would constitute a review event under our Revolving Facilities and could result in a prepayment event under those facilities. In the event this results in an event of default hereunder, the lenders may accelerate the relevant debt, which could also cause an event of default under the indenture governing the Notes.

One of the circumstances under which a change of control may occur is upon the sale or disposition of all or substantially all of our assets. However, the phrase "all or substantially all" will likely be interpreted under applicable state law and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or disposition of "all or substantially all" of our assets has

occurred, in which case the ability of a holder of the Notes to obtain the benefit of an offer to repurchase all or a portion of the Notes held by such holder may be impaired.

Courts interpreting change of control provisions under New York law (which is the governing law of the indenture) have not provided clear and consistent meanings of such change of control provisions, which has led to subjective judicial interpretation. Another court may not enforce the change of control provisions in the Indenture as written for the benefit of the holders, and the change of control provisions could be impacted if we become a debtor in a bankruptcy case.

The Notes will initially be held in book-entry form, and therefore, you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through the DTC. Interests in the Global Notes will trade in book-entry form only, and the Notes in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The nominee for DTC will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to The Bank of New York Mellon as Paying Agent, which will make payments to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the nominee of DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the indenture governing the Notes.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon solicitations for consents or our requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture governing the Notes, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the Notes.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately US$441.5 million after deducting estimated Initial Purchasers' discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds of the offering (i) to fund the early redemption of all of Barminco Finance Pty Limited's US$350 million 6.625% Senior Secured Notes due 2022 at a redemption price of 101.656% of the principal amount of the notes redeemed plus accrued and unpaid interest up to the redemption date, and (ii) to repay amounts drawn which are currently outstanding under the Revolving Facilities. We also intend to reduce the aggregate commitments under the Revolving Facilities from A$530.0 million to A$400.0 million. See "Capitalization."

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents and capitalization of Perenti as of June 30, 2020:

- on an actual basis; and
- on an as adjusted basis giving effect to (a) the Notes offering and (b) the application of the net proceeds of the Notes offering, which we estimate to be approximately US$441.5 million in aggregate, namely (i) to fund the early redemption of all of Barminco Finance Pty Limited's US$350 million 6.625% Senior Secured Notes due 2022 at a redemption price of 101.656% of the principal amount of the notes redeemed plus the accrued and unpaid interest up to the redemption date and (ii) to repay amounts drawn which are currently outstanding under the Revolving Facilities.

You should read the following table in conjunction with the sections of this Offering Memorandum titled "Selected Historical Consolidated Financial Data", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and related notes of Perenti included elsewhere in this Offering Memorandum.

	June 30, 2020	
	Historical	As adjusted (unaudited)
	(A$ in millions)	
Cash and cash equivalents	327.5	292.2[1]
Total debt (including current portion)		
U.S. dollar notes	506.3	-[2]
Revolving facilities	252.0	106.4[3]
Prepaid borrowing costs	(2.5)	(2.5)
Lease liabilities – finance leases and other funding	67.5	67.5
Lease liabilities – operating leases	57.9	57.9
Non-controlling interest loan	2.7	2.7
Notes offered hereby	-	651.9[4]
Total debt	883.9	883.9
Total equity	1,399.8	1,399.8
Total capitalization	2,283.7	2,283.7

Note:

(1) Adjustment of A$35.3 million representing (i) estimated A$8.4 million costs relating to the early redemption of all of Barminco Finance Pty Limited's US$350 million 6.625% Senior Secured Notes due 2022 at a redemption price of 101.656% of the principal amount of the notes redeemed plus the accrued and unpaid interest up to the redemption date of US$10.0 million (converted to A$14.6 million) and (ii) transaction costs of US$8.5 million (converted to A$12.3 million). All figures converted using the noon buying rate on June 30, 2020 of A$1.00=US$0.6903.

(2) Gives effect to the early redemption of all of Barminco Finance Pty Limited's US$350 million 6.625% Senior Secured Notes due 2022.

(3) Gives effect to the repayment of amounts drawn which are currently outstanding under the Revolving Facilities.

(4) Gives effect to the receipt of the US$450 million proceeds from this offering of Notes (converted to A$651.9 million using the noon buying rate on June 30, 2020 of A$1.00=US$0.6903).

THE ISSUER

Perenti Finance Pty Ltd (formerly Ausdrill Finance Pty Ltd) is the issuer of the Notes. Perenti Finance Pty Ltd is a direct, wholly-owned subsidiary of Perenti.

Directors and Officers

The directors and officers of the Issuer are as follows:

Name	Title
Mark Norwell	Director
Peter Bryant	Director
Efstratios Gregoriadis	Company Secretary

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth selected historical financial information for the periods ended and as of the dates indicated.

The selected historical consolidated financial information as of and for each of the years ended June 30, 2018, 2019 and 2020 set forth below has been derived from our audited consolidated financial statements and related notes for those periods, which are included elsewhere in this Offering Memorandum. The selected historical consolidated financial and operating data set forth below is not necessarily indicative of future results of operations or financial condition.

The selected historical financial statements presented in this Offering Memorandum have been prepared in accordance with Australian Accounting Standards. Those financial statements have been prepared using the Australian dollar as the reporting currency.

In FY19, we completed the acquisition of Barminco Holdings. As a result of the Acquisition, we acquired full control of Barminco Holdings and its subsidiaries. The Acquisition increased our beneficial ownership of AUMS, our joint venture with Barminco Holdings, from 50% to 100%. The Acquisition was completed on October 31, 2018, and we effectively took control of Barminco Holdings and AUMS on and from November 1, 2018.

Because of the Acquisition, our financial results of FY18, FY19 and FY20 are not comparable across all periods. Prior to the Acquisition, neither we nor Barminco Holdings "controlled" AUMS for accounting purposes, and we accounted for AUMS using the equity method of accounting. Accordingly, in our FY18 financial results, AUMS' financial condition and results of operations were not consolidated. As a result of the Acquisition, we ceased equity accounting for AUMS as of October 31, 2018. In our financial results for FY19, AUMS was equity accounted for the period from July 1, 2018 to October 31, 2018, and we consolidated Barminco Holdings and its subsidiaries, as well as AUMS, for the period from November 1, 2018 to June 30, 2019. This has resulted in a significant increase in the scope of our operations and significant changes to our financial condition. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results."

The selected historical financial information should be read in conjunction with the historical financial statements and the notes thereto included elsewhere in this Offering Memorandum, along with "Financial Information Presentation," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Selected income statement information:

	Year ended June 30,		
	2018	**2019**	**2020**
	Historical		
	(A$ in thousands)		
Revenue from continuing operations	866,281	1,638,392	2,046,058
Other income	20,285	208,124	12,125
Materials expense	(346,490)	(598,787)	(651,013)
Labour costs	(285,090)	(556,288)	(759,570)
Rental and hire expense	(14,778)	(24,907)	(19,114)
Depreciation expense	(74,528)	(164,829)	(232,141)
Amortisation expense	-	(29,062)	(38,564)
Finance costs	(31,626)	(55,382)	(53,605)
Finance income	2,983	3,143	1,471
Other expenses from ordinary activities	(85,302)	(162,559)	(198,501)
Impairment of assets	-	(113,635)	(59,608)
Share of net profit of joint ventures accounted for using the equity method	22,344	10,709	-
Profit before income tax	**74,079**	**154,919**	**47,538**
Income tax benefit/(expense)	(14,730)	27,362	(19,983)
Profit from continuing operations	**59,349**	**182,281**	**27,555**

	Year ended June 30,		
	2018	2019	2020
		Historical	
		(A$ in thousands)	
Profit from discontinued operations (attributable to equity holders of the Company)	1,701	-	-
Profit for the year	**61,050**	**182,281**	**27,555**
Profit is attributable to:			
Equity holders of the Company	61,050	181,326	23,837
Non-controlling interests	-	955	3,718
Profit for the year	**61,050**	**182,281**	**27,555**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:	CENTS	CENTS	CENTS
Basic earnings per share	16.9	30.0	3.5
Diluted earnings per share	16.6	29.8	3.5
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	17.4	30.0	3.5
Diluted earnings per share	17.1	29.8	3.5

The following table shows our EBITDA, Underlying EBIT(A) and Underlying EBITDA reconciled to our consolidated Profit from continuing operations for each of the years.

	Year ended June 30,		
	2018	2019	2020
		Historical	
		(A$ in thousands)	
Profit from continuing operations	59,349	182,281	27,555
Income tax expense/(benefit)	14,730	(27,362)	19,983
Finance income	(2,983)	(3,143)	(1,471)
Finance costs	31,626	55,382	53,605
Amortisation expense	-	29,062	38,564
EBIT(A)	**102,722**	**236,220**	**138,236**
Depreciation expense	74,528	164,829	232,141
EBITDA	**177,250**	**401,049**	**370,377**
Foreign exchange (gain)/loss, net	(11,249)	(971)	3,316
Claim settlement benefit	(5,250)	-	-
Transaction, restructuring costs and other	600	30,233	7,951
AUMS step acquisition gains	-	(198,411)	-
Boungou/Bissa project exit costs	-	-	4,971
Profit on sale of Connector Drilling	-	-	(2,374)
Impairment of assets	-	113,635	59,608
Underlying EBITDA	**161,351**	**345,535**	**443,849**
Depreciation expense	(74,528)	(164,829)	(232,141)
Underlying EBIT(A)	**86,823**	**180,706**	**211,708**

Selected balance sheet information:

	As of June 30,		
	2018	2019	2020
		(A$ in thousands)	
ASSETS			
Current assets			
Cash and cash equivalents	137,258	223,524	327,491
Trade and other receivables	230,464	399,354	369,309
Inventories	212,600	251,110	250,379
Assets classified as held for sale	-	13,626	-
Current tax receivables	964	10,902	6,190
Total current assets	**581,286**	**898,516**	**953,369**
Non-current assets			

	As of June 30,		
	2018	2019	2020
		(A$ in thousands)	
Receivables	3,314	2,038	830
Joint ventures accounted for using the equity method	71,266	-	-
Financial assets at fair value through other comprehensive income	11,999	17,581	23,632
Property, plant and equipment	664,347	887,666	818,096
Right-of-use assets	-	-	110,739
Intangible assets	-	743,569	705,156
Deferred tax assets	35,549	117,396	131,072
Total non-current assets	**786,475**	**1,768,250**	**1,789,525**
Total assets	**1,367,761**	**2,666,766**	**2,742,894**
LIABILITIES			
Current liabilities			
Trade and other payables	122,770	268,525	261,095
Borrowings	3,334	25,762	7,148
Lease liabilities	-	-	29,482
Current tax liabilities	1,196	18,578	14,351
Employee benefit obligations	39,061	65,043	71,902
Total current liabilities	**166,361**	**377,908**	**383,978**
Non-current liabilities			
Borrowings	401,216	731,681	775,091
Lease liabilities	-	-	72,136
Deferred tax liabilities	24,947	143,948	110,131
Employee benefit obligations	486	1,617	1,804
Total non-current liabilities	**426,649**	**877,246**	**959,162**
Total Liabilities	**593,010**	**1,255,154**	**1,343,140**
Net assets	**774,751**	**1,411,612**	**1,399,754**
EQUITY			
Contributed equity	624,571	1,126,769	1,135,323
Other reserves	(12,459)	(10,835)	(11,104)
Retained earnings	162,639	293,836	270,039
Capital and reserves attributable to the owners of Perenti Global Limited	**774,751**	**1,409,770**	**1,394,258**
Non-controlling interests	-	1,842	5,496
Total Equity	**774,751**	**1,411,612**	**1,399,754**

Selected cash flow information:

	Year ended June 30,		
	2018	2019	2020
	(A$ in thousands)		
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	892,394	1,683,000	2,178,904
Payments to suppliers and employees (inclusive of goods and services tax)	(802,239)	(1,385,320)	(1,752,117)
	90,155	**297,680**	**426,787**
Interest received	2,990	3,143	1,471
Interest and other costs of finance paid	(28,982)	(61,035)	(53,605)
Income taxes (paid)/refunded	(12,312)	(33,432)	(68,114)
Management fee received from joint ventures	742	556	-
Net cash inflow from operating activities	**52,593**	**206,912**	**306,539**
Cash flows from investing activities			
Payments for purchase of subsidiaries	-	(17,205)	-
Payments for property, plant and equipment	(173,280)	(206,013)	(235,704)
Payments for intangibles	-	(55)	(150)
Proceeds from sale of property, plant and equipment	3,319	11,170	45,619
Payments for assets at FVOCI/available-for-sale financial assets	(9,187)	(809)	-
Proceeds from sale of assets at FVOCI	-	-	3,268
Proceeds from sale of assets held for sale	-	-	16,000
Proceeds from sale of business	4,600	1,565	-
Cash removed on disposal of subsidiary	(602)	-	-
Distribution received from associates	13,633	-	-
Cash acquired on acquisition of subsidiary	-	100,544	-
Minority interest on start-up of joint venture	-	866	-
Net cash outflow from investing activities	**(161,517)**	**(109,937)**	**(170,967)**
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs	97,606	242,338	-
Proceeds from secured borrowings	-	232,362	284,985
Repayment of secured borrowings	-	(15,762)	(251,872)
Proceeds from unsecured borrowings	3,991	5,072	8,731
Repayment of unsecured borrowings	(3,458)	(421,293)	(9,256)
Repayment of lease liabilities	-	(21,677)	(33,809)
Dividends paid to Company's shareholders	(19,855)	(42,602)	(24,019)
Proceeds from Cross Currency Interest Rate Swaps close-out	-	8,421	-
Net cash (outflow)/inflow from financing activities	**78,284**	**(13,141)**	**(25,240)**
Net increase/(decrease) increase in cash and cash equivalents	(30,640)	83,834	110,332
Cash and cash equivalents at the beginning of the financial year	166,710	137,258	223,524
Effects of exchange rate changes on cash and cash equivalents	1,188	2,432	(6,365)
Cash and cash equivalents at end of year	**137,258**	**223,524**	**327,491**

Segmental financial information:

	Year ended June 30,		
	2018	2019	2020
		Historical	
	(A$ in thousands)		
External Sales Revenue			
Surface Mining	725,825	746,193	607,971
Underground Mining	-	747,156	1,299,797
Investments	140,456	145,043	138,290
Group Functions	-	-	-
Total External Sales Revenues	**866,281**	**1,638,392**	**2,046,058**
Underlying Segment EBITDA[(1)]			
Surface Mining	128,736	136,972	100,988
Underground Mining	22,344	201,856	329,662
Investments	29,241	36,589	46,316

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
Group Functions	(18,970)	(29,882)	(33,117)
Total Underlying EBITDA[1]	**161,351**	**345,535**	**443,849**
Underlying Segment EBIT(A)[1]			
Surface Mining	65,468	56,401	25,453
Underground Mining	22,344	129,179	196,197
Investments	18,264	25,383	25,089
Group Functions	(19,253)	(30,257)	(35,031)
Total Underlying EBIT(A)[1]	**86,823**	**180,706**	**211,708**

Note:

(1) EBITDA, Underlying EBITDA, Underlying EBITDA margin, Underlying EBIT(A), Underlying EBIT(A) margin, net working capital, Free operating cash flow, net debt, ratio of net debt to Underlying EBITDA, ratio of Underlying EBITDA to net interest expense and gearing ratio are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures." For a reconciliation of Underlying EBITDA and Underlying EBIT(A) to profit or loss for the period, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)."

Other financial information:

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
External Sales Revenue	866,281	1,638,392	2,046,058
EBITDA[1]	177,250	401,049	370,377
Underlying EBITDA[1]	161,351	345,535	443,849
Underlying EBITDA margin[1]	18.6%	21.1%	21.7%
EBIT(A)	102,722	236,220	138,236
Underlying EBIT(A)[1]	86,823	180,706	211,708
Underlying EBIT(A) margin[1]	10.0%	11.0%	10.3%
Net working capital[3]	320,294	381,939	358,593
Free operating cash flow[2]	18,072	135,127	230,463
Total debt	404,550	757,443	883,857
Net debt	267,292	533,919	556,366
Net working capital to external sales revenue	37.0%	23.3%	17.5%
Ratio of net debt to Underlying EBITDA[1]	1.7	1.5	1.3
Ratio of Underlying EBITDA to net interest expense[1]	5.6	6.6	8.5
Gearing ratio[1]	25.7%	27.4%	28.4%
Capital Expenditures[1]	173,280	206,013	235,704

Notes:

(1) EBITDA, Underlying EBITDA, Underlying EBITDA margin, Underlying EBIT(A), Underlying EBIT(A) margin, net working capital, Free operating cash flow, net debt, ratio of net debt to Underlying EBITDA, ratio of Underlying EBITDA to net interest expense, gearing ratio and Capital Expenditures are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures." For a reconciliation of Underlying EBITDA and Underlying EBIT(A) to profit or loss for the period, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations of Perenti—Underlying EBITDA and Underlying EBIT(A)."

(2) We define free operating cash flow as our cash flow from operating activities, before interest and tax, less sustaining capital expenditure. Depreciation of plant and equipment was used as a proxy for sustaining capital expenditure.

(3) Net working capital is current trade and other receivables and inventories less current trade and other payables.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations section together with the consolidated financial statements of Perenti and related notes before making an investment decision. Certain statements in this section are "forward-looking statements" and are subject to risks and uncertainties, which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. See the sections of this Offering Memorandum titled "Forward-Looking Statements" and "Risk Factors" for more information.

Overview

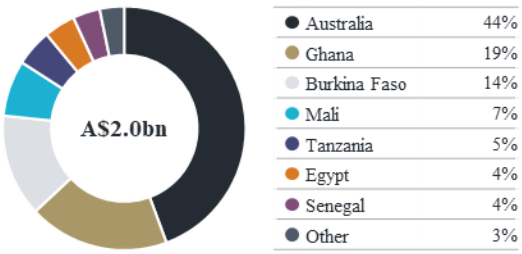
We are a market leader in the provision of contract mining and other mining services to our customers in Australia and internationally. In operation since 1987, we listed on the ASX in 1994, and we are now an ASX 200 constituent with a market capitalization of approximately A$810 million as of June 30, 2020. In FY20, we had revenues of A$2,046.1 million and Underlying EBITDA of A$443.8 million. As of June 30, 2020, we had operations in eleven countries across four continents, were contracted to provide services across 56 projects, and employed more than 7,700 people around the globe. Our head office is located in Perth, Western Australia.

Our principal activity is the provision of contract mining and other mining services to customers that are in the development and production phases of their mining operations. Our focus on customers that are in the development or production phase of their operations provides increased earnings stability and resilience through the commodity price cycle. We provide underground and surface contract mining exploration, development and production-related services to our mining clients across Australia, Africa and Canada. Our services include hard-rock specialized services, high speed decline development and production services, load and haul, crusher feed, drilling and blasting, in-pit grade control and mineral analysis. We believe we are one of the leading providers of underground hard-rock contract mining services globally, with the capability and fleet to provide specialized mine production and development services to mining companies including jumbo development (the tunneling development of underground mines); ground support, including fibrecreting; production drilling and blasting; and extracting and haulage, primarily in the gold, nickel and zinc sectors. We also provide underground diamond drilling services for mineral grade control and orebody definition in Australia, Ghana, Burkina Faso, Tanzania and Egypt.

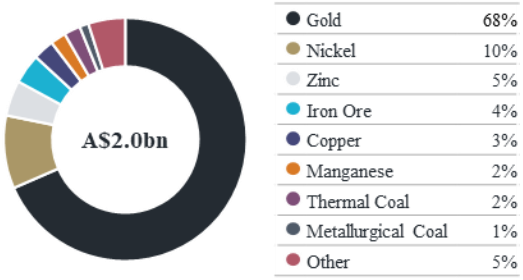
We supplement our in-field services with in-house expertise in designing and manufacturing drilling rigs and ancillary equipment. We also provide supply and logistics solutions and mineral analysis and exploration services, including equipment rental and parts supply.

Our revenues are primarily derived from the provision of contract mining and other mining services to mine owners, which are essential for our customers to operate their mines and remain in production. The charts below illustrate the diversity of our revenues by geography and by commodity for FY20.

Revenue by Country – FY20



Revenue by Commodity – FY20



Factors Affecting Our Results of Operations

The following section describes certain factors and trends that have a material impact on our financial condition and results of operations. Our results of operations are impacted by both global and local factors. The key drivers of our results of operations are discussed below.

Number and size of new mining services contracts and contract renewals

Contracts for production related mining services represented 87.8%, 93.2% and 94.5% of our external sales revenue in FY18, FY19, and FY20, respectively. Our order book as of June 30, 2020 had an aggregated contracted value of A$5.4 billion for the period between July 1, 2020 and June 30, 2026.

Under most of our mining services contracts, the mine operator contracts us to undertake work in accordance with a work schedule. Contract lengths vary, but most of our mining services contracts are for terms between three and five years, and typically include an option to extend that is exercisable by the customer. Our customers generally prefer contracts of these durations because the revenue certainty enables us to invest in new or near new equipment, which leads to higher reliability and availability on site, and therefore, higher levels of utilization and productivity. Some smaller contracts, typically exploration, diamond drilling and equipment rental contracts, have shorter terms. Exploration and diamond drilling contracts have varying terms which typically range from three months to four years, while equipment rental contracts have varying terms which typically range from three months up to two years.

Most of our contracts can be terminated for convenience by the customer at short notice and without penalty with the customer typically paying for all work completed to date, unused material, demobilization from the sites and an early termination fee covering a period of equipment ownership and redundancies. As a result, there can be no assurance that our order book will be realized as revenue in any future period. However, most of the mines at which we operate are long life operations, and the cost and disruption of replacing a mining contractor and risks to production can be significant. As a result, mine owners have a tendency to renew contracts rather than replace the contractor at the end of the term. This is particularly the case with underground mines, where the accumulated technical knowledge of an incumbent and the smaller pool of qualified alternatives increases the risks of changing contractors. We are also selective in the contracts that we enter into, focusing on contracts that include renewal options, which, if exercised, allow us to remain on a customer site well beyond the initial contract term and maximize the contract period and our return on capital employed.

Our contracts are at risk of termination or non-renewal when the mine has reached the end of its planned life or the operator ceases production because of changes in the underlying commodity price or mining costs have rendered continued production from the mine uneconomic. Contracts are also at risk of termination or non-renewal as a result of competition if the customer seeks to use an alternative mining services provider to provide the service or if the customer decides to bring the contracted services in house, either of which may occur if an alternative provides better economics or if the customer is not satisfied with our performance.

The scale and diversity of our contract base helps to mitigate the impact of a potential termination of any one contract because people and equipment can generally be redeployed to other contracts (whether new or existing) across the Perenti Group, particularly as we have a standardized fleet of equipment across the countries in which we operate. Our services are essential to continuing production, which further provides a disincentive for customers to terminate our contracts at short notice due to the cost and risks to production of replacing a mining contractor.

Consequently, our results from operations are affected by the number of new contracts under which we commence work during a period, the number of contracts that are renewed or extended and the number of contracts that expire without renewal or extension or that are otherwise terminated.

We have a strong track record of contract renewal and extensions, reflecting our strong performance levels under these contracts and illustrating the recurring nature of our revenues. We have been awarded contracts with a contract value at award of A$2.4 billion since January 1, 2019. The average length of these new contracts with existing customers is close to two years. Once we are the incumbent operator at a site, we have better technical information to tender for renewals, which is a barrier to being replaced.

In December 2019, following a terrorist attack near the Boungou mine site in Burkina Faso in November 2019 that resulted in 19 fatalities from AMS, we terminated our contracts at the Bissa and Boungou mining projects, which were located in regions of Burkina Faso with deteriorating security conditions. We also ceased work under our contact with GMC at their Nsuta mine in December 2019 after GMC announced that the termination was due to the Ghanaian government capping GMC's production at the mine. We redeployed our fleet from the GMC project pursuant to short term rental contracts. See also "Risk Factors—Risks Relating to Our Business and Industry—Our revenues and order book are subject to underlying contracts with varying terms which may not be renewed or which may be terminated and which are subject to factors outside of our control." In FY19, our contract for the Edikan project in Ghana also expired.

There may be circumstances where it is beneficial for us to renegotiate, terminate or let clients terminate contracts, particularly if a project is not profitable or the margins or return on capital employed does not meet our expectations. Our agreements typically include clauses that allow us to renegotiate contract terms if our customer varies their tendered mine plan by an agreed threshold, for example if the meters drilled or volumes moved is increased or decreased by a specific amount. In May 2020, our underground contract in India ended following Barminco India and Hindustan Zinc not being able to reach agreement on commercial changes to the contract sought by Hindustan Zinc and we have accordingly demobilized our workforce from India.

For more information regarding our contracts, see "Business—Mining Services Contract Structure and Arrangements," "Business—Material Contracts" and "Risk Factors—Risks Relating to Our Business and Industry—Our revenues and order book are subject to underlying contracts with varying terms which may not be renewed or which may be terminated and which are subject to factors outside of our control."

Production variability

Production phase mining services contributed 87.8%, 93.2% and 94.5% of our external sales revenue in FY18, FY19 and FY20, respectively. Under most of our mining services contracts other than short-term exploration contracts or equipment hire contracts, the mine operator contracts us to undertake work in accordance with a work schedule. We earn revenue through a schedule of rates, which include a fixed component that covers senior management personnel, trucks loaders, drills, fixed charges from explosive suppliers and other subcontractors and support equipment. The remaining revenue under these contracts is earned through a variable component, primarily based on a unit of production agreed to in the contract. For example, the variable component under drilling contracts generally relates to meters drilled and for contract mining services, the volume of material moved. Where we identify risk issues at the tendering stage which may impact productivity, we seek to allocate a higher proportion of costs to the fixed charge component. For a description of other terms, see "Business—Mining Services Contract Structure and Arrangements."

Due to mining production generally being conducted in accordance with a detailed mine plan covering a number of years of future production at any given time, variable contract revenues are, in fact, relatively predictable. However, circumstances can arise that cause production to deviate from the mine plan, which can affect our revenues either positively or negatively. For example, we may encounter different rock types or geological structures than expected or ore grades may be different from expectations. However, if the mine plan deviates beyond certain agreed parameters, we generally have the ability to renegotiate the pricing terms of the contract.

Short-term changes in commodity prices do not usually affect production levels at mines of the scale we service, which are designed to sustain economic production based on long-term assumed prices. However, sustained changes in commodity prices can result in changes in mine plans, particularly as lower ore grades become economic in the case of price rises or uneconomic in the case of price falls. Sustained low prices may result in mine closures, contract termination or lost revenue.

Mix of operating activities

The mix of operating activities that we undertake during a period also impact our results of operations. As we have grown, we have focused our business on our core mining services and mining support service businesses and have divested businesses that did not fit within our strategy. In line with our strategy, we disposed of Diamond Communications (a business that provided services to the communications sector in Australia) in FY18 and the

Energy Drilling Australia assets in both FY19 and early FY20. We also completed the sale of our Connector Drilling assets in FY20.

The mix of operating activities we undertake for customers during a period also impacts our results of operations due to the differing margins and returns on capital employed in each of our segments. For example, the Underground Mining segment provided the highest margins of all of our segments for the period beginning in FY18 through FY20. The Underlying EBITDA margin for our Underground Mining segment was 27.0% and 25.4%, compared to the Underlying EBITDA margin for the Perenti Group of 21.1% and 21.7% in FY19 and FY20, respectively. The activity mix depends in part on demand from our customers for our mining services as well as our ability to offer new mining services that we develop or acquire as part of acquisitions.

Currency fluctuations

Reporting currency translation risk. Broadly speaking, our Australian operations are Australian dollar denominated and our African operations are primarily U.S. dollar denominated but are also exposed to local currencies. Therefore, for reporting purposes, we are exposed to fluctuations in the value of the Australian dollar versus U.S. dollars and those other currencies. As our consolidated financial results are reported in Australian dollars, if we generate sales or earnings or have assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes can result in a significant increase or decrease in the amount of those sales or earnings and our net assets. Of our consolidated sales revenue, 60.8%, 53.9% and 51.5% in FY18, FY19, and FY20, respectively, was denominated in a currency other than the Australian dollar, primarily U.S. dollars, and West African francs which are pegged to the Euro. Fluctuations in foreign currency exchange rates may also make period-to-period comparisons of our results of operations difficult. As our operations grow internationally, our foreign exchange translation risk may increase.

Unhedged revenue and expense risk. We are also economically exposed to currency exchange rate fluctuations when our sales revenues are derived in one currency and the corresponding expenses are incurred in a different currency. From time to time, we hedge these economic exposures if they are material but the hedges we use may not fully protect us from the exchange rate fluctuations.

Currency exchange transaction risk. Our operations in Africa and Canada are exposed to currency exchange transaction risk. Under most of our contracts in Africa, the payment terms are denominated in U.S. dollars, but we are paid by our customers in West African francs based on a U.S. dollar to West African franc spot-exchange rate at the time of invoicing. In Canada, our contract with Barrick Gold is denominated and paid in Canadian dollars. We typically provide for 30 day payment terms and attempt to convert our revenues, less an amount to cover local currency expenses, immediately to U.S. dollars or Australian dollars. We also purchase some of our major capital equipment in U.S. dollars. During the period between invoicing our customers in local currency and exchanging that currency into U.S. dollars or Australian dollars, we are exposed to further exchange rate risk. In addition, we may purchase capital equipment for our business such as dump trucks, excavators and other equipment in currencies other than the Australian dollar, which will affect our costs. When entering into a new contract, we try to price our anticipated foreign exchange exposure into the capital expenditure budget set out in the contract terms.

Exchange controls risk. We operate in many countries and some of the countries in which we operate have or may in the future impose currency exchange controls in the future. For example, Egypt has regulations that may restrict our ability to send cash out of the country. As a result, cash in Egypt and any other countries with foreign exchange controls may not be available to meet obligations incurred in other countries. Currency exchange controls currently do and may in the future prevent us from being able to freely convert these currencies into currencies of other countries. The increased hold time of these currencies further exposes us to exchange rate risk.

Hedging. From time to time, we may decide to hedge our U.S. dollar and other foreign currency denominated trade receivables and indebtedness. As of the date of this Offering Memorandum, we are unhedged with respect to the Barminco Notes. In the past, we have had in place a cross currency interest rate swap in relation to the Barminco Notes however, effective May 2019, we decided to terminate this hedging relationship. In respect of other monetary assets and liabilities held in currencies other than the Australian dollars, we aim to ensure that the net exposure is kept to an acceptable level by matching foreign-denominated financial assets with financial liabilities and vice versa. We do not engage in any speculative trading activities.

Labor costs and availability

Labor expenses represent a significant portion of our operating expenses. In order to compete for work and to service our customers, we need to be able to continue to attract and retain skilled employees. The number of qualified people is limited, and during certain periods of high activity in the past, competition for skilled workers has been strong and employers have competed for workers by offering higher compensation. Although our total number of employees decreased by 6.5% during FY20, primarily due to our exit from our contracts at the Bissa and Boungou mining projects, attracting and retaining skilled employees remained an ongoing issue for us and the entire mining services industry as the demand for skilled employees outpaces the supply of available talent. In particular, we focus on, and are invested in, developing and retaining local talent at our project sites. We have implemented employee development systems and retention policies to support these goals.

Upfront capital expenditures depreciated over time

Our capital expenditure aligns closely with our revenue-generating activities. We have significant upfront costs related to the implementation and ramp up of new projects. These capital costs are then depreciated over time. Our underground mining equipment is depreciated over a three to seven year period. Our surface mining equipment is depreciated over a seven to ten year period. See "—Capital expenditures."

Operating expense fluctuations

Variations to consumables and other operating expenses generally do not affect our results as they are largely passed through to the customer through the rise-and-fall mechanisms in our mining services contracts. Typically, rise-and-fall adjustments are made quarterly, biannually or annually and do not usually apply retrospectively. Accordingly, we usually experience a delay between changes in our direct costs and the time those changes are reflected in our revenues.

Carried forward tax losses

On November 1, 2018, Barminco Holdings and its Australian subsidiaries joined the consolidated Perenti tax group. As of 30 June 2020, the Perenti group has A$574.2 million of available tax losses, of which A$203 million relate to Barminco losses that transitioned to Perenti as part of the Acquisition. These losses can be utilized to offset future taxable income.

Effective tax rates

Our accounting effective company tax rate on our Australian operations was 0.0% in FY18, (111.0%) in FY19 and 23.9% in FY20. Our accounting effective company tax rate on our global operations was 20.0%, (17.7%) and 42.0% in FY18, FY19 and FY20, respectively. The Australian company tax rate is 30.0%, and the average tax rate for other jurisdictions in which we operate is also approximately 30.0%. We have been able to lower our effective tax rate due to adjusting factors such as the impact of functional currencies, items of income/expenditure which are not assessable/deductible, the derecognition of uncertain tax positions in Africa and transfer pricing adjustments. Excluding these items, our effective tax rate on our Australian operations would have been 30.0% in FY18, FY19 and FY20. Our effective tax rate on our other global operations would have been 30.2%, 29.3%, 30.0% in FY18, FY19 and FY20, respectively.

Factors Affecting Comparability of Results

There are a number of factors affecting the preparation of our financial statements as of and for the periods presented in this section and in this Offering Memorandum, and not all periods presented may be directly comparable, as described below.

The Acquisition and the consolidation of Barminco Holdings and AUMS

On October 31, 2018, we acquired all of the equity and equity like instruments in Barminco Holdings in exchange for 150.7 million fully-paid ex dividend shares of Ausdrill and A$17.2 million in cash.

The Acquisition increased our beneficial ownership of AUMS, our joint venture with Barminco Holdings, from 50% to 100%. Prior to the Acquisition, neither us nor Barminco Holdings "controlled" AUMS for accounting purposes, and we accounted for AUMS using the equity method of accounting. As a result of the Acquisition, we ceased equity accounting for AUMS as of October 31, 2018. In our financial results for FY19, AUMS was equity accounted for the period from July 1, 2018 to October 31, 2018 and fully consolidated for the period from November 1, 2018 to June 30, 2019. See "—Key Income Statement Items—Share of net profit of joint ventures accounted for using the equity method."

We have consolidated Barminco Holdings and its subsidiaries, as well as AUMS, for the eight-month period ended June 30, 2019. This has resulted in a significant increase in the scope of our operations and significant changes to our financial condition. Our historical financial information across the periods FY18, FY19, and FY20 are not comparable across these financial years.

Transformation of AMS

Following a review of AMS, we are conducting a strategic transformation of the business with a greater focus around capital discipline and enhancing project and business returns. We appointed a new leadership team to focus on operational and financial discipline and to drive improved performance. In addition, during FY20, we implemented a number of initiatives to support this transformation, focused on driving operational efficiencies across our sites, selling idle equipment and obsolete inventory and stock, and reducing working capital to improve our overall returns. We also reduced overheads by approximately 35% to right the size of the business. Since the termination of the Bissa contract, we successfully sold some equipment and reassigned the remaining fleet to the Sanbrado and Damang projects, and we are pursuing options for the sale of the fleet at Boungou, which we expect to complete during the first six months of FY21.

Discontinued operations

On May 1, 2018, we sold our subsidiary Diamond Communications for a total consideration of A$6.2 million as part of our strategy to focus on our core mining services business. As a result, we reported the net financial contributions of Diamond Communications as "discontinued operations" in our financial statements for FY18.

During FY20, Perenti sold the inventory and property, plant, and equipment of our Connector Drilling business, which was not considered to be a core business, for a consideration of A$16.0 million. These items were classified as assets held for sale in our June 30, 2019 financial statements. The Connector Drilling business was not shown as a discontinued operation due to it being immaterial to the Perenti Group.

Key Statement of Profit or Loss and Other Comprehensive Items

Revenue

We primarily generate revenue from providing contract mining services and, to a lesser extent, from equipment rental and the sale of goods, principally mining supplies. Sales revenue from production related contract mining services represent the majority of our total revenues, accounting for 87.8%, 93.2% and 94.5% of our external sales revenue in FY18, FY19 and FY20, respectively.

We earn revenue through a schedule of rates which includes a fixed component that covers senior management personnel, fixed plant charges from explosive suppliers and other subcontractors and support equipment. The remaining revenue under these contracts is earned through a variable component, primarily based on a unit of production agreed to in the contract. For example, the variable component under drilling contracts generally relates to meters drilled and for contract mining services, the volume of material moved. Where we identify risk issues at the tendering stage which may impact productivity, we seek to allocate a higher proportion of costs to the fixed charge component. For further information on our mining service contracts, see "Business—Mining Services Contract Structure and Arrangements."

Contracts for exploration related mining services represented 12.2%, 6.8%, and 5.5% of our external sales revenue in FY18, FY19 and FY20, respectively. Exploration-related mining services are generally undertaken under

shorter-term contracts of up to a year and are also able to be terminated by the customer for convenience at short notice. There is no fixed component to exploration-related contracts and revenue is earned under those contracts based on meters drilled.

Revenues for mining services contracts are recognized monthly on the basis of the unit of production agreed in the relevant contract at the contract rate. Any fixed component is recognized monthly based on prior month performance. We will typically invoice our clients for the work performed on an end of month basis, with trade terms of 30 days.

Our equipment rental agreements are mostly structured as "dry hire" fully maintained agreements, that is, the equipment is supplied to the customer without an operator and we are generally responsible for major maintenance and repairs. Equipment rental contract lengths vary from three months up to two years.

Revenue from the sale of goods from our businesses in our Investments segment is recorded when the goods have been dispatched to a customer pursuant to a sales order and the associated risks have passed to the customer.

Expenses

We classify our major cash expenses as materials expense, labor expense, rental and hire expenses and other expenses. Our operating expenses are predominantly incurred in connection with the provision of contract mining and other mining services to our customers. These costs are predominantly variable in nature and principally influenced by our activity levels and the nature of the services we provide our customers.

Materials Expenses

Materials expenses are the costs of the materials we consume in performing our services. Our materials expense includes repair and maintenance consumables, drill consumables, ground support, steel, explosives and fuel (where not provided by the mine operator) and cost of goods sold for the supply and logistics businesses. Contracts with rise-and-fall provisions enable associated movements in expenses such as parts, consumables and fuel cost (where not provided by the mine operator) to be passed on to customers, after a short delay. We benefit from economies of scale when purchasing materials, such as negotiating for bulk discounts when purchasing replacement parts from original equipment manufacturers.

Labor Expenses

Labor expense is the cost of compensation we pay our employees, most of whom perform contract work for our customers. Compensation for most of the group's employees working on services contracts consists of a base rate and incentive rates based on production measures that are similar to the measures on which the group earns revenue under its service contracts with customers, thereby aligning the incentive component of labor expense with revenue. Labor costs also include annual and long-service leave and superannuation entitlements for employees and tax and insurance obligations. Contracts with rise-and-fall provisions enable associated labor cost movements, as reflected in the relevant labor indices, to be passed on to customers, and in most cases any labor rate adjustments are made to coincide with the rise-and-fall review period.

Rental and Hire Expenses

Rental and hire expense is the cost of ancillary equipment rental for equipment that we use in the provision of contract mining services as well as property. While our strategy is to own our fleet, we will generally incur rental expense in connection with rental of short-term, non-core items of equipment used only in particular contracts.

Other Expenses

Other expenses include freight, consultant services, insurance, property related expenses, duties and taxes, travel and accommodation, training and other general corporate overhead expenses.

Depreciation expense

We have a substantial asset base and fleet of mining equipment. As a result, depreciation is a significant non-cash component of our total expenses. Depreciation on major plant and equipment and components is calculated on machine hours worked over their estimated useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, or over the period for which we have a "right of use" in respect of a particular asset.

Amortization expense

Our amortization expense principally relates to amortization of intangibles including amortization of the values ascribed to customer contracts and relationships acquired as a result of the Acquisition.

Finance Income and Costs

Finance income consists of the interest that we earn on bank balances, at call deposits, other cash investments, and foreign currency gains. Our total cash and cash equivalents totaled A$137.3 million, A$223.5 million, and A$327.5 million in FY18, FY19 and FY20, respectively.

Finance costs substantially comprise (i) the interest and fees payable on our outstanding indebtedness, and (ii) direct debt establishment transaction costs. We had total debt of A$404.6 million, A$757.4 million, and A$883.9 million in FY18, FY19 and FY20, respectively, comprising bank loans, bonds, right-of-use liabilities and to a lesser extent asset finance.

The table below shows our finance income, finance costs, and net finance costs for each of FY18, FY19, and FY20.

	Year ended June 30,		
	2018	**2019**	**2020**
		(A$ in thousands)	
Finance income	2,983	3,143	1,471
Finance costs	(31,626)	(55,382)	(53,605)
Net interest expense	(28,643)	(52,239)	(52,134)

Share of net profit of joint ventures accounted for using the equity method

In 2007, we established AUMS as a 50-50 joint venture with Barminco Holdings. As a result of the Acquisition, AUMS became four of our wholly owned and consolidated subsidiaries, which we report as part of our Underground Mining segment. Prior to the consolidation of AUMS, which took effect from November 1, 2018, AUMS was overseen by a joint management board that was required to make decisions by consensus due to the equal ownership interests of the joint venture parties. As a result, neither us nor Barminco Holdings effectively controlled AUMS, and we accounted for AUMS using the equity method of accounting. Our respective share of AUMS' profits or losses were recognized on an equity-accounted basis in their respective income statements in our financial statements in FY18.

In our consolidated financial statements for FY19, AUMS' revenue and expenses are consolidated from November 1, 2018, and "share of net profit of joint ventures accounted for using the equity method" reflects AUMS' contributions for the period from July 1, 2018 to October 31, 2018 only. Our consolidated financial statements for FY20 consolidate AUMS for the entire period.

Recent Developments

COVID-19

The outbreak of COVID-19 commenced in late 2019 and was declared a pandemic by the World Health Organization on March 11, 2020. The spread of COVID-19 has caused disruption across a number of geographies and markets, including global supply chain disruptions and shortages. To date, the impact of COVID-19 on our

operations has been isolated and has not a material adverse impact on our business, financial condition and results of operations.

While we have not had any major outbreaks at any of our projects, operations were impacted at our Australian sites, including at the Savanah nickel mine in the Kimberley, and the global spread of the pandemic resulted in temporary disruptions at a small number of mine sites we operate at in Egypt, Burkina Faso and Senegal in April and May 2020.

In addition, flight cancellations and travel restrictions reduced the mobility of our international and regional workforce, resulting in operational disruptions to our planned workforce rotations and delays in our ability to mobilize on sites of newly awarded contracts. The impact of COVID-19 was more pronounced on the operations of our Underground mining businesses, where the major changes in rostering affected mine site productivity and resulted in additional costs to rotate our expatriate crews during the last quarter of FY20.

Addressing the disruptions caused by COVID-19 has also required our senior management team and staff to devote time and resources to address the impact of the pandemic on our businesses. The COVID-19 pandemic has created new challenges in maintaining the health and safety of our employees. We established a COVID-19 taskforce to proactively identify and manage the challenges presented by the pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing our business for future scenarios that may result from COVID-19. We continue to collaborate with our clients and support providers to ensure the health and wellbeing of our people is being carefully managed.

Impact of New Contracts

In FY20, we commenced work under three new major contracts. In December 2019, we commenced work for Khoemacau at the Zone 5 copper mine in Botswana under an underground mining services contract with a contract value at award of A$800.0 million over five years. We expect work at the Zone 5 copper mine to ramp-up during FY21 and reach full run-rate in FY22. We also commenced work with Barrick Gold Corporation at the Hemlo gold mine in Canada under an underground mining services contract with a contract value at award of A$200.0 million over three years and we expect full ramp-up to occur during FY21. In September 2019, we commenced work with West African Resources at the Sanbrado gold mine in Burkina Faso under a surface mining services contract with a, contract value at award of A$235.0 million over five years. On September 8, 2020, we announced that we were awarded a development and production contract at Western Areas' Odysseus mine, which is valued at approximately A$200 million over five years. On September 10, 2020, we announced that AUMS had been awarded a contract extension at Roxgold's Yaramoko mine located 200 kilometers southwest of Burkina Faso's capital city, Ouagadougou. The contract extension is valued at approximately A$200 million over two years, from December 2021 to December 2023. The extension results in our total contracted work-in-hand at Yaramoko to A$350 million as at the end of August 2020. Finally, on September 15, 2020, we announced that Barminco has agreed to terms of variation and extension to its development and production contract at MMG's Dugald River mine in North Queensland. In addition to a number of amended contract conditions, the variation extends the term of the contract by 18 months to December 31, 2022 with two one-year extension options.

In addition to the above, our Surface Mining segment was awarded new contracts with a contract value at award totaling A$225.0 million in FY20.

Performance Evaluation of Perenti

We review and analyze a number of key performance indicators in order to manage our business and assess the quality and potential variability of our earnings and cash flows. As part of our discussions of our performance, we employ a number of non-GAAP financial measures that we use to analyze and assess the performance of our business including Underlying EBIT(A), EBITDA, and Underlying EBITDA, fleet utilization, and return on average capital employed. These measures should not be considered to be an indication of or alternative to, corresponding measures determined in accordance with the Australian Accounting Standards or IFRS. The key performance indicators that we use, and the way that we calculate them, may differ from similarly titled measures reported by other companies.

Underlying EBITDA and Underlying EBIT(A)

Underlying EBIT(A) is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, net interest expense, amortization and certain adjustments as set out in the footnotes to the reconciliation table below. We present Underlying EBIT(A) instead of other metrics of EBIT because it excludes the effects of the amortization of the future value of customer relationships resulting from the Acquisition. Accordingly, we believe that Underlying EBIT(A) more clearly presents our financial performance from our operations. Underlying EBITDA is defined as profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, depreciation and amortization expense, net interest expense and certain adjustments as set out in the footnotes to the reconciliation table below. See "Financial Information Presentation—Non-GAAP Measures."

Although the Non-GAAP Earnings Measures are not measures of performance that are recognized under Australian Accounting Standards, management believes that they are useful supplemental measures in evaluating the underlying performance of our business because (i) these measures are widely used by investors in the mining industry to measure a company's operating performance without regard to items excluded from the calculation of such terms, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors, and (ii) these measures help investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating structure. We further believe that the Non-GAAP Earnings Measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies, many of which present the Non-GAAP Earnings Measures (or similar metrics) when reporting their results.

The Non-GAAP Earnings Measures, as calculated by Perenti, may differ from similarly titled measures reported by other companies. Non-GAAP Earnings Measures do not purport to represent operating income, net income or cash generated by operating activities and should not be considered in isolation or as a substitute for measures of performance in accordance with Australian Accounting Standards. In addition, because the Non-GAAP Earnings Measures are not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. See "Financial Information Presentation—Non-GAAP measures".

Investors should note that Underlying EBITDA is calculated differently to EBITDA as used in the indenture relating to the Notes and should not assume that the amounts presented here reflect what EBITDA would have been under the indenture for those periods.

The following table shows our Underlying EBITDA and Underlying EBIT(A), together reconciled to profit after income tax and after share of net profit of joint ventures accounted for using the equity method for FY18, FY19 and FY20.

	Year ended June 30,		
	2018	**2019**	**2020**
		Historical	
		(A$ in thousands)	
Profit from continuing operations	59,349	182,281	27,555
Income tax expense/(benefit)	14,730	(27,362)	19,983
Finance income	(2,983)	(3,143)	(1,471)
Finance costs	31,626	55,382	53,605
Amortisation expense	-	29,062	38,564
EBIT(A)	**102,722**	**236,220**	**138,236**
Depreciation expense	74,528	164,829	232,141
EBITDA	**177,250**	**401,049**	**370,377**
Foreign exchange (gain)/loss, net	(11,249)	(971)	3,316
Claim settlement benefit[1]	(5,250)	-	-
Transaction, restructuring costs and other[2]	600	30,233	7,951
AUMS step acquisition gains[3]	-	(198,411)	-

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
Boungou/Bissa project exit costs	-	-	4,971
Profit on sale of Connector Drilling	-	-	(2,374)
Impairment of assets[4]	-	113,635	59,608
Underlying EBITDA	**161,351**	**345,535**	**443,849**
Depreciation expense	(74,528)	(164,829)	(232,141)
Underlying EBIT(A)	**86,823**	**180,706**	**211,708**

Notes:

(1) Claim settlement benefit relates to the payment received in relation to a contractual claim from prior periods.

(2) Transaction, restructuring costs and other represent mainly costs incurred in relation to the Acquisition.

(3) The step acquisition gain on Ausdrill's existing 50% share of AUMS and gain on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS is a one-time gain from the Acquisition of interest in AUMS.

(4) Impairment of assets relates to the non-cash impairment of inventory and property, plant and equipment.

Underlying NPAT(A)

We also monitor our Underlying NPAT(A), which was A$43.5 million, A$103.1 million and A$110.3 million for FY18, FY19 and FY20, respectively. In FY20, our Underlying NPAT(A) growth of A$7.2 million reflected a full year contribution of the Underground business, this was offset by an increase in the effective tax rate from the normalization of our taxation expense.

	Year ended June 30,		
	2018	2019	2020
	Historical		
	(A$ in thousands)		
Profit from continuing operations	59,349	182,281	27,555
Amortization expense	-	29,062	38,564
Foreign exchange (gain)/loss, net	(11,249)	(971)	3,316
Claim settlement benefit[1]	(5,250)	-	-
Transaction, restructuring costs and other[2]	600	39,078	7,951
AUMS step acquisition gain[3]	-	(198,411)	-
Boungou/Bissa project exit costs	-	-	4,971
Profit on sale of Connector Drilling	-	-	(2,374)
Impairment of assets [4]	-	113,635	59,608
Net tax effect	-	(60,643)	(25,571)
Minority profits	-	(955)	(3,718)
Underlying NPAT(A)	**43,450**	**103,076**	**110,302**

Notes:

(1) Claim settlement benefit relates to the payment received in relation to a contractual claim from prior periods.

(2) Transaction, restructuring costs and other represent mainly costs incurred in relation to the Acquisition.

(3) The step acquisition gain on Ausdrill's existing 50% share of AUMS and gain on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS is a one-time gain from the Acquisition of interest in AUMS.

(4) Impairment of assets relates to the non-cash impairment of inventory and property, plant and equipment.

Return on Average Capital Employed

The following table shows our Return on Average Capital Employed for periods indicated.

	As of As of June 30,		
	2018	**2019**	**2020**
		(A$ in millions)	
Trade and other receivables	230,464	399,354	369,309
Inventories	212,600	251,110	250,379
Trade and other payables	(122,770)	(268,525)	(261,095)
Property, plant and equipment	664,347	887,666	818,096
Right-of-use assets	-	-	110,739
Total	**984,641**	**1,269,605**	**1,287,428**
Average current year and prior year	900,606	1,127,123	1,278,517
Underlying EBIT(A)[1]	86,823	180,706	211,708
Return on Average Capital Employed[2]	**9.6%**	**16.0%**	**16.6%**

Notes:

(1) Underlying EBIT(A) represents profit (loss) (including share of associates net profit after tax from AUMS, but excluding profit from discontinued operations) before income tax, net interest expense, amortization and certain adjustments.

(2) Return on Average Capital Employed is a non-GAAP financial measure that we use to assist users of our financial statements to understand the period to period operating performance of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures."

Free Operating Cash Flow

We define free operating cash flow as our cash flow from operating activities before interest and tax less sustaining capital expenditure. Depreciation of plant and equipment was used as a proxy for sustaining capital expenditure.

	Year ended June 30,		
	2018	**2019**	**2020**
		(A$ in thousands)	
Underlying EBITDA	161,351	345,535	443,849
Share of net profit of associates accounted for using the equity method	(22,344)	(10,709)	-
Movement in net working capital[1]	(48,110)	(36,591)	(17,062)
Operating cash flows before interest and tax	90,897	298,235	426,787
Plant and equipment depreciation[2]	(72,825)	(163,108)	(196,324)
Free operating cash flow (Net cash flow before interest, tax, growth capital expenditure and shareholder return)	**18,072**	**135,127**	**230,463**

Notes:

(1) Includes movement in receivables, movement in inventories, movement in payables and employee obligations and other non-cash items.

(2) Depreciation of plant and equipment was used as a proxy for sustaining capital expenditure.

Results of Our Operations

This section discusses and analyzes our results of operations for FY20 compared to FY19, and FY19 compared to FY18. We discuss our results of operations on both a consolidated and a segmental basis.

As a result of the Acquisition and the divestment of Connector Drilling and Diamond Communications, our financial results of FY18, FY19 and FY20 may not be comparable across all periods. For more information, see "—Factors Affecting Comparability of Results."

As part of this discussion, we employ a number of non-GAAP financial measures that our management uses in order to analyze and assess the performance of our business, including EBIT and EBITDA.

	Year ended June 30,		
	2018	2019	2020
		Historical	
		(A$ in thousands)	
Revenue from continuing operations	866,281	1,638,392	2,046,058
Other income	20,285	208,124	12,125
Materials expense	(346,490)	(598,787)	(651,013)
Labour costs	(285,090)	(556,288)	(759,570)
Rental and hire expense	(14,778)	(24,907)	(19,114)
Depreciation expense	(74,528)	(164,829)	(232,141)
Amortization expense	-	(29,062)	(38,564)
Finance costs	(31,626)	(55,382)	(53,605)
Finance income	2,983	3,143	1,471
Other expenses from ordinary activities	(85,302)	(162,559)	(198,501)
Impairment of assets	-	(113,635)	(59,608)
Share of net profit of joint ventures accounted for using the equity method	22,344	10,709	-
Profit before income tax	**74,079**	**154,919**	**47,538**
Income tax benefit/(expense)	(14,730)	27,362	(19,983)
Profit from continuing operations	**59,349**	**182,281**	**27,555**
Profit from discontinued operations (attributable to equity holders of the Company)	1,701	-	-
Profit for the year	**61,050**	**182,281**	**27,555**
Profit is attributable to:			
Equity holders of the Company	61,050	181,326	23,837
Non-controlling interests	-	955	3,718
Profit for the year	**61,050**	**182,281**	**27,555**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:	CENTS	CENTS	CENTS
Basic earnings per share	16.9	30.0	3.5
Diluted earnings per share	16.6	29.8	3.5
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	17.4	30.0	3.5
Diluted earnings per share	17.1	29.8	3.5
Profit for the year	**61,050**	**182,281**	**27,555**

Segments

We report three operating segments based on the nature of the services they provide to our customers, namely: (1) Underground Mining; (2) Surface Mining; and (3) Investments. We are also supported by a fourth supporting segment, Group Functions. For more information, see "—Factors Affecting Comparability of Results."

We currently report on these three segments based on our business operations and the internal reports reviewed by our Board that they use to make strategic decisions. Our Board assesses the performance of the segments based on Underlying EBIT(A), Underlying EBITDA and Return on Average Capital Employed as well as revenue and profit or loss before tax.

We report our results for each segment in our financial statements. In the period on period discussion below, we primarily focus on "sales to external customers," which represent our revenues from sales outside of our group. However, as part of our business, many of our business lines provide support services to other businesses within our group. For example, our African Mining Services business is a customer of our Supply Direct and

Logistics Direct business, which helps provide supplies and logistical services to our projects in Africa. These intragroup sales are reported below as "intersegment sales" and are eliminated upon consolidation.

The segments identified by the Board are based on the nature of the services provided and are designed to ensure a strong customer focused approach to delivery. Our current segments are as follows:

- *Underground Mining*—consists of our underground mining services businesses, which currently operate in Australia, Ghana, Burkina Faso, Tanzania, Botswana, Canada and Egypt. The businesses operating in this segment are Barminco and AUMS;

- *Surface Mining*—consists of our surface mining businesses, which currently operate in Australia, Ghana, Burkina Faso, Mali and Senegal. The businesses operating in this segment are AMS, Ausdrill and Logistics Direct;

- *Investments*—comprises various businesses that do not meet the aggregation criteria for the Underground Mining Services and Surface Mining segments. This segment includes businesses undertaking mining equipment hire, mining equipment parts and maintenance and sales, supply and logistics, mineral analysis and oil and gas consumable supply and sales. The businesses operating in this segment are BTP Group, Supply Direct, MinAnalytical and Well Control Solutions.

- *Group Functions*—provides group level functions such as treasury, accounting, human resources, information technology, business development, procurement, legal, health, safety and environment, quality and training, and finance and administration.

The following table shows external sales revenue, Underlying Segment EBITDA and Underlying Segment EBIT(A) for each segment for FY18, FY19, and FY20.

	Year ended June 30,		
	2018	**2019**	**2020**
		Historical	
		(A$ in thousands)	
External Sales Revenue			
Surface Mining	725,825	746,193	607,971
Underground Mining	-	747,156	1,299,797
Investments	140,456	145,043	138,290
Group Functions	-	-	-
Total External Sales Revenues	**866,281**	**1,638,392**	**2,046,058**
Underlying Segment EBITDA[(1)]			
Surface Mining	128,736	136,972	100,988
Underground Mining	22,344	201,856	329,662
Investments	29,241	36,589	46,316
Group Functions	(18,970)	(29,882)	(33,117)
Total Underlying EBITDA	**161,351**	**345,535**	**443,849**
Underlying Segment EBIT(A)[(1)]			
Surface Mining	65,468	56,401	25,453
Underground Mining	22,344	129,179	196,197
Investments	18,264	25,383	25,089
Group Functions	(19,253)	(30,257)	(35,031)
Total Underlying EBIT(A)	**86,823**	**180,706**	**211,708**

FY20[1]	**Surface Mining**	**Underground Mining**	**Investments**	**Group Functions**	**Inter-segment Eliminations**	**Consolidated**
			(A$ in thousands)			
Sales to external customers	607,971	1,299,797	138,290	-	-	2,046,058
Intersegment sales	2,802	-	19,815	-	(22,617)	-
Total sales revenue	**610,773**	**1,299,797**	**158,105**	**-**	**(22,617)**	**2,046,058**

FY20[1]	Surface Mining	Underground Mining	Investments	Group Functions	Inter-segment Eliminations	Consolidated
			(A$ in thousands)			
Segment Underlying EBITDA	**100,988**	**329,662**	**46,316**	**(33,117)**	**-**	**443,849**
Depreciation expense	(75,535)	(133,465)	(21,227)	(1,914)	-	(232,141)
Underlying Segment EBIT(A)	**25,453**	**196,197**	**25,089**	**(35,031)**	**-**	**211,708**
Transaction, restructuring costs and other	-	(2,734)	-	(5,217)	-	(7,951)
Amortisation expense - customer relationship intangibles & software	-	(38,564)	-	-	-	(38,564)
Impairment of assets	(34,271)	-	(25,337)	-	-	(59,608)
Boungou/Bissa project exit costs	(4,971)	-	-	-	-	(4,971)
Profit on sale of Connector Drilling	2,374	-	-	-	-	2,374
Foreign exchange (loss)/gain, net	1,051	(1,282)	-	(3,085)	-	(3,316)
Reported segment EBIT(A)	**(10,364)**	**153,617**	**(248)**	**(43,333)**	**-**	**99,672**

FY19[1]	Surface Mining	Underground Mining	Investments	Group Functions	Inter-segment Eliminations	Consolidated
			(A$ in thousands)			
Sales to external customers	746,193	747,156	145,043	-	-	1,638,392
Intersegment sales	3,907	-	17,706	-	(21,613)	-
Total sales revenue	**750,100**	**747,156**	**162,749**	**-**	**(21,613)**	**1,638,392**
Segment Underlying EBITDA	**136,972**	**201,856**	**36,589**	**(29,882)**	**-**	**345,535**
Depreciation expense	(80,571)	(72,677)	(11,206)	(375)	-	(164,829)
Underlying Segment EBIT(A)	**56,401**	**129,179**	**25,383**	**(30,257)**	**-**	**180,706**
Transaction, restructuring costs and other	(668)	(6,697)	-	(22,868)	-	(30,233)
Amortisation expense - customer relationship intangibles & software	-	(29,062)	-	-	-	(29,062)
Impairment of assets	(57,068)	-	(56,567)	-	-	(113,635)
Fair value gain on AUMS	-	180,248	-	-	-	180,248
Foreign currency translation reserve derecognition on AUMS	-	18,163	-	-	-	18,163
Foreign exchange (loss)/gain, net	402	36	(804)	1,337	-	971
Reported segment EBIT(A)	**(933)**	**291,867**	**(31,988)**	**(51,788)**	**-**	**207,158**

FY18[1]	Surface Mining	Underground Mining	Investments	Group Functions	Inter-segment Eliminations	Consolidated
			(A$ in thousands)			
Sales to external customers	725,825	-	140,456	-	-	866,281
Intersegment sales	3,301	-	15,532	-	(18,833)	-
Total sales revenue	**729,126**	**-**	**155,988**	**-**	**(18,833)**	**866,281**
Segment Underlying EBITDA	**128,736**	**22,344**	**29,241**	**(18,970)**	**-**	**161,351**
Depreciation expense	(63,268)	-	(10,977)	(283)	-	(74,528)
Underlying Segment EBIT(A)	**65,468**	**22,344**	**18,264**	**(19,253)**	**-**	**86,823**
Transaction, restructuring costs and other	-	-	-	(600)	-	(600)
Claim settlement benefit	-	-	5,250	-	-	5,250
Foreign exchange (loss)/gain, net	5,266	-	(223)	6,206	-	11,249
Segment EBIT(A)	70,734	22,344	23,291	(13,647)	-	102,722

Note:

(1) Underlying Segment EBITDA, Underlying Segment EBIT(A) and Segment EBIT(A) are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures."

Fiscal year ended June 30, 2020, compared with fiscal year ended June 30, 2019

Revenue from continuing operations

Revenue from continuing operations was A$2,046.1 million in FY20, an increase of A$407.7 million, or 24.9%, compared to A$1,638.4 million in FY19. Revenue increased primarily as a result of the Acquisition, our

ownership of Barminco Holdings and AUMS and the full year contribution of these businesses in FY20. The increase in revenue was also driven by new projects awarded during the period, namely the Sanbrado gold mine project in Burkina Faso that commenced in December 2019 and the Zone 5 copper mine project in Botswana that commenced in December 2019. The full-year contribution of the Obuasi gold project in Ghana that commenced in February 2019 also contributed to the increase in revenue. This was partially offset by the loss of revenue from three contracts that ceased or were terminated during period, namely the contract at the Nsuta project in Ghana, which ceased in December 2019 due to the Ghanaian Government capping GMC's production at the mine, and the contract with Semafo at the Boungou mine site and the contract with Norgold at the Bissa mine site, each in Burkina Faso, both of which were terminated following the terrorist attack near the Boungou mine site in November 2019.

Other Income

Other income was A$12.1 million in FY20, a decrease of A$196.0 million, or 94.2%, compared to A$208.1 million in FY19. This decrease was primarily attributable to a one-off non-cash step acquisition gain of A$180.2 million on our existing 50% share of AUMS in FY19, which resulted from the Acquisition and revaluation of AUMS. We also recognized a gain of A$18.2 million on derecognition of foreign currency translation reserves as a result of the step acquisition of our original 50% of AUMS as part of the Acquisition.

Expenses

The following table sets out expenses for FY19 and FY20:

	Year ended June 30,		Percentage
	2019	2020	change
	(A$ in thousands)		%
Materials	598,787	651,013	8.7%
Labor	556,288	759,570	36.5%
Rental and hire	24,907	19,114	(23.3%)
Depreciation expense	164,829	232,141	40.8%
Amortization expense	29,062	38,564	32.7%
Finance costs	55,382	53,605	(3.2%)
Other expenses from ordinary activities	162,559	198,501	22.1%
Impairment assets	113,635	59,608	(47.5%)
Total expenses	**1,705,449**	**2,012,116**	**18.0%**

Materials expenses

Materials expenses were A$651.0 million in FY20, an increase of A$52.2 million, or 8.7%, compared to A$598.8 million in FY19. Materials expenses increased primarily as a result of the Acquisition, which resulted in the recognition of the full year results of Barminco Holdings and AUMS in the Group financial statements in FY20, compared to only eight months of recognition in FY19. In FY20, material expenses also increased due to the ramp-up of the Obuasi gold project in Ghana, the Sanbrado gold mine project in Burkina Faso and the Zone 5 copper mine project in Botswana, partially offset by a reduction of expenses associated with the three contracts that ceased or were terminated during the period.

Labor expenses

Labor expenses were A$759.6 million in FY20, an increase of A$203.3 million, or 36.5%, compared to A$556.3 million in FY19, primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the full year contribution of these businesses in FY20. The labor expenses also increased due to increased expatriate headcount in Africa to service new underground mining projects partially offset by the headcount reductions for the contracts which were exited in Ghana and Burkina Faso.

Rental and hire expenses

Rental and hire expenses were A$19.1 million in FY20, a decrease of A$5.8 million, or 23.3%, compared to A$24.9 million in FY19 primarily due the adoption of the new accounting standard, *AASB 16 Leases*, in FY20 as

items previously recorded in rental expenses were capitalized on the balance sheet as right of use assets and lease liabilities and depreciated accordingly.

Depreciation expense

Depreciation expense was A$232.1 million in FY20, an increase of A$67.3 million, or 40.8%, compared to A$164.8 million in FY19 as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the full year contribution of these businesses in FY20, as well as the recognition of depreciation expense of A$34.9 million as a result of the adoption of the new accounting standard, *AASB 16 Leases*.

Amortization expense

Amortization expense was A$38.6 million in FY20, an increase of A$9.5 million, or 32.6%, compared to A$29.1 million in FY19 primarily due to the full year of amortization of the future value of customer relationships resulting from the Acquisition.

Finance costs

Finance costs were A$53.6 million in FY20, a decrease of A$1.8 million, or 3.2%, compared to A$55.4 million in FY19. This decrease was primarily due to increased amortized borrowing costs and the fair value settlement of the cross currency interest rate swap, which was terminated in FY19, in relation to the US$350 million 6.625% Senior Secured Notes due 2022, partially offset by increased interest costs as a result of the adoption of the new accounting standard, *AASB 16 Leases*, and increased revolving credit facility drawdowns in FY20.

We had total debt of A$883.9 million as of June 30, 2020, as compared to A$757.4 million as of June 30, 2019. This includes A$57.9 million of operating leases recognized as right of use liabilities as part of AASB 16 as of June 30, 2020.

Other expenses from ordinary activities

Other expenses from ordinary activities were A$198.5 million in FY20, an increase of A$35.9 million, or 22.1%, compared to A$162.6 million in FY19 primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the full year contribution of these businesses in FY20.

Realized foreign exchange losses were A$2.7 million in FY20 and unrealized foreign exchange losses were A$0.6 million which were included in other expenses from ordinary activities in FY20. In FY19, we had foreign exchange gains of A$1.0 million, which we reported as part of other income.

Impairment of assets

A non-cash impairment of A$59.6 million was recorded in FY20 as a result of the reassessment of the recoverable value of the assets located at the Boungou site in Burkina Faso, property, plant and equipment held by Power Solutions Africa and property, plant and equipment and inventory held by BTP. In FY19, there was an impairment of A$113.6 million of property, plant and equipment, inventory, and other assets in the Surface Mining and Investments segments.

Share of net profit of joint ventures accounted for using the equity method

Share of net profit of joint ventures, which represented Ausdrill's 50% portion of AUMS' profit for the year, was A$10.7 million in FY19 representing the four months from July 1, 2018 to October 31, 2018 prior to the Acquisition. Subsequent to the Acquisition, we consolidated AUMS' revenue and expenses for the period from November 1, 2018 to June 30, 2019 in our FY19 financial results, and for the full year in our FY20 financial results.

Profit before income tax

Profit before income tax was A$47.5 million in FY20, a decrease of A$107.4 million, or 69.3%, compared to A$154.9 million in FY19. This decrease was primarily attributable to FY19 inclusion of the step acquisition gain on our existing 50% share of AUMS of A$180.2 million, which resulted from an increased valuation of this interest

following the Acquisition and a gain on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS of A$18.2 million. This was partially offset as a result of the Acquisition, which resulted in the recognition of the full year results of Barminco Holdings and AUMS in the Group financial statements in FY20, compared to only eight months of recognition in FY19.

Income tax expense

Income tax expense was A$20.0 million in FY20, an increase of A$47.4 million, or 173.0%, compared to an income tax benefit of A$27.4 million in FY19. This increase was due to the following factors that occurred in FY19: tax credits resulting from uplift in the tax carrying value of depreciating assets upon the Acquisition, tax effect of impairment, transaction costs and recognition of previously unrecognized deferred tax assets for the carry forward of unused tax losses partially offset by uncertain tax positions in Africa.

The Perenti Group's effective tax rate was 42.0% in FY20 compared to (17.7%) in FY19. For more information on how these off-setting factors affect our effective income tax rate, see "—Factors Affecting Results of Operations—Effective tax rates."

Profit for the year

Profit for the year was A$27.6 million in FY20, a decrease of A$154.7 million, or 84.9%, compared to A$182.3 million in FY19. This decrease was primarily attributable to the inclusion of the step acquisition gain on our existing 50% share of AUMS of A$180.2 million, which resulted from an increased valuation of this interest following the Acquisition, and a gain on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS of A$18.2 million, which were recognized in FY19. This was partially offset as a result of the Acquisition, which resulted in the recognition of the full year results of Barminco Holdings and AUMS in the Perenti Group financial statements in FY20, compared to only eight months of recognition in FY19.

Segmental Analysis

Underground Mining Segment

Segment Revenue

External sales revenue for Underground Mining was A$1,299.8 million in FY20, an increase of A$552.6 million, or 74.0%, compared to FY19. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the full year contribution of these businesses in FY20. In addition, the Underground Mining segment commenced operations at the Zone 5 copper mine project in Botswana, and benefited from the ramp up of the Obuasi gold project in Ghana.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Underground Mining was A$196.2 million in FY20, an increase of A$67.0 million, or 51.9%, compared to FY19. The increase was as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the full year contribution of these businesses in FY20. In addition, Underlying EBIT(A) increased due to the ramp up of new contracts awarded in prior years and scope increases at the Obuasi project in Ghana, the Siou project in Burkina Faso and the Yaramoko project in Australia. Underlying Segment EBIT(A) margin for Underground Mining was 15.1% in FY20 as a result of the new contracts and scope increases described above.

Surface Mining Segment

Segment Revenue

External sales revenue for Surface Mining was A$608.0 million in FY20, a decrease of A$138.2 million, or 18.5%, compared to FY19. The decrease was driven by the loss of the Nsuta contract with GMC in Ghana, and our termination of the contract with Semafo at the Boungou mine site in Burkina Faso following a terrorist incident. The loss of the Edikan contract in Ghana was partially offset by our contract awards at the Sanbrado surface gold mine in Burkina Faso and the Tarkwa and Damang surface gold mines in Ghana.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Surface Mining was A$25.5 million in FY20, a decrease of A$30.9 million, or 54.8%, compared to FY19. The decrease was primarily driven by the loss of the GMC and Edikan contracts in Ghana. Underlying Segment EBIT(A) margin for Surface Mining was 4.2% in FY20, which was driven by an increase in Underlying EBIT(A) in the second half of the period, compared to the first half of the period, resulting from improvements delivered by a new management team at AMS.

Investments Segment

Segment Revenue

External sales revenue for Investments was A$138.3 million in FY20, a decrease of A$6.7 million, or 4.6%, compared to FY19. The decrease was primarily due to lower sales revenues in the BTP Group in the second half of FY20.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Investments was A$25.1 million in FY20, a decrease of A$0.3 million, or 1.2%, compared to FY19 primarily driven by a reduction in Underlying EBIT(A) in the BTP Group. Underlying Segment EBIT(A) margin for Investments was 18.1% in FY20.

Fiscal year ended June 30, 2019, compared with fiscal year ended June 30, 2018

Revenue from continuing operations

Revenue from continuing operations was A$1,638.4 million in FY19, an increase of A$772.1 million, or 89.1%, compared to A$866.3 million in FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. The addition of the Bagassi South project and the Rosemont project in Australia and the ramp up of the Siou and Yaramoko projects in Africa also contributed to the increase in revenue.

Other Income

Other income was A$208.1 million in FY19, an increase of A$187.8 million, or 925.1%, compared to A$20.3 million in FY18. This increase was primarily attributable to the inclusion of the step acquisition gain of A$180.2 million on our existing 50% share of AUMS in FY19, which resulted from an increased valuation of this interest in AUMS following the Acquisition and a gain of A$18.2 million on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS.

Expenses

The following table sets out expenses for FY18 and FY19:

	Year ended June 30,		Percentage
	2018	2019	change
	(A$ in thousands)		%
Materials	346,490	598,787	72.8%
Labor	285,090	556,288	95.1%
Rental and hire	14,778	24,907	68.5%
Depreciation expense	74,528	164,829	121.2%
Amortization expense	-	29,062	100.0%
Finance costs	31,626	55,382	75.1%
Other expenses from ordinary activities	85,302	162,559	90.6%
Impairment of assets	-	113,635	100.0%
Total expenses	**837,814**	**1,705,449**	**103.6%**

Materials expenses

Materials expenses were A$598.8 million in FY19, an increase of A$252.3 million, or 72.8%, compared to A$346.5 million in FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. Materials expense generally increased in line with the increase in revenue and was primarily due to the additional requirement for materials in supporting the continued revenue growth of the group due to the addition of Bagassi South project and the ramp up of the Siou and Rosemont projects.

Labor expenses

Labor expenses were A$556.3 million in FY19, an increase of A$271.2 million, or 95.1%, compared to A$285.1 million in FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. In addition to this, labor expense increase was driven by the increase in headcount to service new projects.

Rental and hire expenses

Rental and hire expenses were A$24.9 million in FY19, an increase of A$10.1 million, or 68.5%, compared to A$14.8 million in FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19.

Depreciation expense

Depreciation expense was A$164.8 million in FY19, an increase of A$90.3 million, or 121.2%, compared to A$74.5 million in FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19.

Amortization expense

Amortization expense was A$29.1 million in FY19, an increase of A$29.1 million, or 100.0%. The increase was due to the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19 and the amortization of customer related intangibles recognized as a result of the Acquisition.

Finance costs

Finance costs were A$55.4 million in FY19, an increase of A$23.8 million, or 75.3%, compared to A$31.6 million in FY18. The increase was primarily as a result of increased debt as a result of the Acquisition, and the finance costs relating to Barminco's US$350 million 6.625% Senior Secured Notes due 2022, the amortization of the associated borrowing costs and the cancelation of the cross currency interest rate swap on the Barminco notes in FY19. The increase in finance costs was partially offset by the repayment of Ausdrill's US$300.0 million 6.875% Guaranteed Senior Notes repaid in November 2018 and reduction in corresponding finance charges.

We had total debt of A$757.4 million, as compared to A$404.6 million at the end of FY19 and FY18, respectively.

Other expenses from ordinary activities

Other expenses from ordinary activities were A$162.6 million in FY19, an increase of A$77.3 million, or 90.6%, compared to A$85.3 million in FY18. This increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. In addition, transaction costs totaling A$13.9 million relating to the Acquisition were included in this item.

Share of net profit of joint ventures accounted for using the equity method

Share of net profit of joint ventures accounted for using the equity method was A$10.7 million in FY19, a decrease of A$11.6 million, or 52.0%, compared to A$22.3 million for FY18, which represented Ausdrill's 50% portion of AUMS' profit for the year. The FY19 amount represented the equity accounted contribution of our then 50% share of AUMS for the four months from July 1, 2018 to October 31, 2018, compared to the FY18 result, which reflected a full year of equity accounted contribution from our then 50% share of AUMS.

Impairment of Assets

A non-cash impairment of A$113.6 million was recorded in FY19 comprising an impairment to inventory of A$54.4 million, an impairment to property, plant and equipment of A$49.3 million and an impairment to other assets of A$9.9 million. This resulted in impairments of the Energy Drilling assets and BTP inventory and property plant and equipment of A$56.6 million and A$57.1 million of impairment in the Surface Mining segment related to inventory and property plant and equipment to reflect their recoverable value.

Profit before income tax

Profit before income tax was A$154.9 million in FY19, an increase of A$80.8 million, or 109.0%, compared to A$74.1 million in FY18. The increase was a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. In addition, FY19 included the step acquisition gain on Perenti's existing 50% share of AUMS of A$180.2 million, which resulted from an increased valuation of this interest following the Acquisition and a gain on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS of A$18.2 million, partially offset by an impairment expense of A$113.6 million in FY19 and expenses for transaction, restructuring and other costs of $30.2 million predominantly relating to the Acquisition in FY19.

Income tax expense

Income tax benefit was A$27.4 million in FY19, a decrease of A$42.1 million, or 286.4%, compared to income tax expense of A$14.7 million in FY18. This decrease was due to tax credits resulting from uplift in the tax carrying value of depreciating assets upon the Acquisition, tax effect of impairment, transaction costs and recognition of previously unrecognized deferred tax assets for the carry forward of unused tax losses partially offset by uncertain tax positions in Africa.

Profit from discontinued operations (attributable to equity holders of the Company)

Profit from discontinued operations (attributable to equity holders of the Company) was A$1.7 million in FY18, which predominantly related to sale of the Diamond Communications business. See "—Factors Affecting Comparability of Results—Discontinued Operations."

Profit for the year

Profit for the year was A$182.3 million in FY19, an increase of A$121.2 million, or 198.4%, compared to A$61.1 million in FY18. The increase was primarily a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. In addition to this, the increase was attributable to the inclusion of the step acquisition gain of A$180.2 million on our existing 50% share of AUMS, which resulted from an increased valuation of this interest following the Acquisition and a gain of A$18.2 million on derecognition of foreign currency translation reserves as a result of the step acquisition of AUMS. Tax impacts, including income tax benefits resulting from uplift in the tax carrying value of depreciating assets upon the Acquisition, tax effect of impairment, transaction costs and recognition of previously unrecognized deferred tax assets for the carry forward of unused tax losses, partially offset by uncertain tax positions in Africa also contributed to the FY19 profit.

Segmental Analysis

Underground Mining Segment

Segment Revenue

External sales revenue for Underground Mining was A$747.2 million in FY19, an increase of 100.0%, compared to FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. The Underground Mining segment accounted for its 50% interest in investment in AUMS in FY18, using the equity accounting method until October 31, 2018. The Underground Mining segment revenue improved over the comparable period as a result of new work at the Mt. Colin contract, which commenced in July 1, 2018, and at the Siou project in Burkina Faso, scope increases for the Sunrise Dam and Dugald River projects in Australia and continued ramp-up of the Subika project in Ghana.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Underground Mining was A$129.2 million in FY19, an increase of A$106.9 million compared to FY18. The increase was primarily as a result of the Acquisition, our ownership of Barminco Holdings and AUMS and the contribution of these businesses for eight months from November 1, 2018 during FY19. Project wins and increased scope also contributed to solid FY19 performance from the Subika, Siou, Yaramoko, Sukari and Mt Colin projects. Underlying Segment EBIT(A) margin for Underground Mining was 17.3% in FY19 as a result of the new contracts and scope increases described above. The FY18 Underlying Segment EBIT(A) reflected a full year of equity accounted contribution from our then 50% share of AUMS.

Surface Mining Segment

Segment Revenue

External sales revenue for Surface Mining was A$746.2 million in FY19, an increase of A$20.4 million, or 2.8%, compared to FY18. This increase in revenue was primarily driven by the commencement of operations at the Tabakaroni and Yanfolila gold projects in Mali and the Mako gold project in Senegal and increased equipment hire at the Nsuta contract in Ghana. The increase in segment revenue was partially offset by the cessation of the Edikan and Syama contracts.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Surface Mining was A$56.4 million in FY19, a decrease of A$9.1 million, or 13.8%, compared to FY18. Underlying Segment EBIT(A) margin for Surface Mining decreased over the period primarily due to underperformance at the Boungou contract and prolonged wet weather that negatively impacted our African exploration business. This was partially offset by an increased contribution from the Tabakaroni, Yanfolila and Mako contracts, as well as increased equipment hire for the Nsuta contract. Underlying Segment EBIT(A) margin for Surface Mining was 7.6% in FY19.

Investments Segment

Segment Revenue

External sales revenue for Investments was A$145.0 million in FY19, an increase of A$4.5 million, or 3.2%, compared to FY18. The increase was driven by stronger sales revenues from BTP due to favorable market conditions and increased machine utilization.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Investments was A$25.4 million in FY19, an increase of A$7.4 million, or 41.0%, compared to FY18. The increase was driven by strong business performance by BTP and increased demand in the parts and equipment rental business. Underlying Segment EBIT(A) margin for Investments was 17.5% in FY19.

Liquidity and Capital Resources

Overview

We anticipate meeting our future funding requirements through operating cash flow, borrowings from our existing and future bank finance facilities, asset financing, debt capital markets issuances and equity offerings if required from time to time. Our principal uses of cash are funding our existing operations, including our working capital and capital expenditure requirements and funding acquisitions.

We believe that our sources of funds will provide sufficient liquidity for us to meet our working capital, capital expenditure, dividend payments and other cash requirements for at least the next 12 months. Subject to restrictions in our existing indebtedness and the Notes, we may incur further indebtedness in connection with the operation of our business, which may result in an increase in our finance expense.

Cash flows

Set out below is a summary of our cash flows for the periods indicated.

	Year ended June 30,		
	2018	2019	2020
		(A$ in thousands)	
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	892,394	1,683,000	2,178,904
Payments to suppliers and employees (inclusive of goods and services tax)	(802,239)	(1,385,320)	(1,752,117)
	90,155	**297,680**	**426,787**
Interest received	2,990	3,143	1,471
Interest and other costs of finance paid	(28,982)	(61,035)	(53,605)
Income taxes (paid)/refunded	(12,312)	(33,432)	(68,114)
Management fee received from joint ventures	742	556	-
Net cash inflow from operating activities	**52,593**	**206,912**	**306,539**
Cash flows from investing activities			
Payments for purchase of subsidiaries	-	(17,205)	-
Payments for property, plant and equipment	(173,280)	(206,013)	(235,704)
Payments for intangibles	-	(55)	(150)
Proceeds from sale of property, plant and equipment	3,319	11,170	45,619
Payments for assets at FVOCI/available-for-sale financial assets	(9,187)	(809)	-
Proceeds from sale of assets at FVOCI	-	-	3,268
Proceeds from sale of assets held for sale	-	-	16,000
Proceeds from sale of business	4,600	1,565	-
Cash removed on disposal of subsidiary	(602)	-	-
Distribution received from associates	13,633	-	-
Cash acquired on acquisition of subsidiary	-	100,544	-
Capital contribution by minority interest on start-up of operation	-	866	-
Net cash outflow from investing activities	**(161,517)**	**(109,937)**	**(170,967)**
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs	97,606	242,338	-
Proceeds from secured borrowings	-	232,362	284,985
Repayment of unsecured borrowings	(3,458)	(421,293)	(9,256)
Repayment of secured borrowings	-	(15,762)	(251,872)
Proceeds from unsecured borrowings	3,991	5,072	8,731
Repayment of hire purchase and lease liabilities	-	(21,677)	(33,809)
Dividends paid to Company's shareholders	(19,855)	(42,602)	(24,019)
Proceeds from Cross Currency Interest Rate Swaps close-out	-	8,421	-
Net cash (outflow)/inflow from financing activities	**78,284**	**(13,141)**	**(25,240)**
Net increase/(decrease) increase in cash and cash equivalents	(30,640)	83,834	110,332
Cash and cash equivalents at the beginning of the financial year	166,710	137,258	223,524
Effects of exchange rate changes on cash and cash equivalents	1,188	2,432	(6,365)
Cash and cash equivalents at end of year	**137,258**	**223,524**	**327,491**

Cash flows from operating activities

Our primary source of cash is cash generated from our operating activities. The largest components of cash flows from operating activities are receipts from customers and payments to suppliers and employees. The timing of these payments, which is reflected in movements in our working capital, can significantly affect our operating cash flows.

Net cash inflows from operating activities were A$306.5 million in FY20, an increase of A$99.6 million, or 48.1%, compared to A$206.9 million FY19. In FY20, the full period cash flow contribution from Barminco Holdings and AUMS was the primary source of additional cash from operations. We also continued to focus on working capital management to increase EBITDA-cash conversion, which resulted in an increased cash flow from operations.

Net cash inflows from operating activities were A$206.9 million in FY19, an increase of A$154.3 million, or 293.3%, compared to A$52.6 million in FY18, primarily as a result of the Acquisition and our ownership of Barminco Holdings and AUMS for eight months from November 1, 2018 during FY19.

Cash flows from investing activities

Net cash outflows from investing activities were A$171.0 million in FY20, an increase of A$61.1 million, or 55.5%, compared to A$109.9 million in FY19. The increase was primarily due to A$100.5 million of cash acquired on the Acquisition of Barminco and AUMS in FY19 offset by payments of A$17.2 million for the Acquisition in FY19. In FY20 there was increased proceeds from the sale of property, plant and equipment and assets held for sale of A$48.9 million in FY20, partially offset by increased capex payments of A$29.7 million in FY20 as a result of the Acquisition.

Net cash outflows from investing activities were A$109.9 million in FY19, a decrease of A$51.6 million, or 31.9%, compared to A$161.5 million in FY18. The decrease in net cash outflows was primarily due to cash acquired on the Barminco acquisition of A$100.5 million offset by payments of A$17.2 million payments for the Acquisition in FY19 and increased payments for property, plant and equipment in FY19 of A$32.7 million related to the mobilization of new projects.

Cash flows from financing activities

Net cash outflows from financing activities increased A$12.1 million from A$13.1 million in FY19 to A$25.2 million in FY20. The increase was a result of the issuing of shares in FY19 to partially fund the Barminco acquisition and repayment of the US$300.0 million with respect to our 6.875% Guaranteed Senior Notes due 2019 partially offset by a reduction in cash dividend payments in FY20 of A$18.6 million.

Net cash outflows from financing activities increased A$91.4 million to an outflow of A$13.1 million in FY19 from an inflow of A$78.3 million in FY18. In FY19, the main cash outlflows from financing activities were the repayment of the Ausdrill US$300 million, 6.875% Guaranteed Senior Notes due 2019, which was financed by the proceeds from the issue of shares, net of transaction costs of A$242.3 million with respect to an equity capital raising and the proceeds from secured borrowings of A$232.4 million. In FY18 a reduced dividend in dollar terms was paid, and the business issued A$97.6 million of shares to fund capex requirements, resulting in a net cash inflow.

Capital expenditures

Our business requires significant capital expenditure on mining equipment, which is often a front ended investment for us given the nature of our operations. The scale of our fleet and capital intensity is a key barrier to entry for our competitors. Our capital expenditure predominantly comprises the purchase of mining equipment and the replacement of major components and equipment rebuilds over the life of the asset.

When we enter new contracts, we will often need to deploy mining equipment to a customer site to perform our contract. Where we have available equipment from our existing fleet, we will first look to deploy equipment from our fleet, prior to acquiring new equipment. Our underground mining equipment is typically depreciated over a three to seven year period. Our surface mining equipment is typically depreciated over a seven to ten year period. Consequently, during periods of high or rapid growth, our capital requirements increase.

We have historically funded capital expenditures by a combination of operating cash flow, asset financing, debt and equity. Under our underground mining contracts, capital expenditures necessary for a new project is typically equal to approximately 40% of the revenues received under the contract in the first twelve months. Under our surface mining contracts, capital expenditures necessary for a new project is typically equal to approximately 90% of the revenues received under the contract in the first twelve months. Our management estimates that our maintenance capital expenditures in a given year are roughly equal to our depreciation in such year.

The following table shows our capital expenditure for the periods indicated.

	For the year ended June 30,		
	2018	2019	2020
	(A$ in thousands)		
Payments for property, plant and equipment	173,280	206,013	235,704
Proceeds from sales of property, plant and equipment	(3,319)	(11,170)	(45,619)
Net payments for property, plant and equipment	**169,961**	**194,843**	**190,085**
Capital Expenditures	173,280	206,013	235,704

Working capital

Our working capital comprises current trade and other receivables, inventories and current trade and other payables.

The following table shows the principal elements of our net working capital for the periods indicated.

	For the year ended June 30,		
	2018	2019	2020
	(A$ in thousands)		
Current trade and other receivables	230,464	399,354	369,309
Inventories	212,600	251,110	250,379
Current trade and other payables	(122,770)	(268,525)	(261,095)
Net working capital	**320,294**	**381,939**	**358,593**

Dividends

Our dividend policy is to pay dividends from cash which is surplus to our business requirements, having regard to our liquidity, capital expenditure, and balance sheet requirements. We have historically declared dividends when we have released our financial results to the ASX each year in February and August. We declared dividends in FY18, FY19, and FY20 of A$19.9 million, A$42.6 million, and A$48.0 million, respectively. A$24.0 million of the dividends that we declared in FY20 were deferred on March 25, 2020, and this dividend was split into a cash portion (A$15.2 million) and a share portion (A$8.8 million) pursuant to our dividend reinvestment plan. The cash portion of this deferred dividend was paid on July 23, 2020. We declared a further A$24.6 million of dividends on August 24, 2020.

We re-activated our dividend reinvestment plan on April 21, 2020. Our dividend reinvestment plan provides the opportunity for shareholders to receive new shares in Perenti Global Limited in lieu of receiving cash, enabling us to preserve cash within our business. The reactivation of our dividend reinvestment plan was partly in response to the COVID -19 pandemic and partly in line with our normal capital management policies. The Board may deactivate the dividend reinvestment plan at their discretion.

Indebtedness, gearing and other financing arrangements

As of June 30, 2020, we had total debt of A$883.9 million including lease liabilities of A$101.6 million. As of June 30, 2020, we had cash and cash equivalents of A$327.5 million, resulting in net debt of A$556.4 million.

As of June 30, 2020, on an as adjusted basis giving effect to financial transactions subsequent to June 30, 2020, excluding lease liabilities totaling A$101.6 million at their balance sheet value, our total debt would have matured in accordance with the table below:

(amounts A$ in millions)	≤ 1 year	> 1 year and ≤ 2 years	> 2 years and ≤ 5 years	> 5 years	Total
Total debt (actual)	41.0	547.3	265.7	-	854.1
Total debt (as adjusted)[1]	43.3	49.1	247.2	673.1	1,012.7

Note:

(1) As adjusted to reflect (a) the Notes offering and (b) the application of the net proceeds of the Notes offering. See "Capitalization."

The following table shows our net debt and gearing ratios as of June 30, 2018, 2019 and 2020.

	As of June 30,		
	2018	2019	2020
	Actual	Actual	Actual
	(A$ in thousands)		
Total debt	404,550	757,443	883,857
Cash and cash equivalents	(137,258)	(223,524)	(327,491)
Net debt	**267,292**	**533,919**	**556,366**
Total equity	774,751	1,411,612	1,399,754
Net debt and total equity	**1,042,043**	**1,945,531**	**1,956,120**
Gearing ratio	**25.7%**	**27.4%**	**28.4%**

Contractual Obligations, Other Commitments and Lease Liabilities

The following table summarizes our contractual obligations, commitments and lease liabilities as of June 30, 2020.

	≤ 1 year	> 1 year and ≤ 2 years	> 2 years and ≤ 5 years	> 5 years
	(A$ in millions)			
Capital commitments	57.5	-	-	-
Lease liabilities	30.3	29.9	59.8	3.7

The above table includes lease liabilities of A$101.6 million that forms part of our total debt of A$883.9 million as of June 30, 2020, which are included in total debt in the table above this section.

Other than the capital expenditure and commitments disclosed in the above table, we have no significant off-balance sheet contractual obligations or other commitments.

Quantitative and Qualitative Disclosures about Market Risk

Set forth below is a discussion regarding our market risk. For additional information including quantitative information and sensitivity analyses, see Note 11—Financial risk management to our consolidated financial statements for FY20 included elsewhere in this Offering Memorandum.

Our activities expose us to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets, and we seek to minimize potential adverse effects on our financial performance. We use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e., not as trading or other speculative instruments. We use different methods to measure different types of risk to which we are exposed. These methods include sensitivity analysis in the case of foreign exchange and other price risks, and aging analysis for credit risk.

Our key management personnel report to the audit committee and board of directors regularly on the progress and objectives of the risks and the associated corporate governance policy objectives.

Our financial risk management is carried out by a central treasury department (the "Group Treasury") under policies approved by our Board. The Group Treasury identifies, evaluates and hedges financial risks in close co-

operation with our operating units. Our Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices, will affect our income or value of our holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters, while optimizing the return.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. Our functional currency is the Australian dollar. The currencies in which our transactions primarily are denominated are Australian dollars and U.S. dollars, but also West African francs, Ghana cedis, Euro and other small currency exposures as shown within our financial statements for the fiscal year ended June 30, 2020 included elsewhere in this Offering Memorandum.

We may hedge a portion of the Notes through the use of cross currency interest rate swaps which have a combination of fixed interest to fixed interest U.S. dollar-Australian dollar swaps and floating interest to fixed interest U.S. dollar-Australian dollar swaps.

In respect of other monetary assets and liabilities held in currencies other than the Australian dollars, we aim to ensure that the net exposure is kept to an acceptable level by matching foreign-denominated financial assets with matching financial liabilities and vice versa.

Cash flow and fair value interest rate risk

Our fixed rate borrowings and receivables are carried at amortized cost. They are therefore not subject to interest rate risk as defined in AASB 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Our main interest rate risks arise from cash, cash equivalents and long-term borrowings at variable rates. Cash, cash equivalents and borrowings issued at variable rates expose us to cash flow interest rate risk. During FY20 and FY19, our borrowings subject to variable interest rates were denominated in Australian and U.S. Dollars.

As of June 30, 2020, the A$252.0 million we had drawn under Perenti's revolving credit facilities was subject to variable interest rates. As of June 30, 2020, a variable rate joint venture partner loan to Underground Mining Alliance, a 70/30 joint venture between AUMS and Rocksure International, was US$1.9 million.

Price risk

Our exposure to equity securities price risk arises from investments held by us and classified in the balance sheet as financial assets at fair value through other comprehensive income. In FY20, 22% (FY19: 34%) of our equity investments were publicly traded on the Australian Securities Exchange, the London Stock Exchange and the Canadian Stock Exchange. The majority of our unlisted shares exposure relate to our investment in Chrysos Corporation, a company producing a quantitative, chemistry-free replacement for Fire Assay on-site and in the laboratory and HiSeis Pty Ltd, an end to end seismic hard rock exploration service provider. As of June 30, 2020, we had equity investments of A$23.6 million.

Credit risk

Credit risk is managed on a group basis. Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers and investment securities. Credit risk also arises from cash and cash equivalents. We limit our exposure to credit risk from cash and cash equivalents by only investing in counterparties that have an acceptable credit rating.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. We manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, we aim at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

Critical Accounting Estimates and Judgments

Preparing financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Our accounting policies require us to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are:

- Recognition of revenue;
- Impairment of assets;
- Estimated fair value of certain financial assets at fair value through other comprehensive income;
- Estimated uncertainties and judgements made in relation to lease accounting;
- Estimation of fair values of land and buildings;
- Estimation of useful life of property, plant and equipment;
- Estimation goodwill impairment;
- Estimated useful life of intangible assets;
- Recognition of deferred tax assets for carried forward tax losses;
- Share based payments – determining the achievement of non-market based conditions;
- Uncertain tax positions in Africa; and
- Determination of lease term.

For further information see Note 10 to our audited financial statements for FY20 included elsewhere in this Offering Memorandum.

INDUSTRY

We operate in the mining and resources industry, providing contract mining services to our customers that are typically the mine owner, and which are focused on mines that are in the production phase. The mining services that we provide are essential to the ability of mines to operate and remain in production and generate their revenue. Mining companies may perform these services themselves and are typically referred to as "owner miners" or employ the assistance of external parties that specialize in contract mining services "contract miners", forming the basis of the mining services industry. Contract mining for underground and surface mining operations are core segments of the mining services industry.

The demand for contract mining services is typically influenced by:

- current production volumes from operating mines;
- forecast production volumes from new mines in respond to demand for resources; and
- industry and management preferences for contract mining versus owner-mining.

The benefits of contract mining

Contract mining provides key benefits to mine owners. These benefits include the ability to contract with parties that are specialists in the provision of contract mining services, and to reallocate the operational risk of mineral and resource extraction activities to specialist parties, mitigate their capital investment in mining equipment and other assets that are required to extract resources, and allow the mine owner to focus on core capabilities such as managing their asset portfolio, and focus their investment of capital in exploration and the discovery of new resource, and sales and marketing.

Contract mining also offers mine owners greater flexibility to scale labor and equipment rapidly based on mine plans and production volumes. Contractors are able to provide specialized expertise (for example, high speed decline development) and in some instances, are able to provide contract mining services at a lower cost compared to an owner miner operation. This may be influenced by increased productivity as contractors tend to have access to the latest mechanized and automated mining advances and procurement scale benefits in relation to purchases of new equipment. Contract miners typically operate more mines than their customers and therefore have the ability to apply their technical knowledge across mining sites to maximize productivity.

Contract mining is used from small to large cap mine owners and is particularly important for small and mid-cap mine owners that often lack the necessary capabilities in-house as they transition from exploration to production. Outsourcing operations to contract miners such as Perenti provides these mine owners access to global best practice mining techniques. Outsourcing mining production may also enable small and mid-cap mine owners to minimize upfront capital investment as contractors often provide their own fleet to operate the mine as part of their contractual arrangements.

Underground and surface mining

The contract mining sector broadly consists of underground and surface contract mining. Both underground and surface contract mining services can be classified according to geology as either hard-rock mining (the excavation of hard minerals, being ores containing metals such as gold, silver, iron, copper, zinc, nickel and lead) or soft-rock mining (the excavation of commodities such as coal, salt or oil sands). Perenti focuses on providing hard-rock mining services.

Underground mining is becoming a larger proportion of total mining activity, driven by economic, technological, social and environmental factors. Increasingly, operators of surface mines are considering underground mining techniques to extend the life of existing mines and mine new deposits that are being found underground and at greater depths. This has been supported technology improvements, such as hydraulic hoisting and robotics, which have led to underground mining becoming more economical. Social and environmental factors

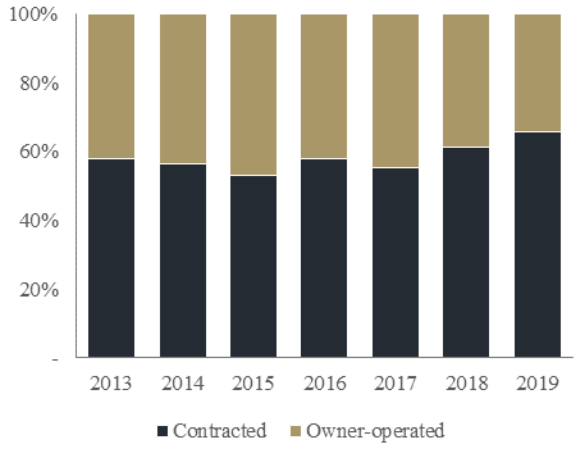
such as the visual impact and waste associated with surface mining also support the transition towards underground mining.

Barriers to entry are considered high for underground and surface contract mining, as the industry requires contractors to invest a large amount of capital in the form of equipment to perform the work. Scale is also considered beneficial as it allows employees and equipment to be redeployed to new projects, maximizing the return on capital. Despite the similarities, underground contract mining services are relatively less competitive due to the requirements of specialized skills, safety systems, processes and equipment and therefore underground contract mining margins tend to be higher than surface contract mining.

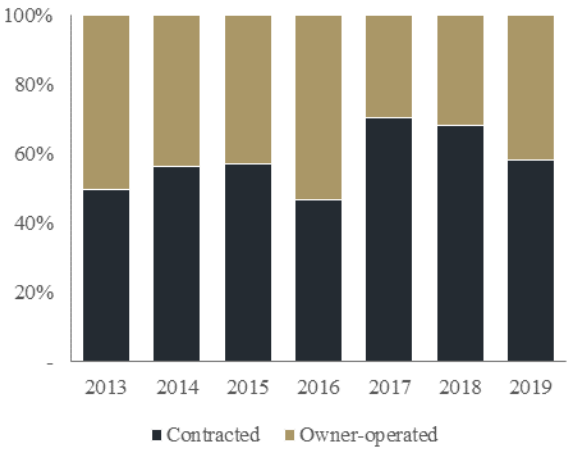
Australia's contract mining industry

Contract mining in Australia, is an established and mature industry, with contract miners having become an established part of the mining and resources industry. According to Wood Mackenzie, contractor market share over the period of 2013 to 2019 averaged 58% for both underground and surface mines. Contract miners are prevalent throughout the Australian mining industry, and are contracted across a range of a broad range of commodities.

Australian Surface Mining Contractor Market Share – 2013 to 2019



Australian Underground Contractor Market Share – 2013 to 2019



Source: Wood Mackenzie

Due to the high capital requirements and specialized skills required, there are a small number of key providers operating in the Australian underground contract mining market. We are a market leading provider of contract mining services in the underground hard-rock contract mining sector globally. Our main competitors in Australia for underground contract mining include Byrnecut, Pybar, and Macmahon.

Underground mining is expected to increase in the future as mining companies target underground deposits to meet demand in light of declining reserves and ore grades at surface mining operations. As the valuable commodities or reserves at mines becomes deeper, and the grade becomes more challenging to process, mining companies are expected to consider cost effective underground mining solutions, that will deliver lower per unit costs of production and improve the economics of certain mines. This growth in underground contact mining is expected to provide industry benefits and an opportunity for Perenti to benefit from industry growth.

Africa's contract mining industry

Overall, the contract mining industry is less well developed in Africa. This is a result of the scale of operations, where smaller mine owners prefer to both own and operate and there is less cost pressure due to cheaper local labor, and further supported by legislation that favors local employment and limits contractor's ability to mobilize outside workforces.

Within the African market, adoption of contract mining services varies from region to region. Mature markets (for example, South Africa) have an established contract mining industry. In these markets, we compete against both contract miners and owner-operators. Some key competitors with African operations include Byrnecut, Moolmans, Rocksure, Redpath, Murray & Roberts, PW Mining, SFTP Mining, BCM, and DTP. Emerging African markets have a limited history of underground contract mining.

Our position in the contract mining industry

Underground contract mining services is our largest segment. According to Wood Mackenzie, and amongst our direct competitors we are the global leader in the underground contract mining services, a leading provider of underground contract mining services outside of Australia, and a leading provider of underground contract mining services in Australia. Our market share is illustrated in the charts below.

International Underground Market Share

Barminco / AUMS	25%
Redpath	31%
Murray & Roberts (Other)	24%
Byrnecut OS	9%
RUC	8%
Thiess	2%
Macmahon	1%

Australian Underground Market Share

Barminco	23%
Byrnecut	38%
Pybar	12%
Redpath	8%
Macmahon / GBF	7%
Downer EDI	6%
RUC	5%
Pit n Portal	2%

Combined Underground Market Share

Barminco	24%
Byrnecut	22%
Redpath	21%
Murray & Roberts (Other)	13%
RUC	6%
Pybar	5%
Macmahon / GBF	4%
Downer EDI	3%
Thiess	1%
Pit n Portal	1%

Source: Wood Mackenzie

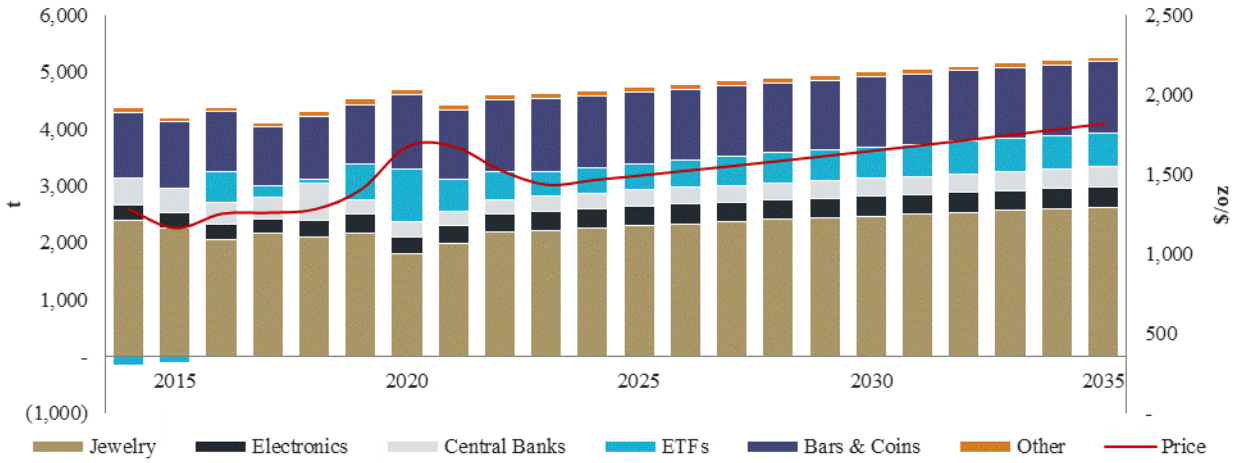
Commodity Market Outlook

Our customers and their ability to generate revenue is primarily influenced by demand for various commodities, and the respective commodity prices. Our mining services revenues are principally influenced by production volumes and the long run decision of the mine owner to continue producing at a mine, rather than short-term fluctuations in commodity prices. Mine owners will typically maintain mines in production through the commodity price cycle, so long as revenue covers their cash cost of production. This is typically influenced by the relatively higher costs of ceasing and recommencing mining operations, rather than riding out short term commodity price movements. Longer-term however, the commodity demand and supply profiles and associated commodity prices are key drivers of volumes in the production phase.

Gold

Gold is mined on every continent with the exception of Antarctica. According to Wood Mackenzie, gold demand in 2019 was 4,530 tonnes, the highest level since 2014. The recent pandemic and outbreak of COVID-19 has significantly influenced demand for gold, which according to Wood Mackenzie is expected to grow at a compound annual growth rate of 0.9% over the period from 2019 to 2035, and to reach 5,266 tons in 2035 driven by increases in bar and coin, jewelry and ETF demand.

Gold Demand by Sector and Gold Price



Source: Wood Mackenzie

Jewelry is the largest driver of demand for gold, representing approximately 50% of gold demand in 2019. Jewelry demand has declined in recent years, from a peak of 2,382 tonnes in 2014 to a low of 2,059 tonnes in 2016 before China and India led a recovery to 2,176 tonnes in 2019. Wood Mackenzie forecasts that demand for gold in jewelry will increase from 2021 and grow strongly, reaching 2,628 tonnes by 2035 with continued economic growth in major demand countries, including China and India.

The other major form of physical demand for gold is electronics, where it is used in solid state devices as a highly efficient, reliable conductor. 2017 saw the first year of growth in technology demand since 2010, driven by increased use of gold in smartphones for new generation features such as 3D video. Demand continued to grow strongly in 2019 and is expected to recover after a dip in 2020 as a result of lower demand for consumer electronics, with demand from the sector expected to increase from 2021 to reach 363 tonnes by 2035.

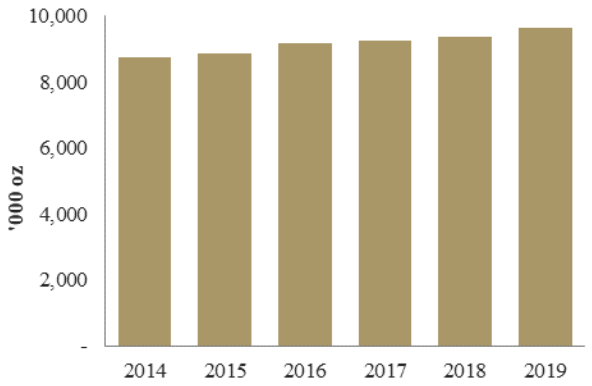
Demand for gold in bar and coin form peaked in 2013, before falling over the next four years to reach 1,039 tonnes in 2017 on the back of a sharp drop in US retail investment. Wood Mackenzie forecasts that bar and coin demand will increase at 1.3% CAGR between 2019 and 2035 to reach 1,267 tonnes in 2035. This is primarily due to demand in China and India increasing, where economic growth and emergence of a significant middle class is likely to drive an increase in spending.

Gold backed ETFs are the most volatile demand sector, and the only sector where negative demand is seen. ETF demand rose considerably in 2019 to 644 tonnes as investors sought a financial safe haven. In 2020 to date, ETF demand has been at an all-time high of 936 tonnes as investors have bet on the gold price increasing and continued to seek safe financial assets during the coronavirus pandemic. ETF demand is expected to moderate in 2021 and return to the long-term trend beginning in 2022.

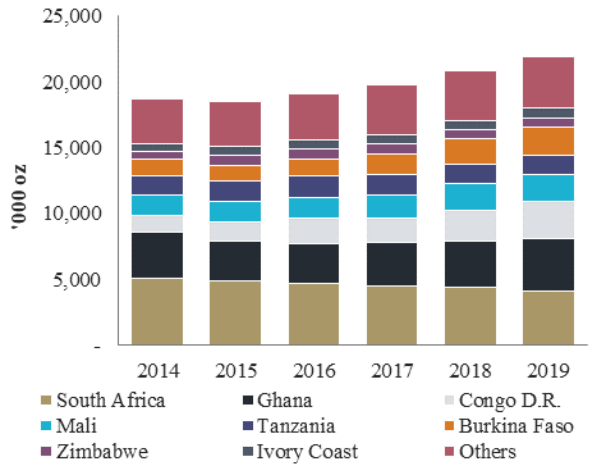
Gold prices are currently at near all-time highs, currently at US$1,9355.6/oz as at 14-September-20 (all time high of US$2,063.2/oz[2] reached in August), with the metal performing its role as a hedge against times of economic crisis. Over the remainder of the year, Wood Mackenzie is expecting gold to maintain its strong performance. Wood Mackenzie expects to see a U-shaped recovery and as such is expecting the gold price to remain well supported over the next couple of years, averaging US$1,674/oz and US$1,525/oz in 2021 and 2022, respectively. In the longer term, Wood Mackenzie expects gold prices will normalize as monetary and fiscal stimulus measures are wound back. A continued gradual increase in price as an alternate investment class is likely, and Wood Mackenzie forecasts gold prices will reach US$1,818/oz by 2035.

[2] FactSet

Australian Gold Supply – 2014 to 2019



African Gold Supply by Country – 2014 to 2019

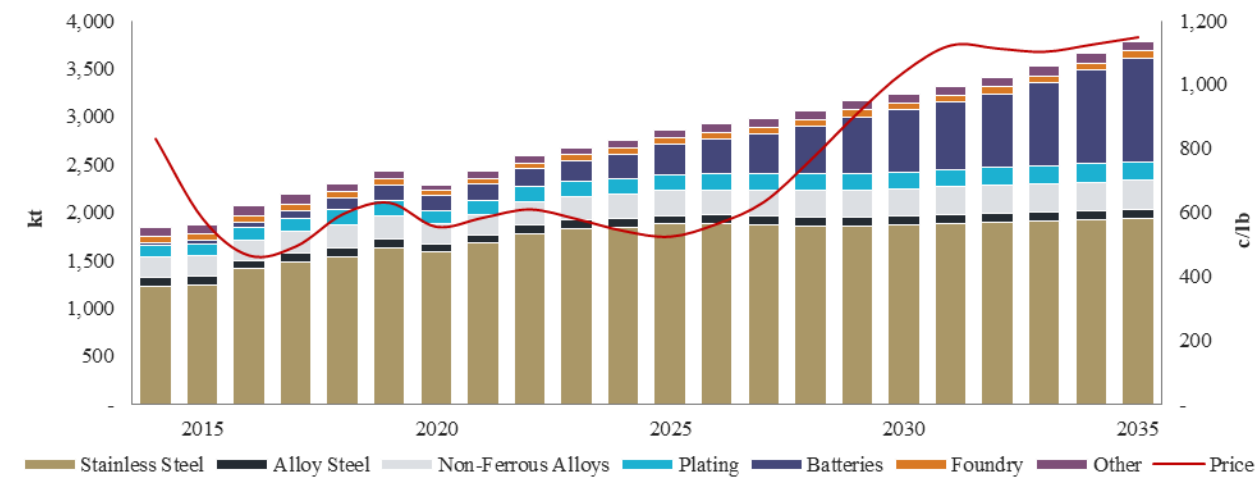


Source: Wood Mackenzie

Nickel

Global nickel demand has risen steadily driven by the traditional demand sectors, reaching 2,425 kt in 2019. Wood Mackenzie forecasts nickel demand to grow to 3,788 kt in 2035, at a 2.8% CAGR over this period.

Nickel Demand by Sector and Nickel Price



Source: Wood Mackenzie

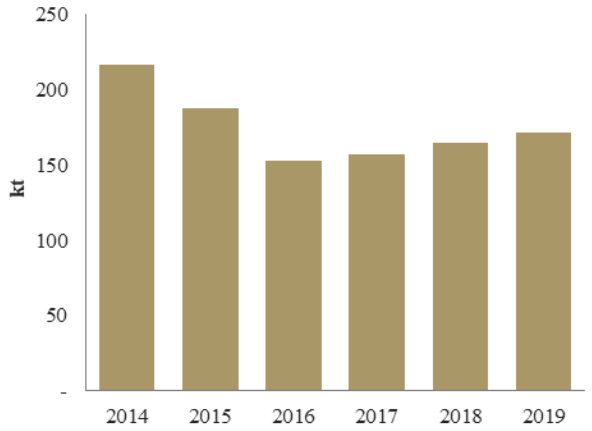
Demand for nickel is principally influenced by its use in the manufacture of stainless steel, which represented 67% of demand for nickel in 2019. Other major applications that consume nickel include non-ferrous alloys, where nickel is used to change the properties of non-ferrous metals, and in plating, where a wide range of materials are plated to impart corrosion resistance. These two sectors accounted for 10% and 7% of nickel's demand in 2019, respectively.

A wide range of materials can be plated with nickel to impart corrosion resistance and to enhance visual appeal, as for jewelry. While nickel's demand is expected to continue rising from the traditional sector, new demand drivers such as the batteries sector is expected to drive demand in the long-term. Wood Mackenzie forecasts nickel demand for stainless steel to rise from 1,631 kt in 2019 to 1,931 kt in 2035 at a 1.1% CAGR over this period. World stainless melt production is forecast to increase significantly between 2020 and 2035 as a result of Chinese demand.

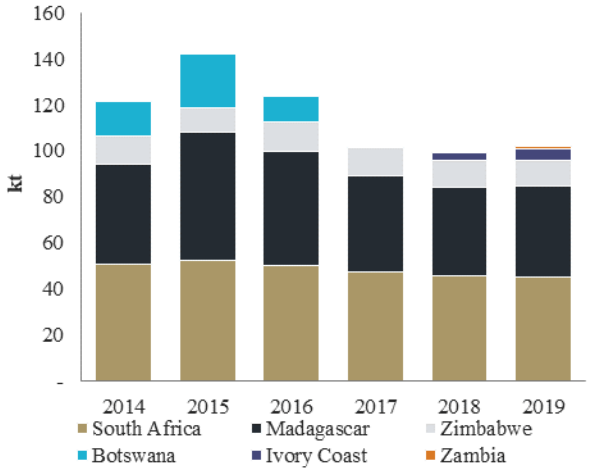
Nickel demand in the long-term is expected to be driven by its application in Electric Vehicle ("EV") Batteries and Energy Storage ("ES"). Wood Mackenzie forecasts consumption of nickel in EV / ES batteries to increase from 168kt in 2019 to 313 kt in 2025, reaching 1,087 kt by 2035. By then, EV / ES battery consumption is expected to account for 29% of global nickel demand, compared to 7% in 2019.

While demand is expected to grow steadily due to the battery sector, a developing market surplus is expected to reach 630 kt globally by 2022 which will keep nickel prices stable. However, as global supply declines, the strong demand for batteries to power EVs is expected to support the nickel price upwards. Wood Mackenzie forecasts nickel price will reach 1,147c/lb by 2035.

Australian Nickel Supply – 2014 to 2019



African Nickel Supply by Country – 2014 to 2019



Source: Wood Mackenzie

Australia is the fifth largest producer of nickel globally, producing 172 kt in 2019. Since 2012, Australia's production has been declining to its lowest levels in 2016, at 153kt, as a result of multiple mine closures, either because they had reached depletion or due to high mining costs relative to prices. Since 2016, Australia's nickel production has risen slightly, aided by increased production at Nova Bollinger mine and the Savannah Nickel mine restarting.

Nickel production is fairly concentrated in Australia, with the top two producers, BHP and Glencore, accounting for 57% of nickel output in 2019. Furthermore, other producers have seen their presence diminish over time, including past top-3 producer First Quantum Minerals. Mincor Resources, Queensland Nickel, RAO Minerals and Salt Lake Mining have exited the nickel industry since 2016 as a result of mine depletions. Panoramic Resources had 5kt of nickel production in 2019 with the restart of Savannah mine and Independence Group has grown its presence in the Australian market, increasing from 8kt in 2016 to 32kt in 2019 through increasing volumes at Nova Bollinger.

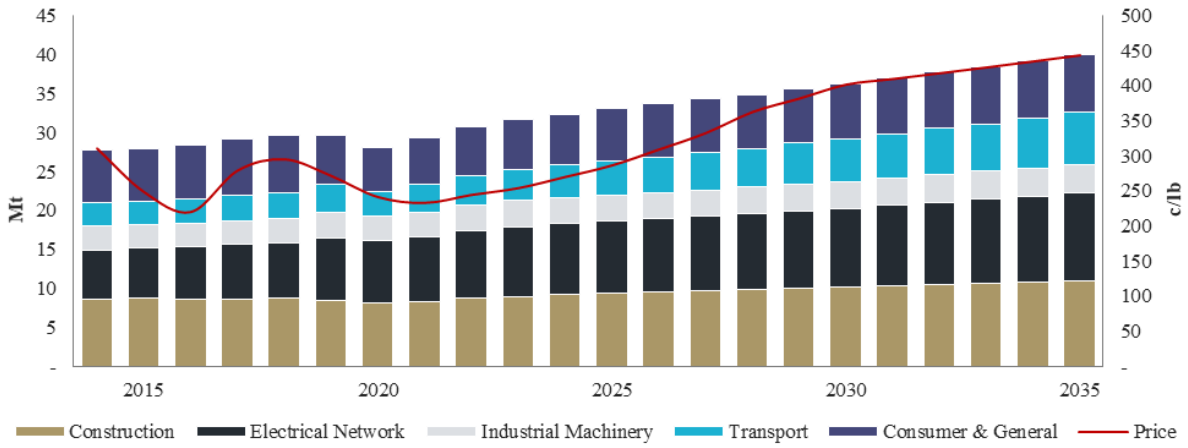
The nickel industry is fairly small in Africa, with only ten operating mines in 2019. Nickel deposits are principally found in South Africa, Madagascar, Zimbabwe and Botswana. South Africa and Madagascar have consistently been the highest nickel producing countries in the region, producing 45kt and 39kt, respectively, in 2019, accounting for 83% of the region's nickel output. Botswana used to be a nickel producer until 2016, when two of its mines, the Phoenix and Selebi-Phikwe, ceased operations due to operating losses. Africa's nickel output is fairly evenly distributed among producers, with no clear leading producer. Producers include Sumitomo, Anglo American, KORES, Impala Platinum, African Rainbow and Sherritt. Much of the region is still unexplored and has therefore experienced an increase in exploration activity to support the region's output.

Copper

Globally, copper demand has grown from 27.8Mt in 2014 to 29.6Mt in 2019 (1.3% CAGR), driven primarily by construction and electrification in China. Between 2014 and 2016, prices fell significantly due to

capacity overhang resulting in limited investment in exploration in the copper sector for several years, eventually causing a supply shortfall and price increases. Falling supply between 2014 and 2017 and financing hurdles through most of the last down cycle has affected production levels in both Australia and Africa. Additionally, the demand for copper is also supportive of the economics for gold mining since copper is often a by-product of gold production.

Copper Demand by Sector and Copper Price

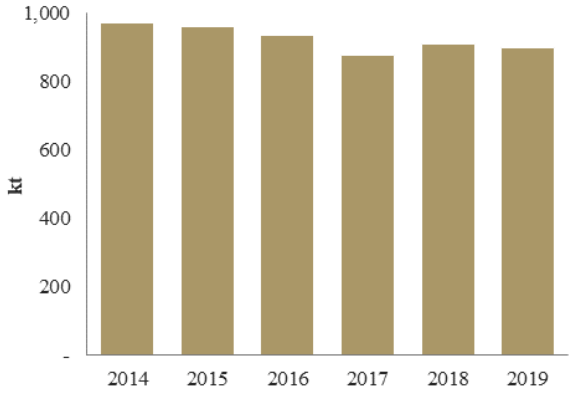


Source: Wood Mackenzie

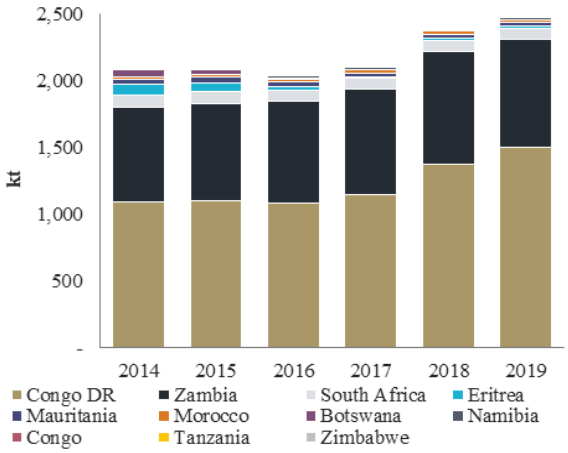
While demand growth in China is expected to slow, Wood Mackenzie forecasts that the requirement for electrification and construction in Southeast Asia and India will support demand growth in the medium term. In the long term, increasing production of electric vehicles, which use up to four times as much copper as their diesel / gasoline counterparts, is expected to boost copper demand in the transport sector. Wood Mackenzie forecasts total copper demand to grow from 29.6Mt in 2019 to 40.0Mt in 2035 (1.9% CAGR), allowing for significant growth in global copper output, including from Australia and Africa.

Wood Mackenzie forecasts the market surplus for copper to reach its peak in 2021, with stocks beginning to decline from 2022 and resulting in prices trending higher to reach 444c/lb by 2035. The pre-emptive rise in prices, in reaction to anticipated deficits and the erosion in stocks, should provide sufficient confidence to encourage producers to reactivate closed mines and undertake incremental expansions, mine life extensions and eventually develop the projects that are needed to close the implied supply gap.

Australian Copper Supply – 2014 to 2019



African Copper Supply by Country – 2014 to 2019



Source: Wood Mackenzie

Australia was the fifth largest producer of copper globally in 2019 producing 898 kt. Copper production in Australia is quite concentrated, with the top eight producers accounting for 83% of production, and the top three producers, Glencore, BHP, and Oz Minerals accounting for 56% of total output. A significant proportion of the small copper producers are primary gold miners that produce a small amount of copper as byproduct to their gold operations.

Copper mining is a significant industry in Africa, and output from the Copperbelt (Democratic Republic of Congo and Zambia) accounted for 13% of global copper mine production, or 2,489 kt, in 2019. In contrast to Australia, copper production in Africa is less concentrated with the top eight producers accounting for less than 65% of production, although the top two producers account for 30% of total production in the region. Production from the top eight producers has increased significantly since 2016, from 1,200 kt to 1,585 in 2019 (12.2% CAGR).

BUSINESS

Our Company

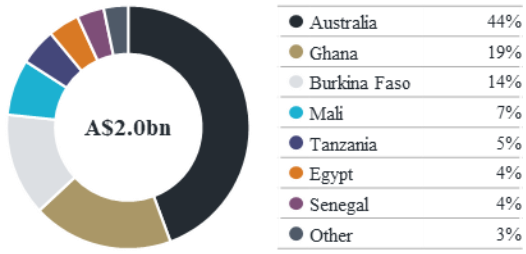
We are a market leader in the provision of contract mining and other mining services to our customers in Australia and internationally. In operation since 1987, we listed on the ASX in 1994, and we are now an ASX 200 constituent with a market capitalization of approximately A$810 million as of June 30, 2020. In FY20, we had revenues of A$2,046.1 million and Underlying EBITDA of A$443.8 million. As of June 30, 2020, we had operations in eleven countries across four continents, were contracted to provide services across 56 projects, and employed more than 7,700 people around the globe. Our head office is located in Perth, Western Australia.

Our principal activity is the provision of contract mining and other mining services to customers that are in the production phase of their mining operations, comprising development and mining. Our focus on customers that are in the production phase of their operations provides increased earnings stability and resilience through the commodity price cycle. We provide underground and surface contract mining exploration, development and production-related services to our mining clients across Australia, Africa and Canada. Our services include hard-rock specialized services, high speed decline development and production services, load and haul, crusher feed, drilling and blasting, in-pit grade control and mineral analysis. We believe we are one of the leading providers of underground hard-rock contract mining services globally with the capability and fleet to provide specialized mine production and development services to mining companies including jumbo development (the tunneling development of underground mines); ground support, including fibrecreting; production drilling and blasting; and extracting and haulage, primarily in the gold, nickel and zinc sectors. We also provide underground diamond drilling services for mineral grade control and orebody definition in Australia, Ghana, Burkina Faso, Tanzania and Egypt.

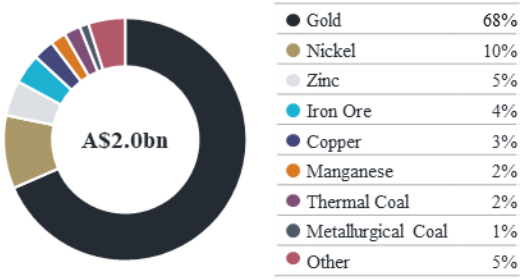
We supplement our in-field services with in-house expertise in designing and manufacturing drilling rigs and ancillary equipment. We also provide supply and logistics solutions and mineral analysis and exploration services, including equipment rental and parts supply.

Our revenues are primarily derived from the provision of contract mining and other mining services to mine owners, which are essential for our customers to operate their mines and remain in production. The charts below illustrate the diversity of our revenues by geography and by commodity for FY20.

Revenue by Country – FY20



Revenue by Commodity – FY20



Our Business Strengths

We are a market leader and service provider of scale in underground hard-rock and surface contract mining, with an excellent reputation with our customers – We have more than 30 years of experience in the provision of underground hard-rock contract mining, contract drill and blast services, and other underground and surface contract mining services. We believe that over this time, we have established a market leading reputation for reliability, efficiency and proficiency with respect to our technical expertise in highly specialized mining operations. We operate one of the largest mining fleets in Australia and Africa. The complexity of the mining services we provide and the organizational capability necessary to provide the services often act as a significant barriers to entry into the industry.

We believe that our scale and market leading positions provide us with a key competitive advantage relative to our peers as mine owners increasingly focus on safety, risk management and productivity, and in response seek to contract with larger counterparties with a stronger focus on internal and external control systems, compliance and governance. Our scale, extensive operating history across our customers' mines, and reputation generally mean we are invited to tender for significant new contracts, and enable us to be selective in the contracts that we elect to pursue. Our scale also provides us with greater experience across different mining applications and commodities and enhances our ability to provide highly skilled labor and equipment to our customers with contract mining services in each of the markets in which we operate. We believe our ability to mobilize resources to mine sites promptly is a competitive advantage. Our scale further provides us with broader access to contract performance data across our contracted order book with respect to revenue and costs, and provides us with improved tendering accuracy and visibility of margins and earnings. Finally, our scale provides us with key benefits including increased diversification of earnings by customer, geography, mining service and commodity as well as increased economies of scale and purchasing power with suppliers.

The services we offer our customers require technical expertise and specialization. In particular, underground mining is highly complex, with requirements for specialized equipment and skills that serve as significant barriers to entry. We have significant experience in the management and operation of underground mining projects. Some of our services, such as our drill and blast service, require specialist certification and mine site accreditation with our customers who have high performance and safety standards, which helps create an additional barrier to entry for potential competitors. We also offer specialized and customized equipment to meet our customers' specifications.

We have proven leadership in maintaining high standards in health and safety – Our safety performance and track record is evaluated in all of our contract mining tenders, and is one of the most significant evaluation criteria used by our customers in determining the appointment of the mining contractor, with many of our customers considering high safety standards as "a license to operate" on their mining sites. Given the critical importance of safety in ensuring the success of our business and the welfare of our employees, we devote substantial resources to maintaining our safety systems, including designing and evaluating processes, training, monitoring and analyzing incidents.

Our ongoing focus on, and dedication to, meeting both our internal and our customers' safety standards and our safety leadership is reflected in our safety performance, which underpins our record of being invited to tender for nearly all significant underground and surface mining opportunities, our success in winning new contracts and our success in renewing our existing contracts. Our safety performance is internationally recognized and is a key competitive advantage in tendering for contracts as well as in retaining key personnel.

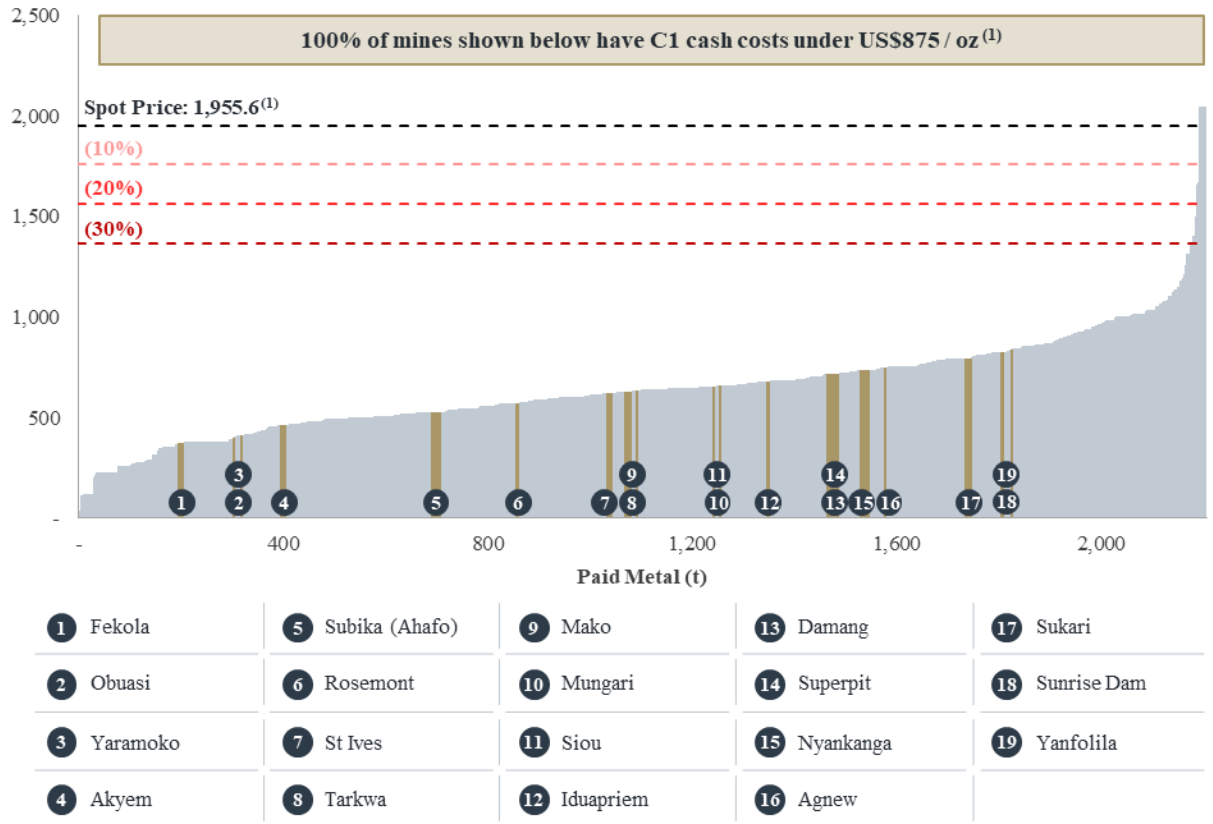
Our earnings are predominantly derived from the provision of contract mining services that are essential to the ability of those mines to produce ore – Our revenues are predominantly derived from the provision of services that are critical to those mines remaining in production, which provides us with relatively stable and predictable revenues. Our focus on the production phase of the mining life cycle means that we experience stable demand for our services, as mine production volumes typically remain stable through commodity price cycles with production volumes typically influenced by long term demand for given commodities as opposed to commodity spot prices. We derived 93.2% and 94.5% of our revenue from production-related mining services in FY19 and FY20, respectively.

The services we provide are core to the ability of mine owners to remain in production and generate their revenue. Without these services, the mines cannot produce. We are typically the exclusive provider of contract mining services at the mines at which we are contracted. We cannot be easily replaced without there being a risk to the mine owner of a production interruption. Our contracts are therefore "sticky" which reduces the risk of contract termination, and supports our strong track record of contract extensions and renewals. Our contracts also include payments from our customers for the costs associated with the mine site demobilization and remobilization that are generally high, which decreases the likelihood of contract termination.

We selectively pursue opportunities with a focus on cost competitive mines with a long expected mine life which reduces our risk of exposure to mine closures due to adverse commodity price movements and provides opportunities for ongoing operation and contract renewals through the life of the mine – Our customers typically have strong cash margins on their mines. For our largest commodity exposure, gold, according to Wood Mackenzie,

all of our customers have a C1 cash cost below US$875/oz, which is below the spot price for gold as of September 14, 2020 of US$1,955.6/oz.[1] This difference provides resiliency in the event of a reduction in gold prices.

Gold C1 Cost Curve (US$/oz) [1], illustrating Perenti Contracted Mines and Spot Price [2]



Notes:

(1) FactSet Spot price as at September 14, 2020.

(2) Sourced from Wood Mackenzie report dated September 2020 showing a selection of Perenti's contracted mines.

We have a 'fee for service' business model with contractual protections that provide flexibility and enable us to mostly pass through increases in operating costs and therefore preserve our margins –We earn the majority of our revenue from the provision of mining services under schedule of rates contracts, which are 'fee for service' agreements with charges based on the actual service we provide or perform. Our customers typically pay us partly through a variable fee, which is derived from the volume of work we perform and covers our variable costs. Under most of our mining services contracts, approximately 70% to 75% of our revenue from our customers and our costs are variable, and are driven by production volume, or a metric related to production volume. The remaining 25-30% of our compensation is a fixed component, which typically reflects the recovery of our overheads. We invoice our customers on a monthly basis for the services we have provided, on our standard payment terms which are generally 30 days.

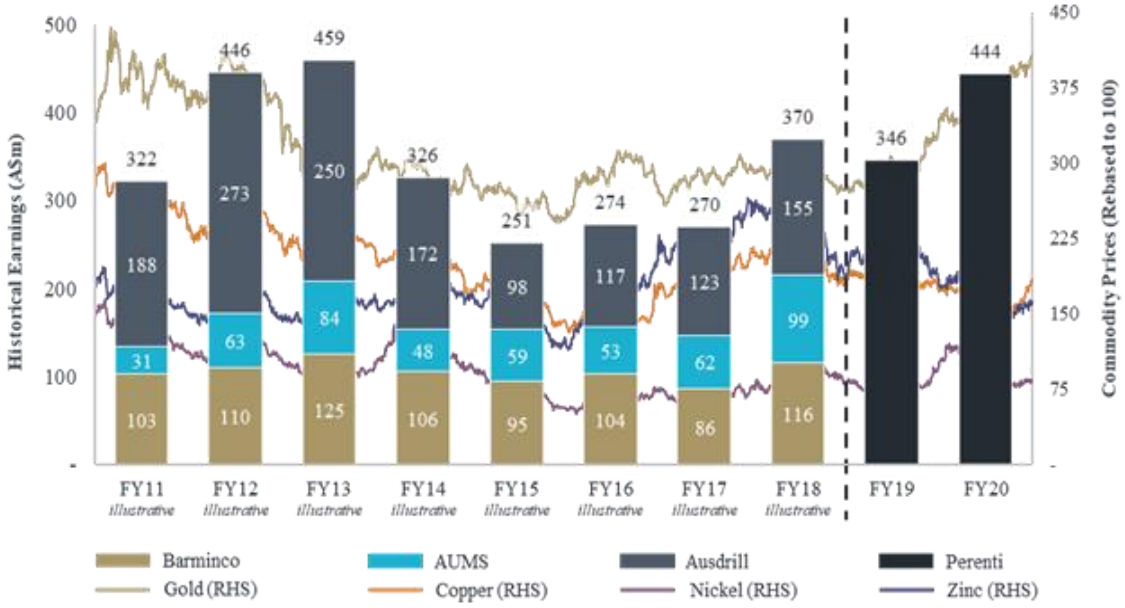
We also incorporate additional protections in our contracts. Our contracts typically include 'rise-and-fall' provisions which means that the rates that we charge our customers are periodically increased or decreased in line with the changes in our underlying costs such as labor and consumables costs (such as tires and spares). Furthermore, our contracts generally include clauses that allow for renegotiation of our rates if a customer varies the mine plan on which we have based our rates by an agreed threshold, for example if the meters drilled or volumes moved have increased or decreased by a specific amount. The combination of fixed and variable rates with the additional 'rise-and-fall' provisions and renegotiation mechanisms provide an appropriate risk allocation framework between Perenti and the customer, and help protect our operating margins. We have no exposure to fixed price or turnkey contracts.

We follow robust processes before tendering for contracts. Senior management is involved in reviewing all significant contract tenders. Our extensive tender review, quality assurance, contract performance assessment and internal review processes help us to prudently assess risk and maintain pricing discipline. Historical operating knowledge and stringent review processes are critical to forecasting costs and provide a robust pricing framework. This is a key advantage when tendering to renew contracts or expand the scope of existing projects.

Our investment in capital equipment aligns closely with new contracts and revenue-generating activities, and we invest in a standardized fleet that can be re-deployed to other operations if volumes from a particular site decline. This approach has allowed us to adapt quickly to changing operational circumstances without bearing significant costs. We can significantly reduce our capital expenditures during a downturn by redeploying equipment from operations experiencing reductions to active operating sites.

Strong financial profile with demonstrated earnings resilience through the cycle – Our defensive financial profile is supported by our long-term contracts, strong customer relationships, incumbent position at existing, cost-competitive mine sites and by the high barriers to entry of the contract mining industry. In addition, we have leading and diverse operational capabilities with high transferability of skilled labor and specialized equipment across a range of commodities which allows us the flexibility to target the mines and commodities where we believe the most attractive opportunities exist and thereby match relative strengths in commodity cycles.

Commodity Prices[(1)] and Illustrative Historical Earnings[(2)]



Source: FY11 – FY18 figures for Ausdrill and Barminco sourced from audited financial statements. Barminco EBITDA for FY11 and FY12 has been adjusted to remove the AUMS proportionately consolidated earnings for those periods. Figures for AUMS are extracted from note disclosures in Ausdrill's audited financial statements. Aggregating the results of Ausdrill, Barminco and AUMS would not provide an accurate representation of what the performance of the combined group would have been during these periods because, among other things, these standalone results include transactions between AUMS and each of Ausdrill and Barminco, which would be eliminated on consolidation.

Notes:

(1) FactSet. Commodity prices indexed from January 3, 2005.

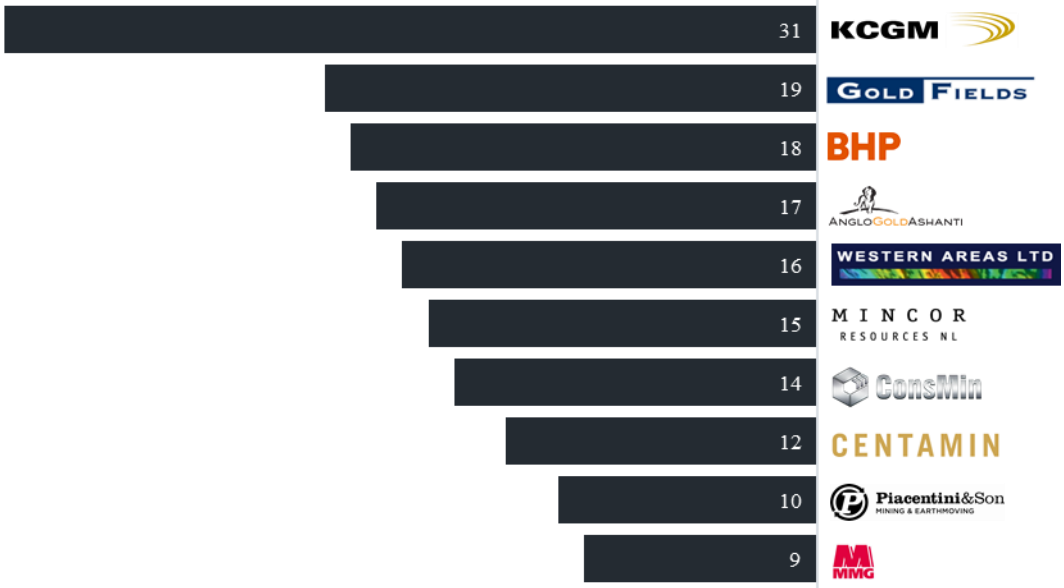
(2) Historical Earnings presented for Ausdrill, Barminco and AUMS for FY11 - FY18 is EBITDA on an illustrative combined basis and is adjusted to exclude discontinued operations, share of net profit of joint ventures accounted for using the equity method, impairment of non-current assets and onerous provision. Historical Earnings presented for Ausdrill in FY18 is Adjusted EBITDA, which is calculated as EBITDA of A$177.3 million less Share of net profit of joint ventures accounted for using the equity method of A$22.3 million. Amounts presented for Perenti in FY19 and FY20 are Underlying EBITDA.

We build and maintain long term relationships with our customers – We have long standing relationships with many of our customers and often provide services to our customers at multiple mine sites. Our customers include a number of the world's largest mining and resource companies, as well as mid-tier mining companies. We

believe our long standing relationships with our customers reflect our strong operational performance and market reputation for productivity, reliability and safety. It also reflects our focus on "partnering" with our existing customers and targeting opportunities at their mining operations which we expect to have a long production life and low production cost, increasing the likelihood that they will continue to produce at the mines that we are contracted through the commodity price cycle.

Our top 10 customers, ranked on the tenure of the customer relationship, accounted for 46% of our revenues in FY20. Our longest standing customers generating a high proportion of our revenue indicates the strength and "sticky" nature of the customer relationship, and the essential nature of the services that we provide. We believe that the tenure of our customer relationships also indicates that most of our customers view us as a critical partner and regard the mining services that we provide as essential to their ability to produce and generate revenue. We believe this also provides us with greater certainty of our revenues over the medium to long-term and helps to reduce the risk of a contract termination of loss.

Length of Top 10 Customer Relationship (Years) (1)



Note:

(1) Length of customer relationship as of June 30, 2020.

We have long standing relationships with many of our customers, with the average length of relationship with our top ten customers by the length of their relationship at the end of FY20 exceeding 15 years. We have had a relationship greater than nine years with each of those top ten customers, and nine of those customers have renewed their contract at least once. Of our top ten customers by revenue for FY20, we have multiple projects with six of those customers. This further demonstrates the strength of our relationships with our clients.

We have a strong track record of contract renewals and extensions with a large order book, with our tendering pipeline providing visibility to earnings and underpins a robust financial outlook – We have a strong track record of contract renewals and extensions, which reflects the "sticky" nature of the customer relationship, the essential nature of the services that we provide our customers, and our performance levels under these contracts. Our recent positive momentum in both Underground Mining and Surface Mining is reflected in over A$2.4 billion of contract value at award won since January 1, 2019. Once we are the incumbent operator at a site, we have better technical information to tender for renewals, which is a barrier to being replaced.

Recent Contract Wins and Renewals

Customer	Existing Customer	Type[1]	Commodity[2]	Mine	Date Awarded	Term (Years)	Contract Value (A$m)[3]	Segment	Location
KHOEMACAU COPPER MINING	=	New	Copper	Zone 5	Jun-19	5	800	Underground	Botswana
WEST AFRICAN RESOURCES	=	New	Gold	Sanbrado	Aug-19	5	235	Surface	Burkina Faso
ANGLOGOLDASHANTI	✓	Renewal	Gold	Iduapriem	Dec-19	1	45	Surface	Ghana
GOLD FIELDS	✓	New	Gold	Tarkwa	Dec-19	N/A	17	Surface	Ghana
B2GOLD	=	New	Gold	Fekola	Dec-19	1	12	Surface	Mali
BHP	✓	Renewal	Iron Ore	Western Australia	Feb-20	3	Not Disclosed	Surface	Australia
ConsMin	✓	Renewal	N/A	N/A	Feb-20	1	Not Disclosed	Surface	N/A
GOLD FIELDS	✓	Renewal	Gold	St Ives / Granny Smith	Feb-20	1	Not Disclosed	Surface	Australia
BARRICK	=	New	Gold	Hemlo	Mar-20	3	200	Underground	Canada
WESTERN AREAS LTD	✓	Renewal	Nickle	Odysseus	Sep-20	5	200	Underground	Australia
Roxgold	✓	Renewal	Gold	Yaramoko	Sep-20	2	200	Underground	Burkina Faso
MMG	✓	Renewal	Zinc	Dugald River	Sep-20	1.5	140	Underground	Australia

Notes:

(1) Type is defined as a new contract, renewal / extension, or expansion.

(2) Commodity refers to principal commodity being produced, not other commodities may be extracted.

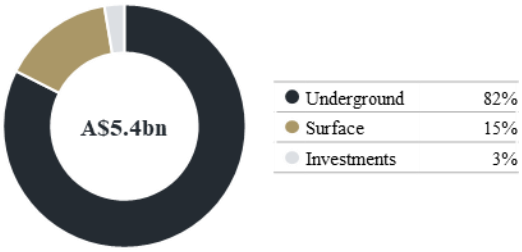
(3) Contract value refers to expected revenues over the term of the contract. Table includes major contract wins only.

We believe our reliability, efficiency, technical expertise and strong track record of operating performance have supported the growth in our order book over time. Our order book as of June 30, 2020 had an aggregated contracted value of A$5.4 billion between July 1, 2020 and June 30, 2026, of which A$1.7 billion of revenue is expected to be earned in FY21. Our large order book provides earnings visibility and coupled with our strong pipeline of anticipated tendering opportunities underpin a robust financial outlook. Our order book is weighted towards our Underground Mining segment with 82% of revenues expected to come from this segment and 15% of revenues expected to come from our Surface Mining segment. Our order book is also well diversified across geography, with 41%, 15%, 13% and 11% of revenues expected to come from Australia, Botswana, Burkina Faso and Ghana, respectively. As of June 30, 2020, we were in the process of negotiating contract rollovers and variation with existing clients which, if successful, may increase our order book by A$2.0 billion over seven years. For further discussion on the impact of recent contracts developments, see "Summary—Recent Developments—Impact of New Contracts."

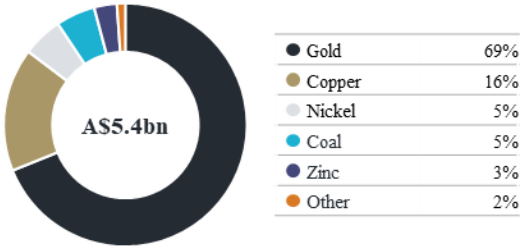
We are continually seeking to increase our order book by tendering for opportunities across diverse geographies. Our pipeline of identified tendering opportunities as of June 30, 2020 was $8.8 billion. Our pipeline includes 57 potential projects that we anticipate may generate an opportunity to tender for a mining services contract

in the next 24 months. Our management estimates that if all of these contracts are put out to tender on terms consistent with management's experience, the potential revenue opportunity would be approximately A$8.8 billion based on data made available by mine owners. We have existing relationships with approximately 26% of owners of these projects and the projects are predominantly located in jurisdictions where we currently operate, which would provide further diversification by project. The pipeline of tendering opportunities is split approximately 32% / 68% between Surface Mining and Underground Mining.

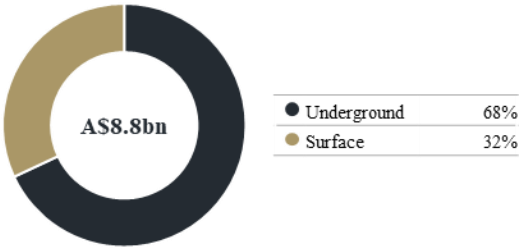
Order Book by Business Segment – FY20



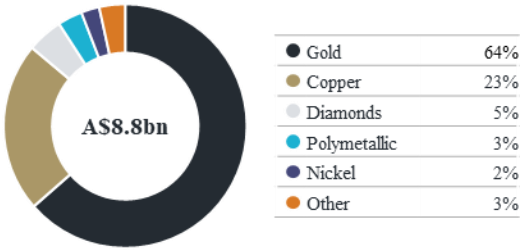
Order Book by Commodity – FY20



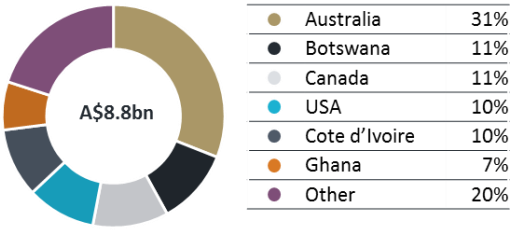
Pipeline by Business Segment – FY20



Pipeline by Commodity – FY20



Pipeline by Country – FY20



The tendering opportunities available to us are reflective of the current positive outlook for the mining sector and the strong industry fundamentals for gold and nickel. Wood Mackenzie forecasts gold demand to increase at a 0.9% CAGR between 2019 and 2035 supported by increases in bar and coin, jewelry and ETF demand. Nickel is also supported by strong industry fundamentals, with Wood Mackenzie forecasting demand to increase at a 2.8% CAGR between 2019 and 2035 with longer-term growth to be driven by its application in electric vehicle batteries and energy storage, which it expects to account for 29% of global nickel demand in 2035, compared to 7% in 2019.

Our operating scale provides diversification benefits across our business, with our earnings diversified by customer, site, geography, service provided, and by commodity, which mitigates potential impacts from specific site disruption – Our expertise and capability to provide a full service offering to our customers provides us with multiple revenue streams. Our revenues are diversified across both surface mining and underground mining, which not only gives us the flexibility to take advantage of growth opportunities in each segment of mining activity but also limits our operational risk and risk of over-exposure to a particular activity. Additionally, our diversified service offering, the scale of our order book and the depth of our customer relationships mitigate the risk of loss of any particular contract. Our revenue from our largest project accounted for 7% of our FY20 revenue, and our revenue from our top 10 largest projects accounted for 49% of our FY20 revenue.

Revenue by Project – FY20

Top Project	7%
Project 2	7%
Project 3	6%
Project 4	5%
Project 5	4%
Project 6	4%
Project 7	4%
Project 8	4%
Project 9	4%
Project 10	4%
Top 11 to 20	22%
All others	29%

Revenue by Customer – FY20

Top Customer	20%
Top 2 to 10	51%
Top 11 to 20	19%
All others	10%

We also have revenue diversification within each segment. The charts below show our revenue diversification by segment across geography, commodity and project.

Underground Revenue Diversification – FY20

Geography

Australia	46%
Ghana	19%
Burkina Faso	16%
Tanzania	8%
Egypt	7%
Other	4%

Commodity

Gold	73%
Nickel	15%
Zinc	7%
Copper	4%
Other	1%

Project

Top project	11%
Top 2 to 10 projects	64%
Top 11 to 20 projects	21%
All others	4%

Surface Revenue Diversification – FY20

Geography

Australia	30%
Mali	25%
Ghana	22%
Senegal	12%
Burkina Faso	11%
Other	<1%

Commodity

Gold	75%
Iron Ore	9%
Manganese	6%
Other	10%

Project

Top project	14%
Top 2 to 10 projects	50%
Top 11 to 20 projects	21%
All others	15%

Investments Revenue Diversification – FY20

Geography

Australia	89%
South Africa	10%
Other	1%

Commodity

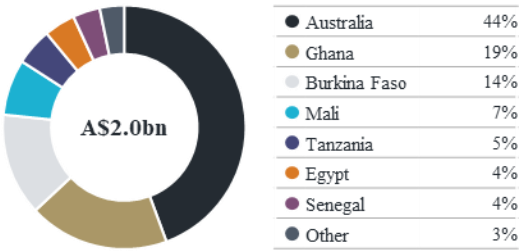
Iron Ore	19%
Thermal Coal	19%
Metallurgical Coal	14%
Manganese	2%
Other	46%

Business

BTP	73%
Supply Direct	12%
Minanalytical	8%
Well Control Solutions	6%
Investment Other	1%

We are generally neutral towards any particular commodity because the services we provide, the equipment we operate and processes we utilize are transferable across commodities that we mine. Our Board evaluates projects based on the operating jurisdiction, the quality of our contractual counterparty and the underlying mining project including its position on the cost curve. As of June 30, 2020, we had operations in eleven countries across four continents.

Revenue by Country – FY20



Revenue by Commodity – FY20

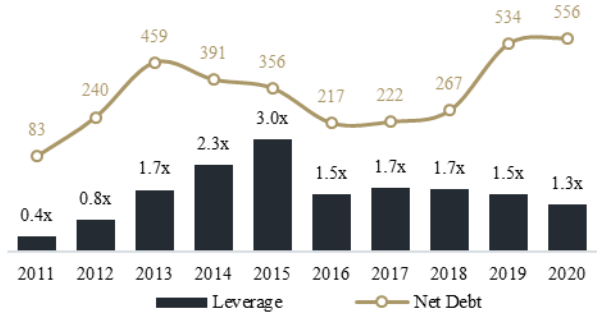
Gold is our largest commodity exposure, which reflects our origins as a provider of contract drilling services in Kalgoorlie, a well-known gold region in Western Australia. While we have a higher exposure to gold, its defensive attributes and counter-cyclical nature to the economy and to other commodities has historically assisted us in maintaining more stable and consistent earnings through economic downturns, and through troughs in the commodity price cycle. In addition to gold, our main commodity exposures include nickel and zinc. We have other exposures including iron ore, copper, manganese, thermal coal and metallurgical coal.

We have a strong track record of prudent financial risk management through the commodity price cycle and have multiple levers to sustain cash flow generation in the event of a cyclical downturn – We focus on maintaining a prudent capital structure to provide maximum operational and financial flexibility through the commodity price cycle. We believe we conduct our operations within a strong financial framework underpinned by robust financial risk management policies and processes which have allowed us to maintain a strong balance sheet.

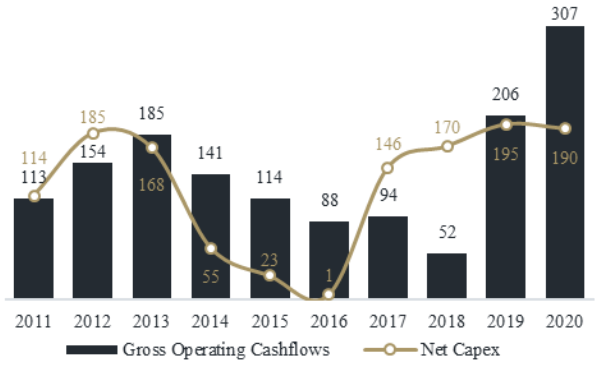
Our operating costs being linked to production levels assist us in maintaining our margins and profitability when activity levels decline. We also have the ability to reduce or defer capital expenditure, in addition to the ability to redeploy our fleet across our operations, which assists us in generating cash flows as activity levels decline. We have, through previous commodity price cycles, reduced or suspended distributions to shareholders to preserve cash and to ensure our long-term financial health. We have also sold assets or businesses that we considered non-core to our contract mining operations and we may explore further divestment opportunities as part of regular portfolio reviews. We may also consider raising additional equity on market, which we did in FY11, FY18 and most recently in FY19 to support the Acquisition, raising total net proceeds of approximately A$465 million. Over the past 10 ten years, and during the last significant commodity price correction experienced between FY14 and FY16, we implemented these strategies and as a result were able to increase our free cash flow and reduce net debt levels from A$391 million in FY14 to A$217 million in FY16.

Our net debt, leverage and gross operating cash flows over the period from FY11 to FY20 are illustrated in the charts below.

Net Debt (A$m) and Leverage[1]



Gross Operating Cash Flow and Net Capex (A$m)[2,3]



Notes:

(1) Leverage is defined as Net Debt / Underlying EBITDA.

(2) Gross operating cash flow is defined as receipts from customers, less payments to suppliers and employees less interest and tax.

(3) Net Capex is defined as payments for property, plant and equipment less proceeds from sale of property, plant and equipment. Leverage, gross operating cash flow and Net Capex are non-GAAP financial measures that we use to assist users of our financial statements to understand the period to period operating performance and financial risk management of our business. For further information on how we calculate these financial measures, see "Financial Information Presentation—Non-GAAP Measures."

We pursue and maintain a prudent and sustainable capital structure that allows us to maintain financial and operational flexibility across a range of economic environments and cycles. Our treasury policy targets a net debt/EBITDA multiple of less than 2.0x. If the net debt/EBITDA multiple is greater than 2.5x, active management will be triggered. We believe that our prudent risk management policies are represented by track record of focusing on and maintaining prudent leverage.

We are led by a highly experienced management team and Board with significant industry experience – Our management team has significant experience in the international mining industry. Our Managing Director and Chief Executive Officer, Mr. Mark Norwell, has over 20 years' experience in the mining industry throughout Australia, New Zealand, Africa and the Americas. Mr. Norwell's expertise spans underground mining, open cut mining and process engineering operations across a variety of commodities including iron ore, gold, copper, diamonds, nickel and oil sands. Our Chief Financial Officer, Mr. Peter Bryant, has over 25 years of financial experience in the Australian, UK and US markets predominately with ASX listed companies, as well as a significant mining industry experience through his former roles as Chief Financial Officer of Barminco and director of AUMS. Our management team has successfully delivered strong organic and inorganic growth over the past five years, and has experience in managing the business through the commodity price cycle.

Our Board is led by Mr. Ian Cochrane, who joined the Board as a non-executive director in November 2015 and appointed as Deputy Chairman in December 2017. Prior to joining the Board, Mr. Cochrane practiced law, specializing in mergers and acquisitions, in national law firms Corrs Chambers Westgarth and Mallesons Stephen Jaques until 2006, when he established the boutique law firm, Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance.

Our Board comprises a majority of independent non-executive directors with extensive collective experience across a range of industries including mining services, legal and engineering. For more information on our Board and management team, see "Management." Our Board and management team adhere to high standards of corporate governance and risk management.

Our Strategies

We have identified five strategies that will position us for growth in the short and longer-term in both existing markets, as well as in new markets. These strategies are aligned with our purpose of creating enduring value

and certainty, our principles (no shortcuts; never wasteful; smarter together; walk in their shoes; enable tomorrow), and our aspiration to become the indispensable mining services company.

Delivering operational excellence – We strive to deliver a leading health and safety performance across the Group to ensure our people go home safely at the end of their day or shift, while also delivering key production and financial metrics at our operations. We are focused on continuously improving our asset management practices to provide value for our customers as well as driving productivity gains through our business. Operational excellence means proactively managing our commercial positions with our customers and suppliers with a focus on delivering transformational change to our African Mining Services business to drive operational and financial improvements.

Delivering strategic and profitable growth opportunities – We are focused on continuing to leverage our core industry leading brands and maximizing strategic opportunities to build the business. A key focus for our strategy is new business, either through renewing contracts or winning new contracts. We have achieved significant geographic growth in the last year through expansion into the key mining jurisdictions of Botswana and Canada. We believe the contracts we have won in Botswana and Canada mean we are well positioned to secure further growth opportunities in these markets. In addition, we want to continue to build on our existing expertise to provide our customers with a more comprehensive portfolio of services and to generate new growth through expansion into adjacent service offerings. A key enabler for us will be the ongoing development of our technical and investment capability through our people and processes to ensure we continue to deliver sustainable and profitable growth.

Ensuring strong organizational health – We will continue to develop robust, scalable and lean management systems while striving to ensure we have the governance systems in place to support sustainable growth and ensure accountability, fairness and transparency across the business. We have strengthened our operating model which provides us with a robust blueprint for how we work. We are also focused on continuing to strengthen our governance, audit, internal controls and risk management systems. Our strategy to ensure organizational health also includes a stronger focus on environmental, social and corporate governance measures and a long-term intention to enhance our reporting and performance in this area.

Investing in technological development and innovation – We have identified technology-led efficiency gains as a key driver for business growth and profitability and we are committed to working closely with our equipment suppliers to maintain a competitive advantage over our peers. Our intent is to leverage the technology platform of our equipment suppliers in order to become a key enabler of new technology in actual field operations.

We have implemented a number of technology-based solutions in our business over the past 12 months in line with our clients' greater focus on improving safety, efficiency and productivity in their own operations. We plan to grow our remote operations and automation capabilities to further enhance safe and productive service delivery whilst also improving project economics. We plan to further invest in improvements in technology such as data analytics and machine learning to improve predictive maintenance for our mining fleet, to optimize drilling patterns in underground mining and to share real-time data with our clients.

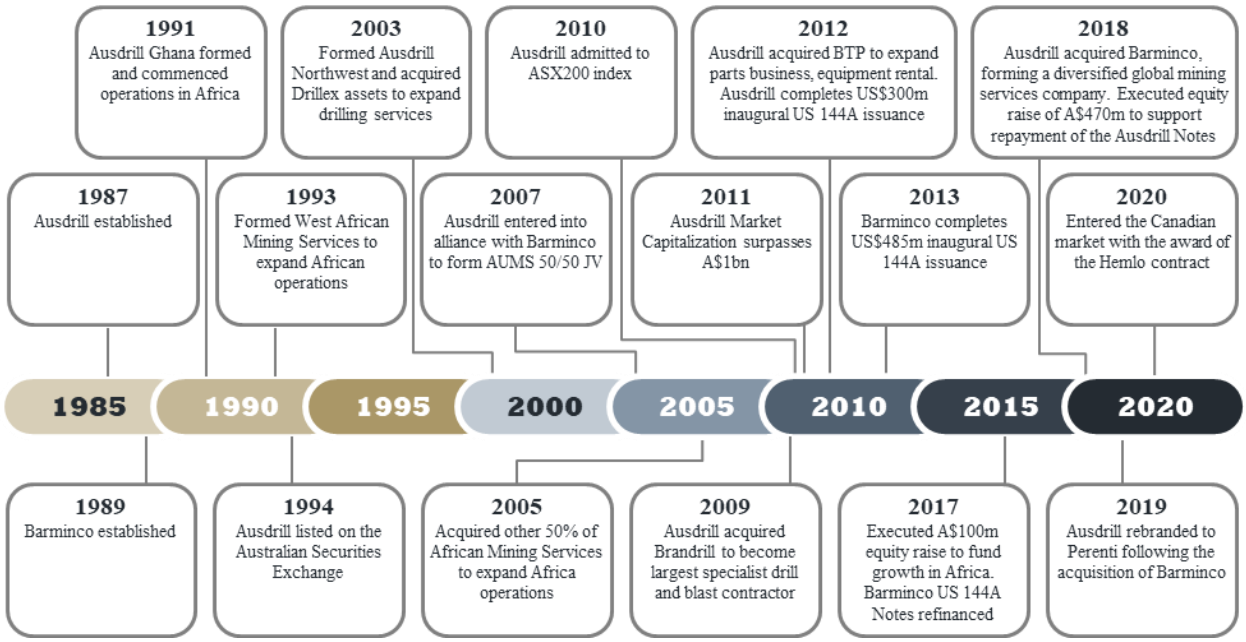
We expect the increasing complexity of technology advances to increase barriers to entry in the mining services industry due to the need for new entrants to have the capabilities to operate more advanced equipment. We expect that the adoption of new mining technologies will allow us to add additional operational capabilities, improve our product offering and provide a key source of differentiation in the long term. We are focused on strengthening relationships with original equipment manufacturers which we expect to lead the investment into research and development of new technologies.

Building financial capacity – We actively manages our business portfolio by divesting non-core operations to ensure that existing businesses are value accretive and fit within the strategic direction of the business. We maintain strong balance sheet metrics and expanded our sources of capital, as reflected by our track record of successfully accessing both debt and equity capital markets. We are focusing on working capital management, which allows us to convert our Underlying EBITDA to cash. When tendering for new contracts, we focus on dedicating resources to projects with the highest probability of success and those which are likely to generate the maximum value.

Company History

We were established in 1987 to provide contract drilling services to mining companies operating in Kalgoorlie, Western Australia. In our 33 years of operation, we have grown from a one-drill contract mining operation in Kalgoorlie, Western Australia servicing junior and mid-tier clients solely in Australia to a diversified mining services specialist servicing some of the world's largest mining companies.

Our business has expanded over the past three decades, both organically and by acquisition, and now has offices and operations across four continents. On October 31, 2018, we acquired Barminco Holdings Pty Limited, one of the leading providers of underground hard-rock contract mining services in Australia and Africa. As a result of the acquisition, AUMS, which was, historically, a 50-50 joint venture between Barminco and Ausdrill, became our wholly-owned subsidiary. Following our acquisition of Barminco, the Company rebranded from Ausdrill to Perenti. The timeline below summarizes some of the milestones in our development:

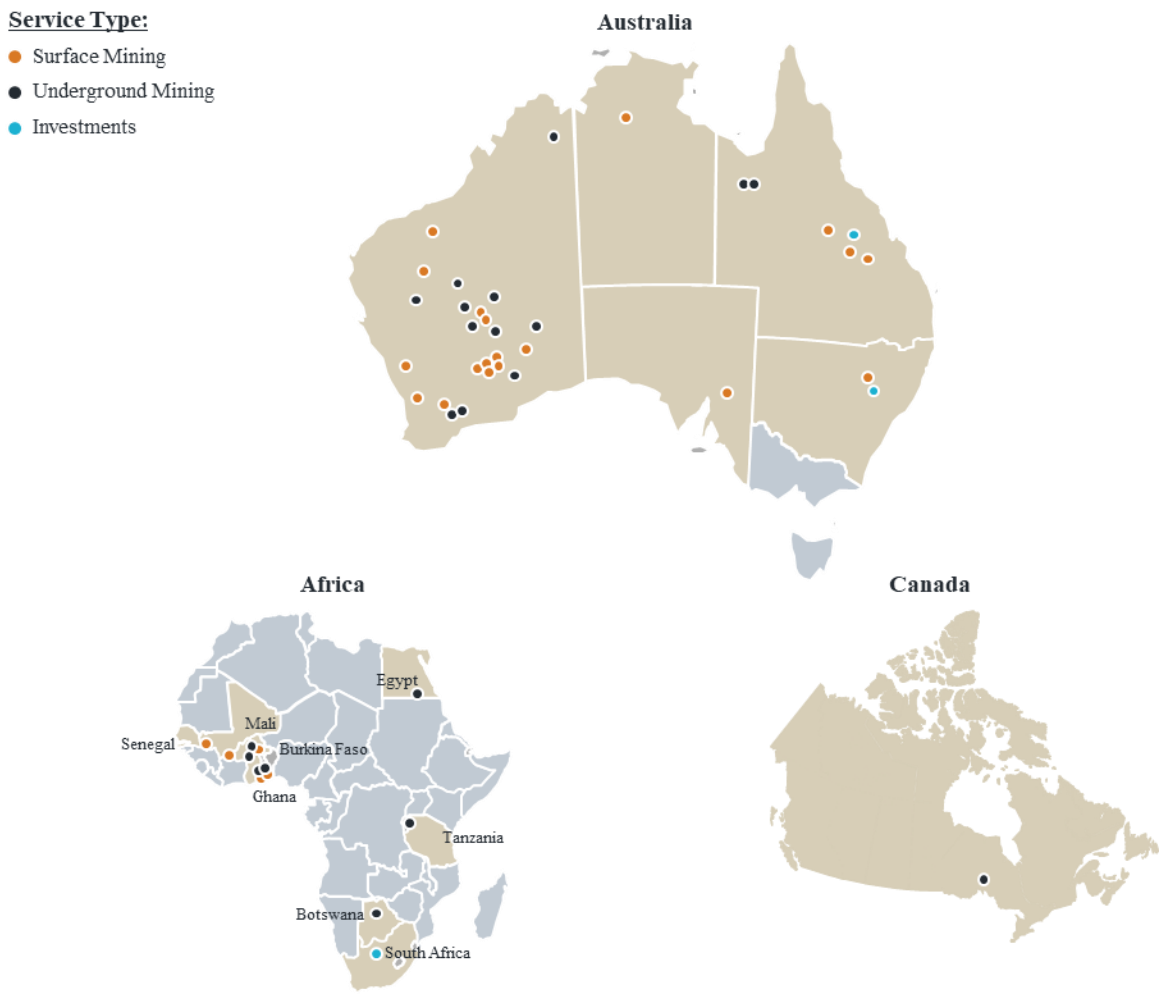


Our Operations

As a leading provider of contract mining and other mining services to the owner of the mine, we have operations in many of the world's principal mining regions. As of June 30, 2020, we had operations in eleven countries across four continents and were contracted to provide mining services to our customers across 56 projects in Australia, Africa and Canada. Our contracts and contract order book are diversified by customer, geography and commodity.

The mining projects on which we operate in Australia are primarily based in Western Australia, with a presence in Queensland, South Australia, Northern Territory and New South Wales. In Africa, our customers' mining projects are located in Ghana, Botswana, Burkina Faso, Mali, Tanzania, Egypt and Senegal and we have an office in South Africa via our Supply Direct subsidiary. We recently commenced work in Ontario in Canada through our contract with Barrick Gold Corporation, which is our first mining services contract in North America. We have a corporate office in the United Kingdom that provides support to our international operations.

The maps below show the location of our operations and our corporate offices (excluding our corporate office in the United Kingdom):



We have an extensive operating history in Africa, having commenced operations there in 1991. We currently operate in eight of the 54 countries on the continent. We have been selective as to the countries in which we operate to reduce our operational risk, and have focused on jurisdictions where the government has supported the development of the mining industry. We are a significant employer of local labor, which has enabled us to make a significant economic contribution to the local economies and communities. We focus on providing professional growth opportunities and training for our local employees and we have trained more than 25,000 local citizens to be part of our operations over the past 30 years. We develop our local managers to lead and coordinate projects in their country as well as in the other African countries where we operate. We have built a strong reputation of helping to navigate local regulations and to support international miners operating in a complex and challenging region. We believe our leading brands of African Underground Mining Services and African Mining Services and long operating track record in Africa give us a significant competitive advantage.

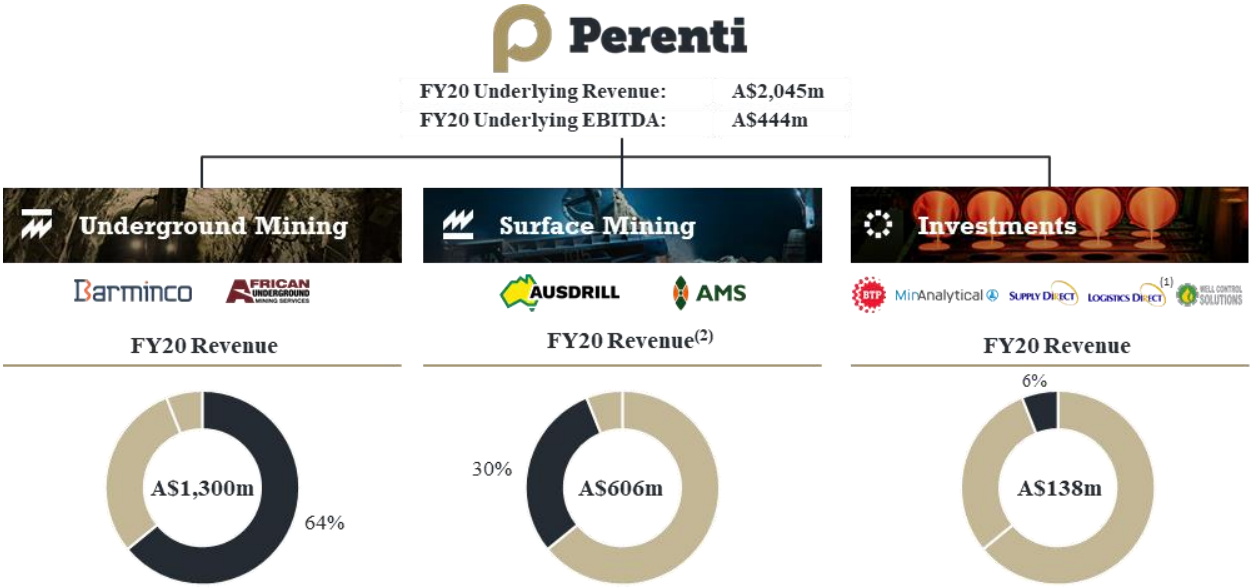
We undertake thorough diligence when considering commencing operations in new countries, with each new country requiring approval from our Board. We have adopted an intelligence led (acquired and predictive) risk-based approach to security planning and management. This approach includes undertaking an assessment of security related risks prior to entering a new country as part of the contract tender review process. As part of this approach, we also actively monitor our operations in various countries and regions to ensure that our risk profile remains acceptable to our Board. Following the terrorist attack near the Boungou mine site in Burkina Faso in November 2019 that resulted in 19 fatalities from AMS, we exited our contracts at the Bissa and Boungou mining projects, which were located in Burkina Faso's higher risks regions. We subsequently undertook a strategic review of our African operations centered on exiting higher risks regions and projects in West Africa where the security conditions

have deteriorated, and refocusing on mining jurisdictions that provide significant growth opportunities in stable operating environments, including in southern Africa.

We believe there are a number of future growth opportunities, including organic growth opportunities in surface and underground contract mining across a range of commodities. In particular, we view North America (including the United States) as an attractive region for further expansion of our underground mining services, with identified opportunities there accounting for 21% of our pipeline of anticipated tendering opportunities. In addition, we view Botswana, where we commenced operations in December 2019 under our underground mining services contract with Khoemacau, as a highly attractive jurisdiction with significant mining opportunities, a stable political environment, governance system and skilled workforce. Botswana is expected to contribute 11% of our total anticipated tendering opportunities.

Our Operating Segments

Our operating businesses are grouped into the following three principal operating segments: underground mining, surface mining; and investments. The chart below shows selected financial information for the Perenti Group and each of our operating segments for FY20.



Notes:

(1) Logistics Direct has been moved from the Surface Mining business segment to the Investments business segment from July 1, 2020.

(2) Represents Underlying Revenue, excludes Boungou/Bissa projects cessation revenue of A$1.5 million.

Underground Mining Segment

Our Underground Mining segment, which comprises Barminco and AUMS, provides underground mine development and production, diamond drilling and support services. Barminco was founded in 1989 and has been providing specialist underground contract mining services for over 30 years and specializes in highly mechanized decline access mining. AUMS provides specialist underground contract mining services and support services, including consulting and feasibility, management, planning and mine development. We are a market leader in the underground hard-rock production-related contract mining sector in Australia. We provide specialist underground contract mining services, employing decline access mining methods, through the use of our own personnel and equipment and primarily service the gold, nickel and zinc sectors as well as copper

We predominantly offer production mining services, including drilling, charging, blasting, loading (including operation of remotely-control loaders) and hauling of material to the surface. We also offer production-

related development mining services, which involve the construction of an inclined, declining or horizontal tunnel using hard-rock electric/hydraulic jumbo drills and diesel engine powered equipment to provide ventilation and access for all heavy, mechanized equipment at the various horizontal intervals typically required for the mining process. We have significant experience in the management and operation of jumbo development projects and a modern fleet of equipment, which allow us to deliver high-speed development mining services to our clients, enabling them to gain safe access for mining of underground ore reserves. In addition to contract mining, we also provide underground diamond drilling (core sampling) services for the exploration and definition of ore reserves.

Our Underground Mining segment currently operates in Australia, Canada, Ghana, Tanzania, Burkina Faso, Botswana, and Egypt. As of the date of this Offering Memorandum, in Australia, we have 15 mining projects located in the states of Western Australia and Queensland. In Canada, we have one mining project in Ontario. We see significant potential in the North American market, with both Canada and the United States each comprising 15% of our Underground pipeline, the largest contributors after Australia at 38%. In Africa, we operate at two mining projects in Ghana, two mining projects in Tanzania, three mining projects in Burkina Faso, one mining project in Botswana, and two mining projects in Egypt. We are able to overcome high barriers of entry in new opportunities in Africa because of our operational excellence and our significant experience operating in Africa.

Underground Mining is our largest segment. Our Underground Mining segment had sales revenues of A$1,299.8 million and Underlying EBITDA of A$329.7 million in FY20 and sales revenues of A$747.2 million and Underlying EBITDA of A$201.9 million in FY19. This represented a contribution of 64% and 46% of our sales revenues in FY20 and FY19, respectively, and a contribution of 74% and 58% of our Underlying EBITDA in FY20 and FY19, respectively. Our segmental Underlying EBITDA margin was 25.4% and 27.0% in FY20 and FY19, respectively. Our Underground Mining segment is characterized by higher margins and return on average capital employed than our Surface Mining segment, which we believe is due to the high barriers to entry in the form of specialized skills, processes and equipment necessary for underground mining operations.

Our customers in the Underground Mining segment include some of the world's largest resources companies as well as mid-tier miners. Customers are predominantly miners of gold, copper, nickel and zinc. Key clients include AngloGold Ashanti, Gold Fields, MMG, Newmont, Centamin, Roxgold, SEMAFO, Western Areas and Independence Group. For a discussion of our material contracts, see "—Customer Contracts."

We expect our Underground Mining segment will continue to benefit from growth opportunities as underground mining becomes a larger proportion of total mining activity. This is driven by economic, technological, social and environmental factors. Increasingly, operators of surface mines are looking at underground mining options to extend the life of their existing mines and develop new deposits in an economic manner that are being found underground at greater depths. This growth in underground mining benefited from advancements in technology, such as hydraulic hoisting and robotics, which has led to underground mining becoming safer, and more economic than it has historically. Social and environmental factors such as the visual impact and waste associated with surface mining, is further supporting the transition towards underground mining.

Surface Mining Segment

Our Surface Mining segment, which comprises Ausdrill and African Mining Services, principally provides a full suite of contract mining and exploration drilling services, including drill and blast, grade control drilling, load and haul, crusher feed, stock pile re-handle, plant and equipment hire, geotechnical services and mining infrastructure. We also provide exploration drilling and resource definition services for prospective mines. We provide these services across a wide range of commodities including gold, nickel, copper, zinc, iron ore, and coal.

We have been operating in Australia through Ausdrill since we were founded in 1987 and have been operating in Africa since 1991 and operating through African Mining Services in Africa since 1996. Through Ausdrill and AMS, we provide drilling services to open cut mines, including drill and blast, grade control, explosives supply, exploration and resource definition and mineral analysis services. In Australia, we provide these services across a wide range of commodities including gold, nickel, iron ore, copper and coal, and we operate primarily in Western Australia, particularly in Kalgoorlie, which is a well-known gold producing region, and near Perth. In Africa, we provide a full suite of contract mining services and have one of the largest surface mining fleets in Africa, which is suitable for operation across projects and in the mining of different commodities.

Our Surface Mining segment currently operates in Australia, Ghana, Mali, Burkina Faso and Senegal. In Australia, we operate 20 mining projects located in the states of Western Australia and Queensland. In Africa, we operate five mining projects in Ghana, two mining projects in Mali, one mining project in Burkina Faso and one mining project in Senegal.

Our Surface Mining segment is our second largest business segment. Our Surface Mining segment had sales revenues of A$608.0 million and Underlying Segment EBITDA of A$101.0 million in FY20 and sales revenues of A$746.2 million and Underlying Segment EBITDA of A$137.0 million in FY19. This represented a contribution of 30% and 46% of our sales revenues in FY20 and FY19, respectively and a contribution of 23% and 40% of our Underlying Segment EBITDA in FY20 and FY19, respectively. Our segmental Underlying EBITDA margin was 16.6% and 18.4% in FY20 and FY19, respectively.

Our key customers include Resolute Mining, KCGM (a joint venture between Northern Star and Saracen), West African Resources, Piacentini & Son, Evolution Mining, Link Mining Services, AngloGold Ashanti and Hummingbird Resources. For a discussion of our material contracts, see "—Customer Contracts."

Our Surface Mining segment has a large fleet of mobile mining equipment which includes dump trucks, excavators, loaders, ancillary mining equipment, production blast-hole drills, purpose built probe drills and reverse circulation grade control and exploration drills.

Investments

Our Investments segment comprises various businesses that provide mining equipment hire, mining equipment parts and maintenance and sales, supply and logistics, mineral analysis and oil and gas consumable supply and sales. These businesses include the BTP Group, Supply Direct Group, MinAnalytical, Well Control Solutions and Logistics Direct, which was previously part of our Surface Mining segment but will contribute to Investments in FY21. Our Investments segment services mining clients in Australia and Africa, and has a corporate office in the United Kingdom.

The Investments segment had sales revenues of A$138.3 million and Underlying EBITDA of A$46.3 million in FY20, and sales revenues of A$145.0 million and Underlying EBITDA of A$36.6 million in FY19. Our Investments segment contributed 7% and 9% of our sales revenues in FY20 and FY19 respectively, and a contribution of 10% and 11% of our Underlying EBITDA in FY20 and FY19 respectively. Our Investments Underlying Segment EBITDA margin was 33.5% and 25.2% in FY20 and FY19, respectively.

While the businesses comprising our Investments segment are non-core to our contract mining operations and we may explore divestment opportunities as part of our ongoing portfolio review, we see them as adding value to our Surface Mining and Underground Mining segments. During FY20, we contemplated divesting the BTP Group business. However, following the completion of a strategic review, we decided to continue to own and operate the BTP Group business.

BTP Group

BTP Group is one of Australia's largest non-original equipment manufacturer suppliers of heavy earthmoving equipment and services to the mining and construction industries and the largest contributor to our Investments segment by revenue. BTP Group's service offering includes maintenance and repair services, parts, reconditioned and service exchange for major mining equipment components, equipment rebuilds, equipment rental and used equipment sales. BTP Group offers end-to-end mining equipment maintenance and refurbishment services, which we believe helps distinguish it from its competitors in the equipment resale market where equipment supplies are constrained. BTP Group's equipment rental offerings include a large fleet of excavators, dump trucks, dozers, graders and ancillary equipment such as water carts. BTP Group's mining equipment rental fleet also receives end-to-end support and servicing, which ensures that BTP Group's equipment availability and reliability when onsite remains high and capable of meeting customer needs.

Our Services within the Mining Life Cycle

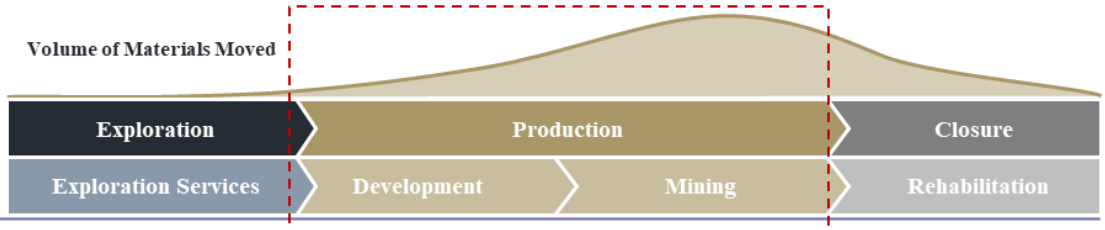
The life cycle of a mine can be generally broken down into the following phases: exploration, production and rehabilitation / closure. In the production phase, mine owners will typically conduct development and mining activities that share similar characteristics in terms of earthmoving requirements and often overlap.

Our core activity is providing production related contract mining services to customers who own the mine site. In our Underground Mining operating segment, our primary activities consist of providing mining services including drilling, charging, blasting, loading and hauling of material to the surface. We also provide other production mining services focused on the planning, development and construction of mine infrastructure, including jumbo development. In our Surface Mining operating segment, our principal activities consist of providing open cut mine production-related mining services, including drill and blast, grade control drilling, load and haul, crusher feed, stockpile re-handle, plant and equipment hire, geotechnical services and mining infrastructure.

Our contract mining services revenues are associated with, and more heavily influenced by, the long run decision of the mine owner to continue producing, and less by short-term fluctuations in commodity prices. Our revenues are predominantly derived in the production phase and affected by the quantity of materials moved, meters drilled, or meters advanced. We have limited exposure to exploration or resource definition activities, which can be more volatile and to a significant extent depend on market sentiment. We have no material exposure to mining-related infrastructure construction activities, which tend to have a greater dependence on underlying commodity prices and therefore experience greater volatility than our core production-related activities.

The chart below shows the services we provide throughout the mining life cycle as well as what we believe to be the key drivers and degree of volatility for each phase of the mine life cycle.

Phases of the Mining Life Cycle and Services



	Exploration Services	Development	Mining	Rehabilitation
FY20 Revenue Contribution	5%	95%		0%
Description	Determine presence of viable resources and profitability of project	Plan, develop and construct mine and site infrastructure	Develop and produce from ore reserve, extract saleable product and dispose of residue	Closing the mine and rehabilitating the land to a stable condition
Activities	• Exploration drilling • Scoping studies	• Drill & blast • Grade control • Underground development • Mineral analysis • Earthmoving • Supply and logistics • Explosives supply	• Drill and blast • Load and haul • Underground production activities • Grade control • Mineral analysis • Supply and logistics • Explosives supply • Crusher feed • Mobile rock crushing	• Waste dump rehabilitation • Supply and logistics
Key Drivers	Exploration expenditure, driven by commodity prices	Mine capital investment in construction and development	Production levels, driven by operational and capital expenditure	Production levels
Volatility	Highly volatile	Low volatility, only commences once client has committed capital to the development of the project	Low volatility, cost competitive mines and quality clients mitigates the likelihood of mine closures	Rehabilitation driven by end of mine life

Perenti's segment focus

Our Value Add Service Offering

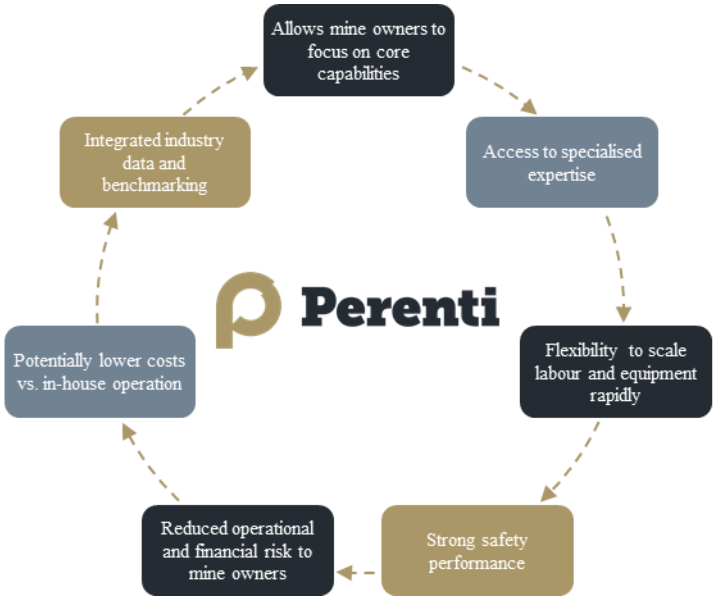
Our contract mining services allow our customers, the mine owners, to focus their resources and capital on their core capabilities (which typically include exploring for new resources, developing these resources and marketing commodities). Our customers hire us to manage the production-related activities of mines. We typically mine at more hard-rock sites than our customers and have over 30 years of operating history in providing mining services. Our customers benefit from having access to the specialized expertise we have developed and we believe our offering provides our mining customers with efficient solutions that improve productivity and minimize disruption to the production of the mine.

Our scale allows us to help our customers scale up operations rapidly, with management resources and trained labor. In addition, we provide our clients with capital efficient access to our large, high quality and well maintained fleet of mobile mining equipment which is further supported by investment in technological development and innovation to maximize productivity.

We operate in an industry where safety is paramount. We have a demonstrated track-record of operating safely, and our reputation and strong focus on internal and external control systems make us a desirable and low risk counterparty for mine owners who are increasingly focused on maintaining a reputation for safety and risk management.

We believe that the combination of our industry data and ability to benchmark performance across operations to drive productivity, the flexibility in the labor and capital equipment solutions we provide and our focus

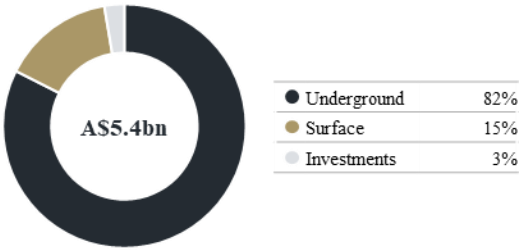
on safety reduce the operational and financial risks to our customers and on many occasions may lead to a lower overall cost of production.



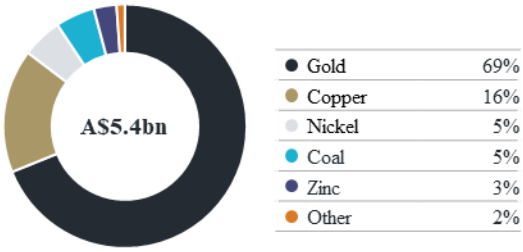
Our Order Book

Our order book as of June 30, 2020 had an aggregated contracted value of A$5.4 billion between July 1, 2020 and June 30, 2026, of which A$1.7 billion of revenue is expected to be earned in FY21. Our large order book provides earnings visibility and coupled with our strong pipeline of anticipated tendering opportunities underpins a robust financial outlook. Our order book is weighted towards our Underground Mining segment with 82% of revenues expected to come from this segment and 15% of revenues expected to come from our Surface Mining segment. Our order book is also well diversified across geography, with 41%, 15%, 13% and 11% of our order book coming from Australia, Botswana, Burkina Faso and Ghana, respectively. The majority of our order book revenue is from gold projects, which account for 69%, and copper projects, which account for 16%, which provides us with improved earnings stability through the commodity price cycle. In addition to generating revenue by providing services which comprise our order book, we also generate revenue from equipment part sales, supply and logistics and exploration drilling which is generally uncontracted and which does not form part of our order book.

Order Book by Business Segment – FY20



Order Book by Commodity – FY20



As discussed below, most of our mining services contracts can be terminated for convenience, which is industry practice. We strive to ensure that the contracts that we enter into allow for options to extend where possible to maximize the contract period and the return on capital. See "Risk Factors—Our revenues and order book are subject to underlying contracts with varying terms which may not be renewed or which may be terminated and which are subject to factors outside of our control."

Our Mining Fleet

We operate a large, high quality fleet of standardized mobile mining equipment, made by many of the world's leading manufacturers of mining equipment including Caterpillar, Hitachi, Liebherr, Sandvik, and Atlas Copco. We have had a long term relationship with Caterpillar and Sandvik for over 30 years. Our relationships with these suppliers facilitate our ability to order equipment for our preferred delivery dates, where some of our smaller competitors may face longer lead times.

Our property, plant and equipment balance as of June 30, 2020, which predominantly includes our mobile mining equipment, was A$872.5 million (which includes property, plant and equipment of A$818.1 million and A$54.4 million of hire purchase assets currently classified as right of use assets and excludes right of use assets associated with operating leases) and comprised more than 1,400 units.

Mining Fleet Units by Segment

Category	Underground Mining	Surface Mining	Investments	Total
Drills	156	208	-	364
Trucks	95	192	38	325
Loaders	94	23	16	133
Dozers	-	47	34	81
Excavators	-	50	7	57
Ancillary	188	190	62	440
Total	**533**	**710**	**157**	**1,400**

Our fleet strategy focuses on operating equipment that can be used in a wide range of applications, and in the production of different commodities. This fleet strategy provides us with greater operational flexibility as we are able to redeploy equipment across our contracts and mines, allowing us to minimize downtime and ensure higher utilization rates and productivity. This strategy also increases the attractiveness of our fleet in the secondary market. Our fleet strategy supports streamlined maintenance and rebuild practices, reduced invested capital in equipment spares (inventory), and flexibility to repurpose or substitute individual items of equipment across contracted sites. Owning our equipment provides us with a competitive advantage when tendering for new contracts as we are generally able to mobilize equipment promptly to a customer site and commence operations. On occasion, we will rent idle equipment to other miners to increase our fleet utilization.

We have strong relationships with our key equipment suppliers, including primarily Sandvik for underground mining equipment and Caterpillar for surface mining equipment. Our relationships improve our ability to source equipment for preferred delivery dates, where our competitors may experience longer lead times. Our in-house fleet management program, which tracks maintenance costs and utilization of equipment and projects expected capex requirements on equipment, helps us to extend the average life of equipment, contributing to our reliability and our ability to respond to client needs and optimize equipment levels at our sites. The program also allows the efficient allocation of equipment between projects, as well as the redeployment of equipment to different sites as required. We adopt stringent maintenance practices to ensure that our fleet is maintained at the highest operating condition which in turn maximizes productivity.

We are also focused on investing in the technological development and innovation of our fleet, and have implemented a number of technology-based solutions over the past 12 months in line with our clients' greater focus on improving safety, efficiency and productivity in their own operations. Through our relationship with equipment suppliers and Original Equipment Manufacturers, we have access to the latest mechanized and automated mining advances, and are focused on continuing to strengthen these relationships to maintain a competitive advantage over our peers.

Our Equipment Rebuild and Maintenance Facilities

We have specialized equipment in-house rebuild and maintenance facilities which meet a significant part of our ongoing equipment maintenance needs. We believe our in-house capabilities provide us with higher quality equipment maintenance at a lower cost than we could otherwise obtain contracting our maintenance requirements with third-parties. These capabilities also increase equipment life with bare frame rebuilds, stringent asset management, rotable componentry and support. In our experience, our maintenance facilities have been able to service our equipment to reach levels of reliability and performance approaching that of new equipment. This has allowed us to minimize capital and operating costs and reduce the need to buy new equipment. We typically perform only one rebuild on a piece of major equipment before the equipment is retired from the fleet. We operate a total of six undercover maintenance, repair and rebuild facilities, which are located in Mt Thorley, Mackay, Canning Vale, Kalgoorlie-Boulder, Newman and Hazelmere, Perth, Western Australia as well one in as Richlands, Queensland.

Our Customers

We have a large and diverse customer base that comprise some of the largest mining companies in the world, as well mid-tier miners and emerging producers. Our customer base includes many of the world's leading resource companies such as AngloGold Ashanti, Barrick, BHP, Gold Fields, Newmont Goldcorp, Roxgold, Resolute, Western Areas, Independence Group, Mincor, Centamin, and Hummingbird. We have long standing relationships with many of our customers, with the average length of relationship with our top ten customers by revenue in FY20 exceeding nine years. For ten customers we have a relationship of greater than ten years. We have had a relationship with KCGM for more than 30 years, and AngloGold Ashanti for more than 20 years. We have a relatively diversified customer base, with our top ten customers accounting for 71% of our revenue in FY20. Our growth in our current markets has been influenced by our long-standing relationships with these customers and our continued engagement with them as they pursue their strategies to develop, own and extract resources from their deposits. Our ability to maintain long-standing customer relationships and high contract renewal rates reflects our strong operational track record of performance. We currently have contracts covering a diverse range of underground and surface mining services. For more information about our customers in our individual business divisions, please see the "—Our Segments."

We typically commence negotiating contract renewals with our customers between a month to nine-months prior to the expiration of the contract, as determined by the customer.

Contractual Bidding Process

As a market leading provider of contract mining services in Australia and Africa in the markets in which we operate, we are generally invited to tender for significant new underground and surface contract mining opportunities. When selecting a mining service provider, customers focus on a number of factors, including price, reputation, production track record and health and safety record. Our customers require us to report our safety metrics to them as part of the bidding process.

We have a strong track record of contract renewal and extensions, which reflects the recurring nature of the revenues and our performance levels under these contracts. Since January 1, 2019, we signed contracts with over A$2.4 billion of contract value at award. Of these contracts 57% were with existing customers, including new projects with existing customers. Once we are the incumbent operator at a site, we have better technical information to tender for renewals, which is a barrier to being replaced.

While we seek to remain competitive in our tenders, we also strive to maintain margin discipline by competing on our reputation for safety, reliability, efficiency and technical expertise in highly specialized operations, which provide additional value to our customers. Our tender process is designed to ensure that we focus our resources on tendering for projects with the highest probability of success and those which are likely to generate attractive economic returns. After initial assessment of the invitation to tender, senior management approval is required to proceed to the tender preparation phase and Board approval is required to enter into contracts with a contract price of at least A$100 million or to enter into new countries. During the tender process, we evaluate detailed technical information, including with respect to the local geography, political situation, infrastructure and logistics and conduct numerous site visits by management, technical, business and legal personnel, which helps us

assess key risks and the likely operational costs, as well as assess the scope, scale and strategic fit of the project. We also assess the financial and operating status of the client, and evaluate their mine design, geotechnical information, historical production, and other technical information to confirm their design and targets are achievable. When tendering to renew contracts or expand the scope of work of existing projects, we have historical operating knowledge, which increases our ability to accurately forecast the costs. We conduct a detailed risk assessment of each project and a rigorous cost and pricing analysis to establish appropriate pricing and margins. To calculate our tender price, we undertake a cash flow analysis, taking into account EBIT margins, ROACE hurdles and payback period. We also undertake a legal and insurance review prior to submitting our tender, and use a standard template for submissions ensuring commercial, technical and environmental, health and safety requirements are aligned.

When considering projects in new countries, we undertake a thorough due diligence exercise to understand the new jurisdiction and its geography as well as specific operational characteristics of the potential mining site. A new country report is prepared for the Board addressing general country, political, social, security, economic, taxation, legal and other considerations. Two of the key considerations are political risk insurance covering plant and equipment, which is obtained if considered necessary and if available on commercially reasonable terms in order to manage sovereign risk, and the ability to move expat employees with operational expertise freely and safely across the new country. The Board's oversight of this rigorous tendering process is critical to our success in winning contracts that are sustainable and profitable.

Each project's financial and operational performance is monitored and reported to the Board on a monthly basis to ensure that tendered and budgeted margins are being maintained and, where issues are detected, that corrective actions are put in place to maximize profitability. Site managers and general managers are given responsibility to achieve these margins and are incentivized to maintain and exceed these margins.

Mining Services Contract Structure and Arrangements

Contracts for production-related mining services represented 93.2% and 94.5% of revenue in FY19 and FY20, respectively. Under most of our mining services contracts other than short-term exploration contracts or equipment hire contracts, the mine operator contracts us to undertake work in accordance with a work schedule.

We earn revenue through a schedule of rates, which includes a fixed component that covers senior management personnel, fixed plant charges from explosive suppliers and other subcontractors and support equipment. The remaining revenue under these contracts is earned through a variable component, primarily based on a unit of production agreed to in the contract and covers costs of operating labor, equipment maintenance and mining consumables. For example, the variable component under drilling contracts generally relates to meters drilled and for contract mining services, the volume of material moved. Where we identify risk issues at the tendering stage which may impact productivity, we seek to allocate a higher proportion of costs to the fixed charge component.

Our mining services contracts generally have rise-and-fall provisions, under which the prices we charge are periodically increased or decreased to reflect changes in prices based on publicly available indices, which in most cases reflect the actual cost to us. Where fuel is provided by us, it is subject to rise-and-fall provisions. In most cases, however, fuel is provided by the mine owner and is not our cost. Typically, rise-and-fall adjustments are made quarterly, biennially or annually and do not usually apply retrospectively. As a result, our revenues from a contract will increase if our variable expenses that are the subject of rise-and-fall-provisions increase, and similarly, our revenues from a contract will fall if our variable expenses decrease. We use rise-and-fall provisions to help preserve our margin at the outset of the contract by mitigating our exposure to changes in operating expenses. While rise-and-fall provisions may result in no upside to us from favorable movements in expenses, they help provide us with more stable earnings and predictability of cash flow. We have no material fixed price contracts in our mining services business.

Contract lengths vary, but most of our mining services contracts are for terms between three and five years, typically with an option to extend that is exercisable by the customer. Most of our contracts can be terminated for convenience by the customer at short notice and without penalty with the customer typically paying for all work completed to date, unused materials, demobilization from the sites and an early termination fee covering a period of equipment ownership and redundancies. Some smaller contracts, typically exploration, diamond drilling and equipment rental contracts, have shorter terms. Exploration and diamond drilling contracts have varying terms from

three months to four years, while equipment rental contracts have varying terms from three months up to two years. There is no fixed component to exploration-related contracts, and revenue is earned under those contracts based on meters drilled.

Certain of our mining contracts include provisions giving customers an option (exercisable on default or on termination for convenience) to purchase from us the equipment used to perform mining services at its mining site, at an agreed market price. See "Risk Factors—Certain of our mining contracts give the customer an option to buy the capital equipment used by us in connection with the contract, which could reduce our available fleet of equipment to service other customers."

We recognize the variable portion of our revenues for mining services contracts monthly on the basis of the unit of production agreed to in the relevant contract at the contract rate. Any fixed component is recognized monthly based on prior month's performance.

Customer Contracts

The charts below shows our material contracts for our underground and surface mining services and investments as of June 30, 2020, including the name of the customer, the name and location of the mining site, the underlying commodity, the term of the contract (including the end date) and the length of our relationship with the customer. Customers can generally terminate their contracts with us for convenience.

Underground Mining Services

The table below sets out certain information about our material contracts under the Underground Mining Services segment:

Customer	Project	Location	Commodity	End	Length of R/ship (years)
AngloGold Ashanti	Geita - Nyankanga	Tanzania	Gold	Dec-20	17
AngloGold Ashanti	Obuasi	Ghana	Gold	Aug-23	17
AngloGold Ashanti	Sunrise Dam	Australia	Gold	Oct-23	17
Barrick	Hemlo	Canada	Gold	May-23	0
Centamin	Sukari	Egypt	Gold	Nov-21	11
Centamin	Sukari DD	Egypt	Gold	Nov-21	11
Gold Fields	Wallaby DD	Australia	Gold	Dec-20	10
Gold Fields	Agnew / New Holland DD	Australia	Gold	Jun-21	10
Gold Fields	Agnew	Australia	Gold	Jun-22	10
Independence Group	Nova	Australia	Nickel	Jun-22	5
Khoemacau Copper Mining	Zone 5	Botswana	Copper	Feb-25	1
MMG	Dugald River	Australia	Zinc	Jun-21(1)	9
Newmont Goldcorp	Subika	Ghana	Gold	May-22	3
Round Oak Minerals	Mt Colin DD	Australia	Copper	Jul-22	2
Round Oak Minerals	Mt Colin	Australia	Copper	Jul-22	2
Roxgold	Yaramoko & Bagassi South	Burkina Faso	Gold	Dec-21(2)	6
Semafo	Siou	Burkina Faso	Gold	Mar-24	2
Superior Gold Inc.	Plutonic DD	Australia	Gold	Jun-21	1
Western Areas	Odysseus	Australia	Nickel	Feb-20(3)	16
Western Areas	Forrestania DD (4)	Australia	Nickel	Jun-20	16
Western Areas	Flying Fox (4)	Australia	Nickel	Jun-20	16
Western Areas	Spotted Quoll (4)	Australia	Nickel	Jun-20	16

Key: DD = Diamond drilling
Notes:

(1) Extended to December 2022
(2) Exended to December 2023
(3) Extended to July 2025.
(4) Under negotiation.

Surface Mining Services

The table below sets out certain information about our material contracts under the Surface Mining Services segment:

Customer	Project	Location	Commodity	End	Length of R/ship (years)
AngloGold Ashanti	Iduapriem	Ghana	Gold	Jan-21	10
B2Gold	Fekola	Mali	Gold	Dec-20	0
Bellevue Gold	Bellevue Gold	Australia	Gold	Jul-20	2
BHPBIO	MSA - ED, GC	Australia	Iron Ore	May-23	17
BHPBIO	MSA - DB	Australia	Iron Ore	Jun-21	17
BMA QLD Coal	BMA	Australia	Coal	Sep-23	1
Chichester Metals	FMG Hire	Australia	Iron Ore	Jun-20	1
Consolidated Minerals	Woodie Woodie	Australia	Manganese	Dec-20	14
Downer	Mt Karara	Australia	Iron Ore	Jun-21	2
Downer	Gruyere	Australia	Gold	Jun-21	2
Engineers and Planners	Damang	Ghana	Gold	Dec-20	1
Engineers and Planners	Tarkwa	Ghana	Gold	Aug-20	1
Ensham Coal	Ensham	Australia	Coal	Oct-21	5
Evolution Mining	Mungari	Australia	Gold	Jan-21	6
Gold Fields	St Ives	Australia	Gold	Dec-20	19
Gold Fields	Granny Smith	Australia	Gold	Dec-20	19
Hummingbird Resources	Yanfolila	Mali	Gold	Sep-21	3
Idemitsu	Boggabri	Australia	Coal	May-23	0
KCGM	Superpit - DB	Australia	Gold	Feb-22	23
KCGM	Superpit - GC	Australia	Gold	Feb-22	23
Link Mining Services	Blair Athol	Australia	Coal	Jun-22	3
Middlemount Coal	Middlemount	Australia	Coal	Dec-22	0
Mincor	Various	Australia	Nickel	Dec-20	15
Mineral Resources	Koolyanobbing	Australia	Iron Ore	Jun-20	2
Newmont	Ahafo & Akyem	Ghana	Gold	Feb-23	0
OM Manganese	Bootu Creek	Australia	Manganese	Jun-21	3
Piacentini & Son	Huntly	Australia	Aluminium	Jun-25	10
Resolute	Mako	Senegal	Gold	Mar-22	3
RTIO (BTP xhire)	Hope Downs 1	Australia	Iron Ore	Jul-20	1
Silver Lake Resources	Mt Monger	Australia	Gold	Dec-20	2
West African Resources	Sanbrado	Burkina Faso	Gold	Nov-24	1

Key: DB = Drill and blast, ED = Exploration drilling, GC = Grade Control

Investments

The table below sets out certain information about our material contract under Investments:

Customer	Project	Location	Commodity	End	Length of R/ship (years)
Peabody	Peabody—various	Australia	Coal	Apr-22	5

Competition

Underground Mining and Surface Mining

Mining services providers generally compete for new business through tender processes based on productivity, price, safety, reliability and experience. While price is an important consideration, it is often not the definitive factor in the selection of a mining services provider. In our experience, technical ability, safety record, consistency and quality of services have emerged as key considerations for major mining companies, as has the ability to provide personnel on site for on-the-ground support.

The global contract mining services industry is highly fragmented, with few global market participants and a large number of smaller, often family-run, regional or local companies. Within local or regional geographies, concentration is greater. In Australia there are a small number of key players operating in the contract mining market due to high capital requirements and specialized skill sets required. Our main competitors in Australia for underground mining services include Pybar, Macmahon, and Byrnecut and for surface mining services include Macmahon, MACA and NRW.

Within the African market, adoption of contract mining services varies from region to region. Overall, the contract mining industry is less well developed in Africa. This is a result of the scale of operations, where smaller, less well funded, companies prefer the owner-operator model. There is less cost pressure on owner operators due to cheaper local labor and legislation geared towards favoring local employment, which limits a contractor's ability to mobilize outside workforces. Some key competitors with African operations include SFTP Mining, DTP Mining, Byrnecut, Moolman, Rocksure, and PW Mining. African markets have a limited history of underground contract mining. However, competition in Africa is increasing, including from other companies that have not historically specialized in contract mining services and from local contractors who may have an advantage through local content measures in those jurisdictions.

Investments

Our Investments segment comprises a number of businesses that provide general support services to the mining industry such as logistics, parts and service and technical expertise. These industries are generally highly fragmented, and a large number of international, regional and local participants also serve the mining industry in a supporting capacity.

Health and Safety

We are committed to providing a safe environment for employees, contractors and the community. Our strong safety record is fundamental to our core values and our customers. Our safety record is also a critical element of our reputation and our ability to attract employees and win business. In all contract mining tenders, the safety record of the mining services contractor is a significant element of the evaluation criteria in the contract award decision process. Given the critical importance of safety in ensuring the success of our business and welfare of our employees, we devote substantial resources to maintaining our safety systems, including designing and evaluating processes, training, monitoring and analyzing incidents. Our total recordable injury frequency rate ("TRIFR"), a measure of injuries per million hours worked, has declined from above 15 in FY 14[3] to 4.9 in FY20, amounting to

[3] Relates to Perenti prior to the acquisition of Barminco

an approximately 67% reduction in recordable injuries over that period. The table below sets out our TRIFR for the periods indicated.

	Year ended June 30, (injuries per one million hours worked)					
	2015	2016	2017	2018	2019	2020
TRIFR[1]	10.7	6.6	6.0	3.5	4.5	4.9

Note:

(1) TRIFR for FY15 to FY18 related to Perenti, prior to the Acquisition. TRIFR for FY19 includes Barminco with effect from November 1, 2018. TRIFR for FY20 includes Barminco and AUMS for the entire period.

Our Chief People Officer sits on our leadership team, and is responsible for the supervision of our compliance with legislative and regulatory obligations, codes of practice and the standards to which we adhere. The Chief People Officer has overall responsibility for the health and safety with performance hurdles that are linked to safety performance. Our Chief People Officer has also led the roll out an in-house safety awareness program to drive engagement of our employees in consideration of safety matters. The program is based on employee case studies and provides a holistic view on safety management inclusive of work related, non-work related and health rated injuries.

We adhere to the mining safety and/or general occupational health and safety legislation in the countries/jurisdictions in which we operate. In Africa, we often have internal safety standards which exceed the minimum requirements, which is key to our ability to attract employees and customers. Our risk management program and Integrated Management System ("IMS") are focused on delivering high standards in mining safety performance and are integral to our health and safety strategy. IMS governs our management systems, responsibilities and structure. IMS details management responsibilities and governs resource management, product delivery and measurement benchmarks.

We also have a number of our business units that are certified to AS4801—Occupational Health and Safety Management Systems and/or OHSAS 18001—Occupational Health and Safety Management Systems. Our safety performance is a key competitive advantage in being invited to tender for new contracts as well as retaining key operating personnel. A number of our business units are also certified to the following Australian and international standards:

- ISO 9001:2008—Quality Management Systems
- AS/NZS 4801:2001—Occupational Health and Safety Management Systems
- ISO 14001:2004—Environmental Management Systems
- ISO 18001:2007—Occupational Health and Safety Management Systems

We are audited on an annual basis by JAS-ANZ registered accreditation bodies to ensure recertification and compliance to the Standard to which we are certified. In addition, safety is highly regulated by a number of governmental agencies. In Australia, both state mining regulators and work health and safety regulators administer legislation, make regulations and monitor compliance, including reviewing compliance plans and conducting inspections of worksites.

Australian state and territory WHS Acts set out general duties of employers, employees and others regarding WHS. Under the legislation, employers have a general duty of care with respect to the safety of employees, as well as a range of more specific duties and obligations. In addition, each state and territory have a range of WHS regulations that provides more specific detail of the requirements that must be followed for a range of WHS issues or hazards.

The African countries in which we operate also have jurisdictional safety regulations. We apply the same operating standards, including health and safety, to our African operations as we do to our Australian operations which, we believe, exceed the legal and regulatory obligations in African markets.

We strive to align our safety culture and behaviors and pursue continuous improvement initiatives in risk management, including:

- utilization of technology in innovation and driving better safety performance;
- regular and structured workforce consultation;
- improving identification, assessment and control of risks;
- improving communication processes to provide an open, transparent and responsive culture;
- encouraging a positive reporting culture;
- improving the detail and effectiveness of incident investigation processes;
- providing comprehensive rehabilitation and injury management programs;
- developing performance monitoring including regular safety reviews, audits and inspections; and
- implementing leading indicator performance monitoring.

Environment

Environmental laws in Australia and other overseas justifications in which we operate, for example Ghana, Burkina Faso and others, may impose certain duties and liabilities both on owners or lessees of land (such as mining companies) and, separately, on occupiers of land or persons who agree to undertake activities or assume responsibilities which may have an environmental impact on land (including providers of mining services). As a provider of contract mining and other mining services, our operations are subject to numerous environmental and regulatory requirements and standards with which we have rigorous compliance regimes. Environmental issues such as noise, emissions, effluent discharges and ecological impact in connection with our operations are regulated by the relevant federal, state and local government authorities. In addition, certain of our contract mining and other mining services contracts make us responsible for risks associated with environmental damage and clean-up and contain indemnities under which we are obligated to compensate the customer for certain losses resulting from environmental incidents for which we are responsible. We classify environmental incidents on a scale of one to five with four and five resulting in serious impact to the environment and regulatory action. Over the past two years, we have not had any level four or five incidents.

We are committed to minimizing the impact of our operations on the environment through educating our employees, compliance with legislative requirements and conforming to any specific environmental requirements of individual sites and clients. We seek to achieve this by:

- providing environmental awareness training to all employees of the Perenti Group worldwide to enable them to recognize, manage and monitor the potential environmental impact of their activities;
- complying with legislative requirements and environmental standards and those of the clients for whom we work;
- designing, operating and decommissioning all sites and associated infrastructure in a manner that ensures consideration is given to sustainability and to avoid any adverse environmental impact.
- implementing rehabilitation practices and limiting the potential for erosion and land degradation;
- protection of the environment, including prevention of pollution;
- fulfilling our compliance obligations;

- develop, implement and monitor an environmental management plan for each operation; and
- continual improvement of our environmental management system to enhance environmental performance.

The environment and community are important priorities for us, and we actively manage our responsibilities under relevant regulatory and other standards. Our commitment to environmental management is supported by the environmental management systems we have in place.

Insurance

We maintain customary insurances and levels of insurance coverage taking into account the size and scope of our operations. We, in conjunction with our insurance brokers, annually review the appropriateness of our insurance coverage and where appropriate amend our policies to suit any change in circumstances. Where the group operates in countries that the Board considers may carry political risk, we may take out political risk insurance to protect the assets of the group if available on commercially reasonable terms. As of the date of this Offering Memorandum, we have political risk insurance in some overseas jurisdictions where we operate. These policies typically cover the expropriation, deprivation or forced abandonment of the plant and equipment and loss due to riot, terrorism or war. We have not made a claim in relation to a political risk event in the last five years. In addition, we take out trade creditor insurance when the exposure of the group is considered high enough that non-payment would have a material impact.

Our Employees

As of June 30, 2020, we had 7,729 employees, calculated on a full-time equivalent basis. The table below outlines the number of total employees by year.

	As of June				
	2016	**2017**	**2018**	**2019**	**2020**
Number of Employees	4,521	5,206	6,103	8,270	7,729

The table below outlines employees as of June 30, 2020 by segment and location.

	As of June 30, 2020
By Segment:	
Underground Mining	4,214
Surface Mining	3,040
Investments	342
Corporate	133
By Location:	
Australia	2,865
Africa and other geographies	4,864

The majority of our workforce consists of permanent employees. We also predominantly rely on local employees. As of June 30, 2020, local employees account for 88% of our international workforce, with expatriates accounting for 9% and regional expatriates accounting for 3%. Although we occasionally employ contractors and casual employees when required, they do not represent a large or regular component of our workforce.

Remuneration for shift work employees in our Underground Mining and Surface Mining segments is typically on a base plus incentive payment structure, designed to incentivize both productivity and safety. Maintenance shift work employees receive hourly rates, and employees in management are on total fixed remuneration. Remuneration for employees in our Investments segments varies according to the typical industry practice for companies operating in each respective industry.

We believe our ability to recruit and retain our employees is in part due to our employee programs, which include high-quality training and opportunities for advancement and career experience. Supplementing our recruitment of experienced personnel, we also develop and expand the skills of our workforce through apprenticeships and extensive driller training programs in both Australia and Africa. We are particularly determined to support local communities through generating employment in the regions in which we operate and by offering training abroad, tertiary correspondence and apprenticeship programs. Such initiatives have helped us recruit talented personnel and have been particularly successful in gaining the support of local communities in Africa for our operations. In addition, in certain jurisdictions we are required to maintain a certain numbers of local employees to satisfy regulatory or licensing requirements. See "Risk Factors—We may be unable to hire sufficient qualified labor to perform our mining services, which could reduce our revenue or operating margins."

The COVID-19 pandemic has created new challenges in maintaining the health and safety of our employees. We have established a COVID-19 taskforce to proactively identify and manage the challenges presented by the pandemic and the measures taken in response to the pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing our business for future scenarios that may result from COVID-19. We continue to collaborate with our customers, suppliers and support providers to ensure the health and wellbeing of our people.

We have put in place additional hygiene and social distancing measures across our offices and operations and worked hard to rotate our expatriate workforce with replacement crews using charter flights.

Other initiatives we have deployed to help minimize the threat and impacts of COVID-19 include:

- engaging our EAP provider to ensure additional assistance is available for those on rostered work;
- delivering targeted training for leaders and awareness programs for the workforce;
- establishing a dashboard to track, report and communicate complete case figures across all areas of our businesses so that management and employees can make informed decisions; and
- regular employee briefings by senior management.

For discussion on certain risks to our business related to the COVID-19 pandemic, see " Risk Factors — Risks Relating to Our Business and Industry — Our business and operations, and that of our customers and suppliers, have been and may continue to be adversely affected by the COVID-19 pandemic or other similar outbreaks."

Industrial Relations

We have experienced a harmonious and productive relationship with our workforce with no significant industrial action or stoppages occurring across any projects over the past four years. We operate across a large number of jurisdictions that have a variety labor relations practices and regulations and our arrangements depend upon the local environment.

In Australia, we generally do not have a unionized workforce. Employment conditions are generally governed by non-union enterprise agreement or common law contracts. Within our Surface Mining segment, three enterprise agreements govern employment terms and conditions. These enterprise agreements covers approximately 75% of the workforce. The remaining workforce is covered by individual common law contracts. Within our Investments segment, two enterprise agreements govern employment covering approximately 75% of the workforce. The remaining workforce is covered by individual common law contracts. Within our Underground Mining segment, one enterprise agreement, which was approved in March 2019 (and is effective for four years), covers 78% of the Australian workforce, excluding Tasmania (where a separate enterprise agreement exists, but where there are no current operations). This agreement was negotiated directly with employees with no union representation. Our Underground Mining segment management team, certain administrative employees and our expatriate employees, amongst others, have individual contracts of employment.

In Mali, Senegal and Burkina Faso, we do not employ our workforce directly but source our workers through local labor hire companies which deal with all labor-related issues. In Ghana, our workforce is unionized

and wage negotiations typically take place annually. We typically negotiate collective bargaining agreements with our Ghanaian unions every three years. However, our operations have not been affected by significant work stoppages or other industrial actions. In Egypt, our local workforce is not unionized and nationals in Egypt are employed directly by Barminco Egypt Underground Mining Services S.A.E. Employment contracts with employees in Egypt are common law contracts that comply with Egyptian Law.

Legal Proceedings

From time to time, we are involved in various matters of litigation, claims and disputes that arise in the ordinary course of our business. As of the date of this Offering Memorandum, there are no pending material legal proceedings to which we are a party or to which our property is subject.

MANAGEMENT

Board of Directors

The directors of Perenti are:

Name	Age	Position(s)
Mark Norwell	44	Managing Director and Chief Executive Officer
Ian Cochrane	66	Non-Executive Chairman
Terrence Strapp	76	Non-Executive Director
Mark Hine	62	Non-Executive Director
Robert Cole	58	Non-Executive Director
Alexandra Atkins	52	Non-Executive Director
Andrea Hall	53	Non-Executive Director

Mark Norwell— Managing Director and Chief Executive Officer. Mr. Mark Norwell was appointed as Managing Director and Chief Executive Officer on September 17, 2018. Mr. Norwell is a highly experienced mining services executive. Prior to that, he was, until June 2018, the Executive General Manager—Strategy & Growth at Thiess Pty Ltd, and a member of Thiess' executive leadership team. Over a 20-year career in the mining services sector, he has held senior roles with Leighton Contractors, HWE Mining and Macmahon Holdings.

Mr. Norwell holds a Bachelor of Civil Engineering (Hons) degree from the University of Western Australia and an MBA from the University of New South Wales. Mr. Norwell is a member of the Australian Institute of Company Directors.

Ian Cochrane—Non-Executive Chairman. Mr. Ian Howard Cochrane was appointed as a non-executive director and Deputy Chairman on November 23, 2015. Subsequently, on December 5, 2017, Mr. Cochrane was appointed as Chairman of the Board. He also has been a non-executive director of Dacian Gold Ltd since 2016.

Mr. Cochrane holds a Bachelor of Commerce degree and a Bachelor of Laws (Cum Laude) degree from the University of Natal. Mr. Cochrane was educated in South Africa and emigrated to Australia in 1986. Mr. Cochrane practiced law, specializing in Mergers and Acquisitions, in national law firms Corrs Chambers Westgarth and Mallesons Stephen Jaques until 2006 when he established (with Mr. Michael Lishman) the boutique law firm, Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance in early 2011.

Mr. Cochrane has had a long association with Ausdrill having provided legal services when Ausdrill was listed on the ASX in 1994. He was regularly voted by his peers as being one of the leading M&A lawyers in Australia until he retired from the practice of law in December 2013. Mr. Cochrane has not provided legal services to Ausdrill or any other entities since then.

Terrence Strapp— Non-Executive Director. Mr. Terry Strapp was appointed as a non-executive director on July 21, 2005. Mr. Strapp has extensive experience in banking, finance and corporate risk management and has been actively involved in the mining industry for over 40 years. He also was a non-executive director of GR Engineering Ltd from 2011 until November 2018.

Mr. Strapp holds an accounting and finance degree from the West Australian Institute of Technology (later subsumed into Curtin University when it opened and the degree became a Bachelor of Commerce degree). He is also a Certified Practicing Accountant (CPA), a Senior Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.

Mark Hine—Non-Executive Director. Mr. Mark Hine was appointed as a non-executive director on February 24, 2015. Mr. Hine is a Mining Engineer. Mr. Hine graduated from the Western Australia School of Mines and is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy. Mr. Hine has extensive mining experience with over 25 years in senior management roles in both surface and underground mining operations.

Mr. Hine has held a number of senior positions in the mining industry including Chief Operating Officer at Griffin Mining Ltd, Chief Operating Officer at Focus Minerals Ltd, Chief Operating Officer at Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd, Chief

Executive Officer at Queensland Industrial Minerals Ltd, General Manager at Consolidated Rutile Ltd and General Manager Pasminco, Broken Hill / Elura Mines.

Robert Cole—Non-Executive Director. Mr. Robert Cole was appointed as a non-executive director on July 14, 2018. Mr. Cole has over 30 years' experience in the energy and resources industries. Mr. Cole is a former executive director of Woodside Petroleum Limited and former managing director of Beach Energy Limited. Mr. Cole is also a former Chairman of the Australian Petroleum Production and Exploration Association. Prior to joining the oil and gas industry, Mr. Cole was a partner in the law firm now known as King & Wood Mallesons. Mr. Cole is currently Chairman of Synergy, Chairman of Southern Ports Authority, Chairman of Landgate and a non-executive director of Iluka Resources Limited. Mr. Cole holds Bachelor of Science and Bachelor of Laws degrees from the Australian National University in Canberra and is also a graduate of the Harvard Business School Advanced Management Program.

Alexandra Atkins—Non-Executive Director. Ms. Alexandra Atkins was appointed as a non-executive director of Perenti on July 14, 2018. Alex is also a non-executive director of International Women in Mining (based in London) and a former director of The Australasian Institute of Mining and Metallurgy. Alex has over 25 years' multi-disciplinary, multi-commodity experience through the full mining value chain across Australia and PNG in roles that find, design & run mines, regulate mines & in the "Big4's".

Alex's mine operations roles include: Geologist for Australian Consolidated Minerals (Wirralie & Pajingo); Mining Engineer for Mt Isa Mines Ltd (Newlands); Underground Miner/Airleg Miner for Plutonic Resources (Mt Morgans); Underground Miner, Mining Engineer/ Deputy Mine Manager and Geotechnical Engineer for Placer Dome Asia Pacific (Porgera JV, Kidston & Osborne); and Mining Engineer for Murchison United (Renison). Alex's career then pivoted to professional services and regulation, including: Senior Mining Engineer for AMC Consultants; District Inspector of Mines for the WA Department of Mines & Petroleum; Principal Mining Consultant for Optiro & Alternate Futures; Chief Advisor at Sustainability; Risk Manager at Deloitte; COO at PETRA Data Science; and MD & Principal at Alex Atkins & Associates, which is focused on conformance (board assurance of technical and operational risk, mine approvals and compliance) and performance (digital transformation of mining).

Alex holds two Bachelor of Engineering Degrees, from the University of Queensland and WA School of Mines, qualifying her as a Mining Engineer, Geotechnical Engineer and Geologist. She holds First Class Mine Manager's Certificates for Western Australia and Queensland and has an MBA (Finance) from the Australian Institute of Business. Alex is a Graduate Member of the Australian Institute of Company Directors, Chartered Professional Fellow of The AusIMM and Engineers Australia. She was one of 2018's 100 Global Influential Women In Mining (WIMUK) and was inducted into the Western Australia Women's Hall of Fame in 2019.

Andrea Hall—Non-Executive Director. Ms. Hall was appointed as a non-executive director on December 31, 2019. Ms. Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry, having commenced her career at KPMG in 1987, before retiring from the firm in 2012 as a Partner in Charge of the Perth Internal Audit, Risk and Control Services division within KPMG's Risk Consulting area.

She currently serves as a non-executive director on the boards of several listed and non-listed entities, including Evolution Mining, the Fremantle Dockers, Pioneer Credit, and the Insurance Commission of Western Australia. She has also previously held non-executive directorship roles at several other prominent entities, including Automotive Holdings Group, the Chamber of Commerce and Industry of Western Australia, and Lotterywest.

Ms. Hall holds a Bachelor of Commerce from the University of Western Australia, and she is a Fellow of Chartered Accountants Australia New Zealand. She served on the WA Council for Chartered Accountants Australia New Zealand for seven years until 2011, the last year as the Chair. Ms. Hall has also completed a Masters in Applied Finance (Corporate Finance).

Executive Officers

The executive officers who are not directors, as well as the key managers of Perenti as of the date of this Offering Memorandum are as follows:

Name	Age	Position(s)
Mark Norwell	44	Managing Director and Chief Executive Officer
Paul Muller	43	Chief Executive Officer—Underground
Scott Winter	48	Chief Executive Officer—Surface
Peter Bryant	52	Chief Financial Officer
Donald James	46	Chief Operating Officer—Investments
Vivienne Powe	55	Chief Development Officer
Efstratios Gregoriadis	55	Group General Counsel/Company Secretary
Ben Davis	42	Chief People Officer

Mark Norwell—Managing Director and Chief Executive Officer. See above under Board of Directors for a description of Mark's experience and qualifications.

Paul Muller—Chief Executive Officer—Underground. Mr. Paul Muller was appointed as Chief Executive Officer of Barminco in November 2017 and remained in this role following the Acquisition. Mr. Muller holds a Bachelor of Engineering (Hons) degree from the University of Western Australia with over 20 years' experience in the mining industry, working for both mining services providers and mine owners in Australia, Asia and Africa. Prior to joining Barminco Holdings, he held the position of Executive General Manager—Asia and Africa for Thiess and has also held senior roles at Consolidated Minerals, BHP and Leighton Contractors. He is also a Fellow of the Australasian Institute of Mining and Metallurgy and a graduate of the Australian Institute of Company Directors.

Scott Winter—Chief Executive Officer—Surface. Mr. Scott Winter was appointed as Chief Executive Officer—Surface on July 22, 2019. Mr. Winter was recently the Managing Director of a coal company and lead the acquisition and development of a greenfield coal mine in Australia and prior to this held various operational and leadership roles within the Thiess organisation. Mr. Winter has a broad range of technical, operational and construction experience having worked in both underground and open cut operations across a range of commodities including coal, copper, lead zinc, iron ore and lithium. He graduated with Honours in Mining Engineering from the University of Queensland in 1993 and completed an Executive MBA at Melbourne University and Kellogg School of Management.

Peter Bryant—Chief Financial Officer. Mr. Peter Bryant has been our Chief Financial Officer since February 28, 2019. Prior to serving in this role, Mr. Bryant was our Head of Integration and, prior to the Acquisition, served as Barminco Holdings' Chief Financial Officer beginning in April 2013. Mr. Bryant has also served in various roles in different companies other than ours and Barminco Holdings, including as Company Secretary of Seven West Media Limited (formerly known as West Australian Newspaper Group) and Chief Financial Officer of their operations in Western Australia from 2008. Mr. Bryant's work experience also includes eight years as the Chief Financial Officer and Company Secretary of the GRD Group, whose business interests included GRD Minproc, GRD Kirfield and Global Renewables Limited. He also previously worked in several financial and management roles with both public and private companies. Before that, Mr. Bryant worked as an auditor at Ernst & Young in Australia, the United Kingdom and the United States.

Mr. Bryant holds a Business degree from Edith Cowan University. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a member of the Australian Institute of Company Directors.

Donald James—Chief Operations Officer—Investments. Mr. Donald James has occupied his current position since December 1, 2018 and prior to this appointment, was Executive General Manager, Equipment Services & Supplies at Perenti. Prior to joining Perenti, Mr. James most recently worked in executive roles in NRW Holdings Limited and Seven Group Holdings Limited. At Seven Group Holdings, Mr. James was Chief Operating Officer, WesTrac (WA) and before that, Group Chief Financial Officer, WesTrac. At NRW Holdings, Mr. James was responsible to the Perenti Group CEO for business turnaround. Mr. James was also a manager within

PricewaterhouseCoopers business assurance division, specializing in energy and mining clients. Mr. James is a Fellow of the Institute of Chartered Accountants ANZ, a graduate of the Institute of Company Directors, an Associate of the Governance Institute Australia and holds a Commerce Degree from the University of Western Australia.

Vivienne Powe—Chief Development Officer. Ms. Vivienne Powe has served as our Chief Development Officer since March 2020. She is a senior executive with a strong track record of creating shareholder value in global mining and oil & gas companies. Ms. Powe has significant experience in leading operations, feasibility studies, greenfield and brownfield development projects, corporate functions and joint ventures in complex business environments across a wide range of commodities (iron ore, aluminum, nickel, gold, mineral sands, tantalum, tin, oil and gas).

Ms. Powe holds a Bachelor of Engineering degree (Metallurgical Engineering, with Distinction) from the Royal Melbourne Institute of Technology, a Graduate Diploma in Applied Finance & Investment from FINSIA (formerly the Securities Institute of Australia) and a Master of Business Administration (Technology Management) from Deakin University. She is a graduate member of the Australian Institute of Company Directors, Fellow of the Financial Services Institute of Australasia, and member of the Australasian Institute of Mining and Metallurgy.

Efstratios Gregoriadis—Company Secretary. Mr. Efstratios Gregoriadis joined us in February 2011 in the position of Group General Counsel / Company Secretary. Prior to joining us, Mr. Gregoriadis held the role of Group General Counsel / Company Secretary at Macmahon Holdings Limited, and has held various other positions as a lawyer in private legal practice.

Mr. Gregoriadis holds a Bachelor of Laws (LLB) degree from the University of Witwatersrand and an MBA from the University of New England. He was admitted as a legal practitioner in Western Australia in April 1997, worked in private practice for a few years and then moved to in-house legal counsel roles in the mining industry in 2002.

Ben Davis—Chief People Officer. Mr. Ben Davis has served as our Chief People Officer since May 2019. With experience spanning more than 20 years, Mr. Davis has held a number of operational, corporate and executive HR roles across Australia, North and West Africa, and North America. He has led multi-disciplinary and globally diverse teams in both contracting and operating companies and has a proven ability to lead across cultures. Ben's experience includes the implementation of effective HR and HSE strategies, coaching and leadership development, and mergers and acquisitions, as well as delivering effective resourcing and diversity outcomes.

Mr. Davis holds a Bachelor of Business (Double Major, HR and Sport Management) from Edith Cowan University Western Australia and a Graduate Certificate in Leadership from Rice University – Jones Graduate School of Business, Houston, Texas.

Board Practices

The governing body of Perenti is the board of directors (the "Board"). The Board is responsible to Perenti's shareholders for the overall strategy, performance, and governance of Perenti and the Perenti Group.

The responsibilities of the Board include:

- defining the Perenti Group's purpose, principles and setting its strategic direction;
- approving Perenti's governance framework and key policies (including its code of conduct) and monitoring the effectiveness of such governance framework;
- approving any re-branding or significant restructure of the Perenti Group's operations;
- selecting, appointing and removing the Managing Director;

- approving the appointment and/or removal of members of the senior executives reporting directly to the Managing Director including the Chief Financial Officer, Company Secretary and Group General Counsel;
- overseeing annual performance reviews and succession plans for the Board, individual directors and the Managing Director;
- approving remuneration changes for the Managing Director and certain senior executives;
- approving, and overseeing management's implementation of, the strategic plan, its annual operating plan and other significant initiatives;
- setting the risk appetite for the Perenti Group within which management is expected to operate;
- monitoring the risk culture within the Perenti Group and overseeing steps taken to address any desirable changes to risk culture;
- overseeing material and emerging risks and monitoring the effectiveness of the risk management framework and internal controls in place to manage those risks;
- approving diversity targets and monitoring progress against them;
- with the assistance of the Audit and Risk Committee, approving and monitoring financial and other reporting, including approval of the annual and half-year financial reports;
- approving annual budgets and monitoring financial performance against forecasts and prior periods;
- overseeing the integrity of the Perenti Group's reporting systems and liaising with the Perenti Group's external auditors;
- monitoring and influencing the reputation and culture of the Perenti Group;
- approving the Perenti Group's remuneration framework and policy; and
- the appointment and re-election of directors.

Matters reserved to the Board include determining whether the Perenti Group should commence business in a new industry or jurisdiction, entering into arrangements that create a significant commitment for the Perenti Group, the capital structure of the Perenti Group including the increase or decrease of shares on issue, and approving business plans and budgets. Day to day management of the Perenti Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives. These delegations are reviewed as required.

Under the Board Charter:

- a majority of the Board will be independent non-executive directors;
- the Chairman of the Board must be an independent non-executive director;
- the Chairman is required to maintain regular dialogue with the Managing Director and other senior executives; and
- the Perenti Group is to maintain a mix of directors on the Board with an appropriate balance of skills, knowledge, experience, independence and diversity.

As of the date of this Offering Memorandum, the Board is comprised of five non-executive directors, one non-executive chairman, and a managing director. The Board does not currently intend to invite any other Company

executives to join the board. The Board regularly reviews the independence of directors and has determined that all directors are independent, with the exception of Mr. Mark Norwell, Managing Director, who is also our Chief Executive Officer.

The Board meets at regular intervals, as deemed necessary, to appropriately discharge its duties and fulfil its responsibilities and held 23 meetings during FY20. When necessary, additional meetings are convened to deal with specific issues that require attention before the next scheduled meeting.

Performance Assessment

The Chairman evaluates the Board, Board committees, and individual directors. The remainder of the Board evaluates the Chairman. The evaluations are conducted through a series of discussions held throughout the year. These discussions include consideration of the Company's financial position, strategies, operations and the risks it faces. During these discussions the Chairman obtains confidential feedback from the directors, the Managing Director and the Company Secretary on their view of the dynamics between the Board members and the quality of the Board's decision making. During the reporting period performance evaluations were conducted in accordance with the above process. The Board conducts an annual performance review of the Managing Director.

The monitoring of senior executives' performance and implementation of strategy is the responsibility of the Board. The Managing Director conducts annual performance reviews of the senior executives to evaluate their performance against relevant performance measures and reports to the Board on the outcome of this review.

Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the People and Remuneration and the Audit and Risk Committees. Each is comprised entirely of non-executive directors. The Board regularly reviews the structure and membership of these committees.

Each committee has its own written charter setting out its role and objectives, responsibilities, composition, structure, membership requirements, and the manner in which the committee is to operate. Each of these charters are reviewed on a regular basis and are available in the Corporate Governance section on the Perenti Group's website. All matters determined by committees are submitted to the full Board as recommendations for Board determination. Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

The full Board performs the functions that would otherwise be fulfilled by a nomination committee. In this regard, the Perenti Group has not complied with ASX Recommendation 2.1 and as required under ASX Recommendation 2.1 it has disclosed this fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. ASX Recommendation 2.1 recommends that the board of a listed entity should have a nomination committee or, if it does not have a nomination committee, to disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. These processes are disclosed below.

The Board notes the commentary in the ASX Guidelines that:

- having a separate nomination committee can be an efficient and effective mechanism to bring transparency, focus and independent judgement needed on decisions regarding the composition of the Board; and

- the boards of some listed entities may decide that they are able to deal efficiently and effectively with board composition and succession issues without establishing a separate nomination committee.

The Board views the role of Board composition and succession planning as integral to the proper functioning of the Board. The Board Charter sets out the Board's policy for the nomination and appointment of

directors. This states that it is the responsibility of the Board (in lieu of the establishment of a nomination committee) to consider and review:

- the necessary and desirable competencies of directors;
- Board succession plans;
- the process for evaluation of the performance of the Board, its committees and individual directors; and
- the appointment and re-election of directors.

The Board assesses the skills required to competently discharge the Board's duties with regard to the Perenti Group's performance, financial position and strategic direction. As and when it considers it appropriate, and when a non-executive director retires, the Board assesses the skills represented on the Board by the non-executive directors and determines whether those skills meet the identified required skills. With regard to the skills required and the skills already represented on the Board, the Board will implement a process to identify suitable candidates for potential appointment as a non-executive director and will (where sufficient candidates meet the required criteria) consider a diverse range of candidates for the position. The process for identifying suitable candidates may include a search undertaken by an appropriately qualified independent third party acting on a brief prepared by the Board which identifies the skills sought. The Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Perenti Group.

The Board's recommendation in respect of the re-election of existing directors is not automatic and is contingent on their past performance, contribution to the Perenti Group, and the current and future needs of the Board and the Perenti Group. The Board is also aware of the advantages of Board renewal and succession planning. Notices of meetings for the election of directors comply with the ASX Corporate Governance Council's best practice recommendations.

People and Remuneration Committee

The People and Remuneration Committee consists of Messrs. Hine (Committee Chair), Cochrane and Cole and Ms. Atkins. The People and Remuneration Committee operates in accordance with its charter which is available in the Corporate Governance section of the Perenti Group's website. The People and Remuneration Committee's objectives and responsibilities are to review and make recommendations to the Board on:

- the inclusion and diversity strategy and policy of the Perenti Group;
- Managing Director and senior executive succession planning;
- Perenti Group remuneration strategy and planning;
- Managing Director and senior executives' remuneration including termination payments;
- the Perenti Group's code of conduct;
- Perenti Group incentive plans;
- annual remuneration review budgets and annual Remuneration Report; and
- other matters referred to the People and Remuneration Committee by the Board.

The People and Remuneration Committee Charter states that the People and Remuneration Committee shall have access to appropriate internal and external resources to enable it to fulfill its functions appropriately. The People and Remuneration Committee is authorized to seek advice from external consultants or specialists to assist with its functions.

Audit and Risk Committee

The Audit and Risk Committee is comprised of three non-executive directors, being Ms. Hall (Committee Chair) and Messrs. Cole, Strapp and Cochrane. The Audit and Risk Committee members are financially literate and have an appropriate understanding of the industries in which the Perenti Group operates. Ms. Hall and Mr. Strapp are qualified accountants and are finance professionals with experience in financial and accounting matters.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section on the Perenti Group's website. The Audit and Risk Committee's responsibilities include reviewing and reporting to the Board on:

- certain financial and corporate information;
- the application and appropriateness of accounting policies and any material changes to them;
- the findings and recommendations of an external auditor and the scope and adequacy of an external auditor's audit plan;
- compliance with treasury management policy;
- the scope, program and resourcing of any internal audit function;
- monitor the adequacy of existing internal control systems;
- compliance with the risk management policy and any changes to this policy or the risk management framework;
- oversight of the Perenti Group's insurances;
- any material non-compliance issues with applicable laws, regulations and licenses;
- propriety of related-party transactions;
- the independence and performance of the external auditor;
- any material and emerging business risks facing the Perenti Group; and
- review of the adequacy and effectiveness of the Perenti Group's risk management policies and internal audit functions.

The Audit and Risk Committee obtains regular reports from management, the external auditors and any project teams under its charter. The Audit and Risk Committee has full and open access to any appropriate internal and external information from management, staff and the external auditors of the Perenti Group to enable it to fulfil its functions appropriately. The Audit and Risk Committee is entitled to seek independent advice with independent experts or specialists to assist it to fulfill its responsibilities.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. This task is delegated to the Audit and Risk Committee and reviewed by the full Board.

The Audit and Risk Committee is responsible for ensuring there are adequate policies in place relating to risk management, compliance and internal control systems. The Audit and Risk Committee monitors the Perenti Group's risk management by overseeing management's actions in the evaluation, management, monitoring, and reporting of material operational, financial, compliance, and strategic risks. In providing this oversight, the committee:

- reviews the adequacy and effectiveness of the Perenti Group's risk framework, risk assessment process and methodology and the Perenti Group's risk culture;

- where necessary, recommends for approval by the Board changes to the risk management policy and the risk management framework (being the guidelines and policies governing the identification, assessment and management of the Perenti Group's exposure to risk); and

- reviews compliance with the risk management policy.

The committee recommends any actions it deems appropriate to the Board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Perenti Group's risk management and internal control system and has to report to the Audit and Risk Committee on the effectiveness of:

- the risk management and internal control system during the year; and

- the Perenti Group's management of its material business risks.

The Perenti Group places considerable importance on maintaining a strong control environment. There is an organization structure with clearly drawn lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.

Risk and Opportunity Management Policy

The Perenti Group has established a Risk and Opportunity Management Policy, a copy of which is available in the Corporate Governance section of the Perenti Group's website.

The objective of this policy is to seek to ensure that:

- risk and opportunity management is embedded in our critical business activities, practices and processes;

- risk and opportunity management is systematic, structured and timely and is undertaken using the best available information;

- risks and opportunities are identified, analyzed and ranked using a consistent methodology;

- foreseeable risks and opportunities are identified proactively and the nature and impact of those foreseeable risks and opportunities are understood so far as is reasonably practicable;

- risk and opportunity management informs operational and strategic decision making;

- appropriate resources are allocated for risk and opportunity management;

- responsibilities and accountabilities for risk and opportunity management are allocated at all levels of the organization, from frontline employees to the board level;

- Perenti employees are trained in risk and opportunity management in accordance with their risk and opportunity management responsibilities;

- risk and opportunity management activities are monitored, reviewed and reported on at all levels of the organization;

- risk and opportunity management is an ongoing process, and as such, risks and opportunities will be reviewed and updated; and

- policy and associated standard are evaluated and reviewed periodically.

Code of Conduct

The Perenti Group seeks to conduct its business in a manner that recognizes and adheres to all relevant laws and regulations and meets high standards with respect to honesty and integrity. In order to meet this commitment, the Board has adopted a code of conduct for directors, employees, consultants, contractors and suppliers to promote responsible decision making.

PRINCIPAL SHAREHOLDERS

As of July 23, 2020, the following shareholders held 5% or more of our voting shares (excluding nominee record holders holding shares on behalf of multiple beneficial owners):

Beneficial Owner	Number of Shares	Interest%
L1 Capital	57,021,324	8.1%
FMR LLC	53,402,375	7.5%
Dimensional Fund Advisors LP	41,944,746	6.0%

The directors and executive officers of Perenti held an aggregate of 2,284,919 shares in Perenti as of June 30, 2020, which represented 0.4% of the total shares then outstanding.

RELATED PARTY TRANSACTIONS

We enter into related party transactions from time to time. In the last three fiscal years, we entered into the related party transactions set forth below, which include the transactions with our previous joint venture, the AUMS joint venture. For additional information, please refer to the Perenti financial statements included elsewhere in this Offering Memorandum.

	FY18	FY19	FY20
		(A$ in thousands)	
Transactions with other related parties			
Sales of goods and services			
Joint Ventures	11,606	2,568	-
Entities related to key management personnel	42,676	1,536	3,233
Management fee received/receivable			
Joint Ventures	651	418	-
Purchase of goods			
Rental office buildings	90	-	-
Other property related expenses - electricity	-	614	261

Perenti acquired the following goods and services from entities that are controlled by members of Perenti's key management personnel:

- one of our former directors, Mr. Connelly is also a director of B2Gold Corp and non-executive chairman of Cardinal Resources and West African Resources, with whom we have exploration drilling contracts and/or mining services contracts;

- one of our directors, Mr. Cochrane, is also a non-executive director of Dacian Gold Limited, to which we have been providing mineral analysis services to; and

- one of our directors, Mr. Cole is also (a) the Chairman of Synergy, which provides services to us, and (b) a non-executive director of Iluka Resources Limited, to which we have been providing drilling services.

  Barminco continues to be a party to certain contracts and arrangements that it entered into with entities associated with Mr. Peter Bartlett, director of Bremerton Pty Ltd (an entity controlled by Mr. Bartlett), at a time when Mr. Bartlett owned approximately 30% of Barminco Holding's shares and served as a director of Barminco Holdings. These include a lease over Barminco's head office and principal maintenance facility. In addition, Barminco continues to obtain electrical services from Hahn Electrical Contracting Pty Ltd, in which Mr. Bartlett holds a 49% interest. We have no reason to believe that these arrangements are not on arm's length commercial terms, and while as a result of the Acquisition, Mr. Bartlett owns 3.6% of our outstanding shares, he does not exercise a significant influence on our Perenti.

Outstanding balances arising from sales/purchases of goods and services			
Current receivables (sales of goods and services)			
Joint Ventures	6,561	-	-
Entities related to key management personnel	10,787	-	7
Total	**17,347**	-	**7**
Current payables (purchases of goods and services)			
Other property related expenses - electricity	-	-	19
Total	-	-	**19**

	FY18	FY19	FY20
		(A$ in thousands)	
Loans to/from related parties			
Loans to key management personnel			
Beginning of period	-	-	190
Loans on the Acquisition	-	192	-
Loan repayments made	-	(2)	(2)
Interest charged	-	6	10
Interest received	-	(6)	(10)
End of period	**-**	**190**	**188**
Loans from associates			
Beginning of period	-	-	2,660
Loan from minority interest	-	2,660	-
Impact of foreign exchange	-	-	45
End of period	**-**	**2,660**	**2,705**

Terms and conditions of related party transactions

All related party transactions were made on normal commercial terms and conditions. The loans to key management personnel on the Acquisition are repayable by October 22, 2022. Interest was payable at the rate of 4.80% and 5.37% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

DESCRIPTION OF OTHER FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing our indebtedness that will remain outstanding after the issue of the Notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Revolving Facilities of Perenti

On June 9, 2020, we entered into a syndicated facility agreement with The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch, Standard Chartered Bank, Australia Branch, Caterpillar Financial Australia Limited and Nedbank Limited, London Branch. The syndicated facility comprises of an Australian dollar denominated revolving loan facility totaling A$105 million ("Syndicated Tranche A1 Facility") and a US dollar revolving loan facility denominated totaling US$16 million ("Syndicated Tranche A2 Facility") (the Syndicated Tranche A1 Facility and the Syndicated Tranche A2 Facility together, being the "Syndicated Facilities").

On April 18, 2019, we entered into separate bilateral revolving credit facilities with Caterpillar Financial Australia Limited, Deutsche Bank AG, Sydney Branch, Goldman Sachs Australia Financial Services Pty Ltd, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch, Standard Chartered Bank, Australia Branch and Nedbank Limited, London Branch. The commitment under bilateral revolving credit facilities with each of Deutsche Bank AG and Goldman Sachs Australia Financial Services Pty Ltd was increased on 11 October 2019. On December 12, 2019, we subsequently entered into a bilateral revolving credit facility with ING Bank (Australia) Limited ("ING") (which was amended on June 3, 2020).

Under the bilateral facilities described above, we have been provided with Australian dollar denominated revolving loan facilities totaling A$370 million ("Bilateral Tranche A1 Facilities") and Australian dollar denominated revolving loan and contingent instrument facilities totaling A$30 million ("Bilateral Tranche A2 Facilities") (the Bilateral Tranche A1 Facilities and the Bilateral Tranche A2 Facilities together, being the "Bilateral Facilities").

Perenti Finance Pty Ltd and Perenti International Pty Ltd are the borrowers under the Syndicated Facilities and Bilateral Facilities (together, the "Revolving Facilities"). The Revolving Facilities are guaranteed by some of our subsidiaries, each guaranteeing, subject to certain limitations, each other borrower's and guarantor's obligations.

Structure

The Syndicated Tranche A1 Facility and Bilateral Tranche A1 Facilities provide for Australian dollar and US dollar denominated revolving loans in an aggregate amount equal to A$425 million. The Bilateral Tranche A2 Facilities provide for Australian dollar and US dollar denominated revolving loans and contingent instruments in an aggregate amount equal to A$30 million. The Syndicated Tranche A2 Facility provides for US dollar denominated revolving loans in an aggregate amount equal to US$16 million.

The Bilateral Facilities expire on July 1, 2023 (except for the bilateral facility with ING which expires on July 1, 2021). The Syndicated Facilities expire on May 12, 2022. Each of the Bilateral Facilities can be extended for one year periods at the request of Perenti with the agreement of the lender under that bilateral facility agreement (in that lender's sole discretion). A request for an extension must be made on or before the date that is 60 days before the then applicable 'Termination Date'.

Amounts borrowed under the Revolving Facilities may be used to fund the general corporate purposes of the Perenti Group and to refinance our previously existing secured revolving credit facilities.

Repayment, Prepayment and Cancellation

Subject to minimum quantitative thresholds, we may, at any time (by giving appropriate notice) cancel and/or prepay the whole or any part of the available aggregate facility at that time. Upon such cancellation or

prepayment, no premium, fee or penalty will be payable (other than break costs arising if repayments occur within an interest period).

Interest and Costs

The rate of interest on each loan for each interest period is the percentage rate per annum which is the aggregate of:

(a) in respect of Australian dollar denominated loans, a "Margin" over a base rate of BBSY is charged; and

(b) in respect of US dollar denominated loan a "Margin" over a base rate of LIBOR is charged.

We must pay a commitment fee equal to a percentage of the Margin, calculated on the basis of the daily available lending commitment during each quarterly period and payable on the last day of each such period. Commitment Fees are non-refundable.

We were also required to pay an establishment fee to each lender equal to a percentage of that lender's total commitment under our Bilateral Facilities and Syndicated Facilities. This establishment fee was paid on financial close of the relevant facility.

Guarantee and Security

Each guarantor irrevocably and unconditionally jointly and severally guarantees the payment obligations of each other borrower and guarantor under the Revolving Facilities and associated finance documents. The guarantors under the Revolving Facilities will also be guarantors of the Notes.

The Revolving Facilities are secured by Perenti's Australian assets comprising real property mortgages and all present and after acquired property general security agreements over the remainder of Perenti's Australian assets. The security arrangement provided ensures that at the financial close of each Revolving Facility, the lenders benefit from asset collateral exceeding 100% of the senior secured debt. The securities are granted in favor of CBA Corporate Services (NSW) Pty Limited as security trustee and are held by it pursuant to the terms of the Security Trust Deed dated October 5, 2012.

Covenants and Undertakings

The Revolving Facilities contain particular covenants and undertakings. Almost all of the facilities comprising the Revolving Facilities include the following financial undertakings, tested every six months:

(a) ratio of EBITDA for the preceding 12 month period to net interest expense must be greater than 3.0 times;

(b) the ratio of net senior secured debt to EBITDA for the preceding 12 month period must be less than 2.75 times;

(c) the ratio of net debt to net debt plus equity must be no more than 50%;

(d) the ratio of secured assets to senior secured debt must be greater than 1.35 times;

(e) the aggregate of all senior secured debt must not exceed A$700 million; and

(f) the guarantors must comprise no less than 90% of Australian EBITDA and 90% of the Australian total assets of the Perenti Group, no less than 70% of rest of world EBITDA and 70% of rest of world total assets and any Australian subsidiary comprising more than 5% of EBITDA and/or total assets will be a guarantor ("Guarantor Coverage Test").

In relation to the Guarantor Coverage Test, EBITDA and total assets are Australian if they are attributable or held by members of the group whose primary business is operated in Australia. EBITDA and total assets are rest

of world if they are attributable or held by members of the group whose primary business is operated outside of Australia.

We note that despite the Guarantor Coverage Test, we are not required to accede a guarantor to the Revolving Facilities if:

(a) we have been unable to obtain all required authorizations or have not been able to complete any filings, register notations and registrations required by law in connection with the accession of such entity as a guarantor provided that we have used our reasonable endeavors for a period of no less than 12 months to obtain all required authorizations and complete any filings, register notations and registrations required by law in connection with such accession; or

(b) after acting reasonably and after having made due and proper enquiry we determine that it is not economically or financially viable (whether due to stamp duty, registration, other similar taxes or otherwise) for that entity to become a guarantor.

Other general undertakings we have provided include undertakings in relation to the provision of information, limitations on the disposal of assets, security, priority indebtedness, capitalization of excluded subsidiaries, acquisitions, changes in business operations and hedging. Further restrictions apply following the occurrence of an event of default.

Events of Default and Review Events

Events of default under the Revolving Facilities include non-payment, breach of financial undertakings, non-compliance with obligations, insolvency, misrepresentation, cross default, cessation of business, and occurrence of material adverse events.

If there is a change of control, or if our shares are delisted or suspended from trading on ASX for more than 10 consecutive business days, this will also trigger a review event under the Revolving Facilities.

Asset Finance Arrangements and other loans

As of June 30, 2020, we had A$67.5 million in asset finance arrangements and other loans, principally hire purchase agreements. We currently expect that reliance upon asset finance moving forward will be limited to situational specific financing, and the significant majority of our assets will be used to underpin our corporate platform. Future financing will be limited under the negative pledge through the permitted security interest and priority indebtedness restrictions.

Barminco Senior Secured Notes due 2022

We intend to satisfy and discharge all of the U$350 million 6.25% Senior Secured Notes due 2022 of Barminco Holdings upon consummation of this Offering and redeem the outstanding notes using the proceeds of this Offering.

DESCRIPTION OF THE NOTES

Perenti Finance Pty Ltd. will issue US$450 million aggregate principal amount of 6.50% Guaranteed Senior Notes due 2025 (the "Notes") under an Indenture (the "Indenture") among itself, the Parent Guarantor, each of the Initial Subsidiary Guarantors and The Bank of New York Mellon, as Trustee. Unless the context requires otherwise, references in this "Description of the Notes" to the Notes include any additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Certain terms used in this description are defined under the subheading "—Certain Definitions." In this description, (a) the terms "we", "our", "us" and the "Parent Guarantor" refer only to Perenti Global Limited and not any of its Subsidiaries and (b) the term the "Issuer" refers only to Perenti Finance Pty Ltd. and not any of its Subsidiaries. Each Subsidiary of the Parent Guarantor that guarantees the Notes is referred to as a "Subsidiary Guarantor." The Parent Guarantor's guarantee of the Notes is referred to as the "Parent Guarantee" and each Subsidiary Guarantor's guarantee of the Notes is referred to as a "Subsidiary Guarantee." The term "Note Guarantor" refers to either the Parent Guarantor or a Subsidiary Guarantor, as the context requires, and the term "Note Guarantees" refers to the Parent Guarantee and the Subsidiary Guarantees collectively.

The following description is only a summary of the material provisions of the Indenture, does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, including the definitions therein of certain terms used below. We urge you to read the Indenture because the Indenture, not this description, defines your rights as Holders of these Notes. You may request copies of the Indenture at the address set forth under the heading "Company Information."

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes

The Notes will be guaranteed on a senior unsecured basis by the Parent Guarantor and each of the Subsidiary Guarantors, as described under "—Guarantees."

The Notes and the related Note Guarantees:

- are general unsecured senior obligations of the Issuer and the Note Guarantors, respectively;
- will rank pari passu in right of payment with all existing and future senior indebtedness of the Issuer and the Note Guarantors, respectively, except indebtedness mandatorily preferred by law;
- will be effectively subordinated to all existing and future secured indebtedness (including the Credit Agreements and asset financing arrangements) of the Issuer and the Note Guarantors to the extent of the value of the assets securing such indebtedness;
- will be structurally subordinated to all existing and future indebtedness, claims of holders of Preferred Stock and other liabilities of the Parent Guarantor's Subsidiaries that are not guaranteeing the Notes; and
- will rank senior in right of payment to any future Subordinated Obligations of the Issuer and the Note Guarantors, respectively.

Principal, Maturity and Interest

The Issuer will issue the Notes initially with a maximum aggregate principal amount of US$450 million. The Issuer will issue the Notes in minimum denominations of US$200,000 and any integral multiple of US$1,000 in excess thereof. The Notes will mature on October 7, 2025. Subject to compliance with the covenant described under

"—Certain Covenants—Limitation on Indebtedness", the Issuer is permitted to issue more Notes from time to time (the "Additional Notes"). Any Additional Notes issued in the future will be identical in all respects to the Notes that we are issuing now, except that the Notes issued in the future may have different issuance prices and temporary restrictions and will have different issuance dates. The Notes and the Additional Notes, if any, will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. In order for any Additional Notes to have the same ISIN or other identifying number as the Notes, such Additional Notes must be fungible with the Notes for U.S. federal income tax purposes. There can be no assurance, however, that any Additional Notes subsequently issued under the Indenture will be fungible with the Notes under the laws of any other jurisdictions. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes", references to the Notes include any Additional Notes actually issued.

Interest on the Notes will accrue at the rate of 6.50% per annum and will be payable semiannually in arrears on April 7 and October 7, commencing on April 7, 2021. The Issuer will make each interest payment to the Holders of record of the Notes at the close of business on the immediately preceding March 23 and September 22. The Issuer will pay interest on overdue principal at 1% per annum in excess of the above rate and will pay interest on overdue installments of interest at such higher rate to the extent lawful.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "Paying Agent") for the Notes in each of (i) the Borough of Manhattan, City of New York, and (ii) Singapore, for so long as the Notes are listed on the official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes. The Principal Paying Agent will be The Bank of New York Mellon in New York.

The Issuer will also maintain a registrar (the "Registrar") with offices in the Borough of Manhattan, City of New York. The Issuer will also maintain a transfer agent in New York. The initial Registrar will be The Bank of New York Mellon. The initial transfer agent will be The Bank of New York Mellon in New York.

The Issuer may change the Paying Agents, the Registrar or the transfer agents without prior notice to the holders. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

Additional Amounts

All payments made under or with respect to the Notes or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes imposed or levied by or on behalf of (i) any jurisdiction in which the Issuer (including any surviving corporation), is then incorporated, organized or resident for tax purposes or any political subdivision thereof or therein (ii) any jurisdiction in which any Note Guarantor is then incorporated, organized or resident for tax purposes or any political subdivision thereof or therein or (iii) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Note Guarantor (including, without limitation, the jurisdiction of any paying agent) or any political subdivision thereof or therein (each of (i), (ii) and (iii), a "Tax Jurisdiction"), unless the withholding or deduction of such taxes is then required by law. If any deduction or withholding for, or on account of, any taxes imposed or levied by or on behalf of any Tax Jurisdiction will at any time be required to be made from any payments made under or with respect to the Notes or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer, the relevant Note Guarantor or other payor, as applicable, will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each holder (including Additional Amounts) after such withholding, deduction or imposition will equal the respective amounts that would have been received in respect of

such payments in the absence of such withholding or deduction; provided, however, that no Additional Amounts will be payable with respect to:

(1) any taxes that would not have been imposed but for the holder of a Note or the beneficial owner of a Note being a citizen or resident or national of, incorporated in or carrying on a business or maintaining a permanent establishment or physical presence, in the Tax Jurisdiction in which such taxes are imposed or having any other present or former connection with such Tax Jurisdiction other than the mere acquisition, holding, enforcement or receipt of payment in respect of such Note or any Note Guarantee;

(2) the failure of the holder or beneficial owner to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity or connection with the Tax Jurisdiction of the holder or beneficial owner of such Notes if compliance is required by law, regulation or by an applicable income tax treaty to which the Tax Jurisdiction of the holder or beneficial owner of such Notes is a party, as a precondition to exemption for, or reduction in the rate of deduction or withholding of, those taxes;

(3) any taxes that are imposed or withheld as a result of the failure of the holder of a Note or beneficial owner of a Note to comply with any timely reasonable written request, made to that holder or beneficial owner, by the Issuer or any of the Note Guarantors to provide timely and accurate information concerning the nationality, residence or identity of such holder or beneficial owner or an appropriate tax file number, Australian Business Number, or other number or exemption details or to make any valid and timely declaration or similar claim or satisfy any certification, information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the Tax Jurisdiction as a precondition to any exemption from or reduction in all or part of such taxes to which such holder is entitled;

(4) any Note presented for payment (where Notes are in the form of definitive registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(5) any payment of principal or interest on a Note made to any holder who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such Note;

(6) any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;

(7) any Note presented for payment by or on behalf of a holder of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent;

(8) any taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(9) any taxes imposed or withheld by reason of such holder being an "associate" (as defined in Section 128F(9) of the Income Tax Assessment Act of 1936 of Australia (the "Australian Tax Act")) of the Issuer or any of the Note Guarantors or by reason of the Australian Commissioner of Taxation giving a notice under section 255 of the Australian Tax Act of Australia or section 260-5 of Schedule One of the Taxation Administration Act 1953 of Australia;

(10) any applicable tax required to be withheld or deducted under Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any amended or successor versions of such Sections) ("FATCA"), any regulations or other official guidance thereunder, any intergovernmental agreement or agreement pursuant to Section 1471(b)(1) of the Code entered

into in connection with FATCA, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement; or

(11) any combination of items (1) through (10) above.

In addition to the foregoing:

(a) the Tanzanian Limited Guarantor will also pay and indemnify the holder for the amount of any deduction or withholding for, or on account of, any taxes imposed or levied by or on behalf of any Tax Jurisdiction required to be made from any payments made under or with respect to the Note Guarantee of such Tanzanian Limited Guarantor, including payments of principal, redemption price, purchase price, interest or premium where the obligation to pay the Additional Amounts under the immediately preceding paragraph is not enforceable in the relevant Tax Jurisdiction; and

(b) the Issuer and the Note Guarantors will also pay and indemnify, the Trustee, the Paying Agents and the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar taxes which are levied by any Tax Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, the Indenture, any Note Guarantee, or any other document or instrument referred to therein excluding taxes, charges or similar levies imposed by any jurisdiction other than (i) Australia, (ii) any jurisdiction in which a Note Guarantor is organized or is otherwise a resident for tax purposes, (iii) the jurisdiction in which any successor of the Issuer or a Note Guarantor is organized or resident for tax purposes, or (iv) any jurisdiction in which such taxes are levied due to the Issuer's, a Note Guarantor's or a successor's activities in or connection with such jurisdiction, and the Issuer will agree to indemnify the holders for any such taxes properly paid by the holders, or (v) any jurisdiction in which a Paying Agent is located.

If the Issuer or any Note Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Note Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Note Guarantor shall notify the Trustee promptly thereafter) an Officers' Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officers' Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officers' Certificate as conclusive proof that such payments are necessary and the amount of such payment. The Issuer or the relevant Note Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts.

The Issuer or the relevant Note Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the Tax Authority in accordance with applicable law. Upon request, the Issuer or the relevant Note Guarantor will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation satisfactory to the Trustee evidencing the payment of any taxes so deducted or withheld. Upon request, copies of those receipts or other documentation, as the case may be, will be made available by the Trustee to the holders of the Notes.

Whenever in the Indenture, the Notes, or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or Note Guarantee (as the case may be), such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive termination, defeasance or discharge of the Indenture and any transfer by a holder or beneficial owner of its Notes and will apply mutatis mutandis to any jurisdiction in which any successor person to the Issuer or any Note Guarantor is incorporated, organized or resident for tax purposes or any jurisdiction from or through which such person makes any payment on the Notes (or any Note Guarantee) and any political subdivision thereof or therein.

Optional Redemption

Except as set forth herein, the Issuer will not be entitled to redeem the Notes.

On and after October 7, 2022, the Issuer will be entitled at its option to redeem all or a portion of the Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed in percentages of principal amount on the redemption date) set forth below, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on of the years set forth below:

Period	Redemption Price
2022	103.250%
2023	101.625%
2024 and thereafter	100.000%

In addition, any time prior to October 7, 2022, the Issuer will be entitled at its option on one or more occasions to redeem the Notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes (which includes Additional Notes, if any) originally issued at a redemption price (expressed as a percentage of principal amount) of 106.5%, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the Net Cash Proceeds from one or more Equity Offerings by the Parent Guarantor; provided, however, that:

(1) at least 60% of such aggregate principal amount of Notes (which includes Additional Notes, if any) remains outstanding immediately after the occurrence of each such redemption (other than the Notes held by the Parent Guarantor and its Subsidiaries); and

(2) each such redemption occurs within 90 days after the date of the closing of such Equity Offering.

Prior to October 7, 2022, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the applicable redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date). Notice of such redemption must be delivered to each Holder, not less than 10 nor more than 60 days prior to the redemption date.

The Issuer will have the right to redeem the Notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), following the occurrence of a Change of Control Triggering Event if at least 90% of the Notes outstanding prior to such Change of Control Triggering Event are purchased pursuant to a Change of Control Offer with respect to such Change of Control Triggering Event.

Selection and Notice of Redemption

If the Issuer is redeeming less than all the Notes at any time, the Trustee will select Notes on a pro rata basis unless otherwise required by law or DTC.

The Issuer will redeem Notes of US$200,000 or less in whole and not in part. The Issuer will cause notices of redemption to be delivered at least 10 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed. The Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the Holder upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Notice of any redemption of the Notes may, at the Issuer's discretion, be given prior to the completion of a transaction (including an Equity Offering, an Incurrence of Indebtedness, a Change of Control or other transaction)

and any redemption notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption is subject to satisfaction of one or more conditions precedent, the notice shall describe each such condition, and may state that, in the Issuer's discretion, the redemption date may be delayed until such time (but not more than 60 days after the date the notice of redemption was sent) as any or all such conditions are satisfied, or such redemption or purchase may not occur and the notice may be rescinded if any or all such conditions are not satisfied by the redemption date, or by the redemption date as so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person (it being understood that any such provision for payment by another person will not relieve the Issuer of its obligations with respect to such redemption).

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice as provided in the Indenture (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice of Redemption"), at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available, and the requirement arises as a result of:

(1) any change in, or amendment to, the laws (or any regulations, or rulings promulgated thereunder) of the applicable Tax Jurisdiction (as defined above) affecting taxation which change or amendment becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction has changed since the Issue Date, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture); or

(2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction has changed since the Issue Date, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture).

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in effect. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver the Trustee an opinion of independent tax expert, such tax expert being an internationally recognized law or accounting firm, to the effect that there has been such change or amendment which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officers' Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking commercially reasonable measures available to it.

The Trustee shall accept such Officers' Certificate and opinion of the tax expert as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under "—Change of Control Triggering Event" and "Certain Covenants—Limitation on Sales of Assets and

Subsidiary Stock." In addition, the Parent Guarantor or its Subsidiaries may at any time and from time to time purchase Notes or their other Indebtedness through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Parent Guarantor or any such

Subsidiaries may determine. However, other agreements of the Parent Guarantor or its Subsidiaries may limit the ability of the Parent Guarantor or its Subsidiaries to purchase the Notes prior to maturity.

Guarantees

As of the Issue Date, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries." However, the Parent Guarantor will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries" under the circumstances described in the definition of "Unrestricted Subsidiary." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not Guarantee the Notes.

The Parent Guarantor and each Restricted Subsidiary that guarantees the Parent Guarantor's and the Issuer's obligations under any of the Credit Agreements will initially Guarantee the Notes and those Restricted Subsidiaries that will initially Guarantee the Notes are listed in Annex A of this offering memorandum.

As at and for the year ended June 30, 2020, the Parent Guarantor, the Issuer and the Subsidiary Guarantors on the Issue Date accounted for approximately:

- A$380 million (US$262 million), or 86%, of Underlying EBITDA of the Parent Guarantor and its Subsidiaries; and
- A$2,489 million (US$1,718 million), or 91%, of total assets of the Parent Guarantor and its Subsidiaries.

In all cases, the above figures exclude amounts received or due from Subsidiaries that are not Subsidiary Guarantors.

After the Issue Date, the Parent Guarantor will cause each Restricted Subsidiary (unless such Restricted Subsidiary is already a Subsidiary Guarantor) that (i) Incurs or Guarantees any Indebtedness under a Credit Agreement or (ii) Guarantees, or becomes a co-obligor of, any Indebtedness of the Parent Guarantor, the Issuer or any Subsidiary Guarantor in an aggregate principal amount in excess of US$25.0 million, except, in either case, by virtue solely of being a party to an Australian Securities and Investment Commission deed of cross guarantee under Part 2M.6 of the Corporations Act 2001 (Cth) (including under ASIC Class Order 98/1418 or ASIC Instrument 2016/785 or any successor instrument or order) to execute and deliver to the Trustee, promptly upon Incurring or guaranteeing such Indebtedness, a supplemental indenture pursuant to which such Restricted Subsidiary shall become a Subsidiary Guarantor under the Indenture unless as a result of applicable law, rule or regulation (including, without limitation, the U.S. Investment Company Act of 1940, as amended), (x) such Subsidiary cannot provide a guarantee of the Notes or (y) providing such a guarantee would reasonably be expected to give rise to or result in any personal liability for officers or directors of such Subsidiary or its shareholders after giving effect to any limitations on such Guarantee as described under "—Limitations on Validity and Enforceability of the Subsidiary Guarantees." Any such Subsidiary Guarantee shall be on terms substantially consistent with those set forth in the Credit Agreements or other relevant debt instrument giving rise to the obligation to provide such Subsidiary Guarantee. See "—Certain Covenants—Future Subsidiary Guarantors."

Pursuant to the Indenture, (A) a Note Guarantor may consolidate with, merge with or into, or transfer all or substantially all its assets to any other Person to the extent described under "—Certain Covenants—Merger and Consolidation" and, in the case of the Parent Guarantor and the Issuer, in accordance with "—Change of Control Triggering Event" and (B) the Equity Interests of a Subsidiary Guarantor may be sold or otherwise disposed of to another Person to the extent described below under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock"; provided, however, that in the case of the consolidation, merger or transfer of all or substantially all the assets of such Note Guarantor, if such other Person is not the Issuer, or another Note Guarantor, such Note Guarantor's obligations under its Note Guarantee must be expressly assumed by such other Person, except that such assumption will not be required in the case of:

(1) the disposition in its entirety, whether through a merger, consolidation or sale or disposition of Equity Interests or a sale of all or substantially all assets, of a Subsidiary Guarantor; or

(2) the sale or disposition of all or a portion of such Subsidiary Guarantor's Equity Interests that results in such Subsidiary Guarantor ceasing to be a Subsidiary;

in each case other than to the Parent Guarantor or an Affiliate of the Parent Guarantor and as permitted by the Indenture and if in connection therewith the Parent Guarantor provides an Officers' Certificate to the Trustee to the effect that the Parent Guarantor will comply with its obligations under the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" in respect of such disposition. Upon any sale or disposition described in clause (1) above, the obligor on the related Subsidiary Guarantee will be released from its obligations thereunder, so long as such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Parent Guarantor's and the Issuer's other Indebtedness or any Indebtedness of any other Subsidiary Guarantor.

The Subsidiary Guarantee of a Subsidiary Guarantor also will be released:

(1) upon repayment in full of the Notes;

(2) in connection with any sale or other disposition (including by merger or otherwise) of the Capital Stock of the Subsidiary Guarantor after which such Subsidiary Guarantor is no longer a Restricted Subsidiary, if the sale of such Capital Stock complies with the applicable provisions of the Indenture;

(3) upon the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary to the extent permitted by the Indenture;

(4) if the Issuer exercises its Legal Defeasance option or its Covenant Defeasance option as described under "—Defeasance" or if its obligations under the Indenture are discharged in accordance with the terms of the Indenture;

(5) if such Subsidiary Guarantor (a) has been released or discharged from its obligations under the Credit Agreements and any Guarantees of any Indebtedness of the Parent Guarantor, the Issuer and the Subsidiary Guarantors and (b) is not required at that time to Guarantee the Notes as described under "—Future Subsidiary Guarantors"; or

(6) in the event that the continued obligations of such Subsidiary Guarantor could reasonably be expected to rise or result in (now or in the future): (a) any violation of applicable law, or (b) any personal liability for the officers, directors or indirect shareholders of such Subsidiary Guarantors, which is each case of (a) or (b) cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor and the Subsidiary Guarantor.

Limitations on the Validity and Enforceability of the Subsidiary Guarantees

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or transfer or voidable preference under applicable law. If a Subsidiary Guarantee was rendered avoidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero. Note Guarantees may also be set aside or avoided on other grounds. See "Risk Factors—Risks related to our organization outside the United States."

Additionally, the enforceability of certain Subsidiary Guarantees will be further limited as follows:

Limitations for Malian or Burkinabé Guarantors

The obligations of each Subsidiary Guarantor which is incorporated in the Republic of Mali or Burkina Faso (each, a "Malian or Burkinabé Limited Guarantor"), which as of the Issue Date will be African Mining

Services Burkina Faso SARL (incorporated in Burkina Faso), Underground Mining Services Burkino Faso SARL (incorporated in Burkino Faso), African Underground Mining Services SARL (incorporated in Mali) and African Mining Services Mali SARL (incorporated in Mali), in respect of the Note Guarantee provided under the Indenture or any supplemental indenture shall apply only insofar as required to:

(a) Guarantee the payment obligations of Restricted Subsidiaries which are direct or indirect Subsidiaries of such Malian or Burkinabé Limited Guarantor; and

(b) Guarantee the payment obligations of Restricted Subsidiaries which are not direct or indirect Subsidiaries of such Malian or Burkinabé Limited Guarantor, provided, however, that, in such case, such Note Guarantee shall be limited to the amount of the net assets of such Malian or Burkinabé Limited Guarantor.

No Malian or Burkinabé Limited Guarantor is acting or will act jointly and severally with the other Subsidiary Guarantors, and no Malian or Burkinabé Limited Guarantor is or will be considered as a jointly liable debtor (codébiteur solidaire), as to its obligations pursuant to any Note Guarantee given under the Indenture or any supplemental indenture.

Limitations for Ghanaian Guarantors

The obligations of African Mining Services Ghana Limited, African Underground Mining Services Limited and Logistics Direct Limited (each incorporated in Ghana) and each Subsidiary Guarantor incorporated in the Republic of Ghana (each a "Ghanaian Limited Guarantor") in respect of the Note Guarantee provided under the Indenture or any supplemental indenture shall be limited to an aggregate amount of A$89 million.

No Ghanaian Limited Guarantor is acting or will act jointly and severally with the other Subsidiary Guarantors as to its obligations pursuant to any Note Guarantee given under the Indenture or any supplemental indenture.

Limitations for AUMS (T) Limited

The obligations of AUMS (T) Limited (incorporated in Tanzania)(the "Tanzanian Limited Guarantor") in respect of the Note Guarantee provided under the Indenture shall be limited to an aggregate amount of US$36 million.

The Tanzanian Limited Guarantor is not acting jointly and severally with the other Subsidiary Guarantors as to its obligations pursuant to the Note Guarantee given under the Indenture.

Ranking

Senior Indebtedness versus Notes

The indebtedness evidenced by the Notes and the Note Guarantees will be unsecured and will rank pari passu in right of payment to all existing and future senior indebtedness of the Parent Guarantor, the Issuer and the Subsidiary Guarantors, as the case may be, except indebtedness mandatorily preferred by law.

As of June 30, 2020, as adjusted to give effect to (a) the Notes offering and (b) the application of the proceeds of the Notes offering:

- the Parent Guarantor and its consolidated subsidiaries (which includes the Issuer, the Subsidiary Guarantors and the Non-Guarantor Subsidiaries) would have had A$883.9 million (US$610 million) of total debt outstanding, of which A$231.7 million (US$160 million) would have been secured, consisting of A$125.3 million of Existing Purchase Money Indebtedness and A$106.4 million outstanding under the Credit Agreements; and

- there would have been A$424 million (US$293 million) of availability under the Credit Agreements.

As of June 30, 2020, the Non-Guarantor Subsidiaries would have had A$85 million (US$59 million) of liabilities outstanding, including A$35 million (US$24 million) of Indebtedness.

The Notes are unsecured obligations of the Issuer and Note Guarantors, respectively. Secured debt and other secured obligations of the Issuer and Note Guarantors will effectively rank senior to the Notes to the extent of the value of the assets securing such debt or other obligations.

Liabilities of Subsidiaries versus Notes

The Issuer is a finance subsidiary of the Parent Guarantor and as such does not have any independent assets or operations other than the loans it makes to the Parent Guarantor or other Subsidiaries of the Parent Guarantor. A substantial portion of the operations of the Parent Guarantor is conducted through its Subsidiaries. Some of the Subsidiaries of the Parent Guarantor are not guaranteeing the Notes, and, as described under "—Guarantees", Subsidiary Guarantees may be released under certain circumstances. In addition, future Subsidiaries of the Parent Guarantor may not be required to guarantee the Notes. Claims of creditors of such non-guarantor Subsidiaries, including trade creditors and creditors holding indebtedness or Guarantees issued by such non-guarantor Subsidiaries, and claims of preferred stockholders of such non-guarantor Subsidiaries, generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of the creditors of the Parent Guarantor or the Issuer, including Holders of the Notes. Accordingly, the Notes will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries.

As of June 30, 2020, the total liabilities of the Subsidiaries of the Parent Guarantor (other than the Issuer and Subsidiary Guarantors) were approximately A$85 million (US$59 million), including trade payables and debt. Although the Indenture limits the incurrence of Indebtedness and preferred stock by certain Subsidiaries of the Parent Guarantor, such limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by such Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "—Certain Covenants—Limitation on Indebtedness."

Book-Entry, Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A under the Securities Act will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note"; and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all

purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. None of the Issuer, the Parent Guarantor, any of the Subsidiary Guarantors, the Trustee or any Paying Agent, Transfer Agent or Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee.

The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the applicable Global Note for Certificated Notes and to distribute such Certificated Notes to its participants, which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Parent Guarantor, any of the Subsidiary Guarantors, the Trustee or any Paying Agent, Transfer Agent or Registrar will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Issuer within 90 days, the Issuer will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions," in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions," in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Issuer as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchasers. Indirect access to the DTC system is also available to others that clear through or maintain a

custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial Settlement

Initial settlement of the Notes will be made in immediately available funds. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date. Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the U.S. depositaries.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each Holder shall have the right to require that the Issuer repurchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control Triggering Event, the Issuer will mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

(1) that a Change of Control Triggering Event has occurred and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the transaction or transactions constituting such Change of Control Triggering Event;

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by the Issuer, consistent with the covenant described hereunder, that a Holder must follow in order to have its Notes purchased.

The Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) notice of redemption has been given pursuant to the Indenture for all outstanding Notes as described above under the caption "—Optional Redemption", unless there is a default in payment of the applicable redemption price. A Change of Control Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon such Change of Control Triggering Event.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the covenant described hereunder by virtue of its compliance with such securities laws or regulations.

The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Parent Guarantor and, thus, the removal of incumbent management. The Parent Guarantor has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Parent Guarantor could decide to do so in the future. Subject to the limitations discussed below, the Parent Guarantor could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of

Indebtedness outstanding at such time or otherwise affect the Parent Guarantor's capital structure or credit ratings. Restrictions on the Parent Guarantor's ability to Incur additional Indebtedness are contained in the covenants described under "—Certain Covenants—Limitation on Indebtedness", "—Certain Covenants—Limitation on Liens" and "—Certain Covenants—Limitation on Sale/Leaseback Transactions." Such restrictions can only be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

A Change of Control may be a change of control under the Credit Agreements, which would be a "review event" thereunder. The occurrence of a "review event" may, under certain circumstances described in the Credit Agreements, require the Parent Guarantor and the Issuer to repay the Indebtedness outstanding under the Credit Agreements and result in the cancellation of the lending commitments thereunder. In addition, events that may not constitute a Change of Control may constitute a change of control under the Credit Agreements and accordingly constitute a review event.

Future Indebtedness that the Parent Guarantor may incur may contain prohibitions on the occurrence of certain events that would constitute a Change of Control, or require the repurchase of such indebtedness upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase their Notes could cause a default under such Indebtedness, even if the Change of Control itself does not. Finally, the ability of the Issuer to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the then existing financial resources of the Issuer and the Note Guarantors. The Issuer cannot assure you that it will have sufficient funds available when necessary to make any required repurchases.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Parent Guarantor and its Restricted Subsidiaries (determined on a consolidated basis) to any Person. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under the laws of the State of New York, which is the applicable law that governs the Indenture. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Parent Guarantor and its Restricted Subsidiaries (determined on a consolidated basis). As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control Triggering Event.

Covenant Suspension

If on any date following the date of the Indenture (a) the Notes are rated Investment Grade by any two Rating Agencies and (b) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day (a "Covenant Suspension Date") and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this Offering Memorandum will be suspended:

(1) "—Certain Covenants—Limitation on Indebtedness";

(2) "—Certain Covenants—Limitation on Restricted Payments";

(3) "—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries";

(4) "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock";

(5) "—Certain Covenants—Limitation on Affiliate Transactions";

(6) "—Certain Covenants—Limitation on Line of Business"; and

(7) clauses (a)(3) and (b)(3) of the covenant described under "—Certain Covenants—Mergers and Consolidation" (collectively, the "Suspended Covenants").

Upon occurrence of a Covenant Suspension Date, the Issuer shall notify the Trustee that such Covenant Suspension Date has occurred and the amount of Excess Proceeds from Net Available Cash shall be reset to zero. During any period that the foregoing covenants are suspended, the Parent Guarantor's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described under the caption "—Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary."

In the event that the Parent Guarantor and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") any two Rating Agencies no longer rate the notes as Investment Grade, then the Parent Guarantor and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants with respect to future events. The period of time between the Covenant Suspension Date and the Reversion Date is referred herein as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period with respect to any Suspended Covenant). On the Reversion Date, all Indebtedness incurred and Disqualified Stock issued during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of "—Incurrence of Indebtedness and Issuance of Preferred Stock," all Liens incurred under the proviso to clause (28) of the definition of Permitted Liens will be deemed to be Permitted Liens under clause (8) of the definition of Permitted Liens and the amount of Excess Proceeds will be reset to zero. Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Restricted Payments" will be made as though the covenant described under "—Restricted Payments" had been in effect from the date of the Indenture and during the Suspension Period.

In addition, for purposes of the covenant described under "—Transactions with Affiliates," all agreements and arrangements entered into by the Parent Guarantor or any Restricted Subsidiary with an Affiliate of the Parent Guarantor during the Suspension Period prior to such Reversion Date will be deemed to have been entered into on or prior to the date of the Indenture and for purposes of the covenant described under "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries," all contracts entered into during the Suspension Period prior to such Reversion Date that contain any of the restrictions contemplated by such covenant will be deemed to have been existing as of the date of the Indenture. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade rating. The Issuer will notify the Trustee in writing upon the occurrence of a Covenant Suspension Date or a Reversion Date.

Certain Covenants

The Indenture contains covenants including, among others, the following:

Limitation on Indebtedness

(a) The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Parent Guarantor, the Issuer or any Subsidiary Guarantor will be entitled to Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto on a pro forma basis, the Consolidated Coverage Ratio would be at least 2.0 to 1.0.

(b) Notwithstanding the foregoing paragraph (a), the Parent Guarantor and its Restricted Subsidiaries will be entitled to Incur any or all of the following Indebtedness (any such Indebtedness Incurred pursuant to this clause (b) being herein referred to as "Permitted Indebtedness"):

(1) Indebtedness pursuant to any Credit Facilities; provided, however, that, immediately after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (1) and then outstanding does not exceed the greater of (x) US$550.0 million (or the U.S. Dollar Equivalent thereof) less the sum of all principal payments with respect to such Indebtedness pursuant to paragraph (b)(1) of the covenant described under "—Limitation on Sales of Assets and Subsidiary Stock" and (y) 30% of Consolidated Total Assets;

(2) Indebtedness owed to and held by the Parent Guarantor and/or any of its Restricted Subsidiaries; provided, however, that (A) any subsequent issuance or transfer of any Equity Interests which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Parent Guarantor or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon, (B) if the Issuer is the obligor on

any such Indebtedness owing to a Restricted Subsidiary that is not a Note Guarantor, such Indebtedness is expressly subordinated to the prior payment in full in cash of all its obligations with respect to the Notes and (C) if a Note Guarantor is the obligor on any such Indebtedness owing to a Restricted Subsidiary that is not the Issuer or a Note Guarantor, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations of such Note Guarantor with respect to its Note Guarantee;

(3) the Notes (other than any Additional Notes) and the Note Guarantees thereof;

(4) Indebtedness outstanding on the Issue Date (other than (A) Indebtedness described in clause (1) or (3) of this covenant (B) Existing Purchase Money Indebtedness outstanding on the Issue Date and (C) Indebtedness being repaid with the proceeds from the sale of the Notes);

(5) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired, directly or indirectly, by the Parent Guarantor (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Subsidiary became a Subsidiary or was acquired, directly or indirectly, by the Parent Guarantor); provided, however, that on the date of such acquisition and after giving pro forma effect thereto, either (x) the Parent Guarantor would have been entitled to Incur at least US$1.00 of Indebtedness pursuant to paragraph (a) of this covenant or (y) the Consolidated Coverage Ratio would be greater than or equal to the Consolidated Coverage Ratio immediately prior to giving pro forma effect thereto;

(6) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to paragraph (a) of this covenant or of Permitted Indebtedness Incurred pursuant to clause (3), (4), (5) or this clause (6);

(7) Hedging Obligations Incurred in the ordinary course of business (and not for speculative purposes);

(8) obligations in respect of workers' compensation claims, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, insurance premium finance agreements, reclamation, statutory obligations, bankers' acceptances, performance, bid, appeal, surety or similar bonds and letters of credit or completion and performance guarantees or equipment leases or other similar obligations provided or Incurred by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business;

(9) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(10) Indebtedness consisting of any Guarantee by the Parent Guarantor or any of its Restricted Subsidiaries of Indebtedness of the Parent Guarantor or any of its Restricted Subsidiaries that was permitted to be Incurred by another provision of this covenant; provided, however, that if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes, then the Guarantee thereof shall be subordinated or pari passu, as applicable, to at least the same extent as the Indebtedness being Guaranteed;

(11) Purchase Money Indebtedness Incurred to finance all or any part of the purchase price or cost of design, development, construction, installation or improvement of property (real or personal), plant or equipment or other fixed or capital assets used or useful in the business of the Parent Guarantor or any of its Restricted Subsidiaries or in a Related

Business (in each case, whether through the direct purchase of such assets or the Equity Interests of any Person owning such assets), or repairs, additions or improvements to such assets, and any Refinancing Indebtedness Incurred to Refinance such Indebtedness, in an aggregate principal amount outstanding at any time which, when added together with the amount of Indebtedness Incurred pursuant to this clause (11) and then outstanding, does not exceed the greater of (i) US$175.0 million (or the U.S. Dollar Equivalent thereof) plus an amount equal to the aggregate principal amount of Existing Purchase Money Indebtedness outstanding on the Issue Date and (ii) 10% of Consolidated Total Assets;

(12) Indebtedness to the extent that the net proceeds thereof are promptly deposited (and in no event more than five Business Days thereafter) to defease or to satisfy and discharge the Notes;

(13) Indebtedness arising from agreements of the Parent Guarantor or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, Guarantees or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or a Subsidiary (other than Guarantees of Indebtedness Incurred or assumed by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition); and

(14) Indebtedness of the Parent Guarantor or any of its Restricted Subsidiaries in an aggregate principal amount at any time outstanding which, when taken together with all other Indebtedness outstanding under this clause (14), does not exceed US$75.0 million (or the U.S. Dollar Equivalent thereof).

(c) For purposes of determining compliance with this covenant:

(1) any Indebtedness outstanding under (x) the Credit Agreements after the application of the net proceeds from the sale of the Notes will be treated as Incurred on the Issue Date under clause (1) of paragraph (b) above and (y) the Existing Purchase Money Indebtedness after application of the net proceeds from the sale of the Notes will be treated as Incurred on the Issue Date under clause (11) of paragraph (b) above;

(2) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, the Parent Guarantor, in its sole discretion, will be permitted to classify (and, other than with respect to Indebtedness incurred under clause (1) or Existing Purchase Money Indebtedness incurred under clause (11) of paragraph (b) above, may later reclassify) such item of Indebtedness (or any portion thereof) at the time of Incurrence (and in the case of a reclassification, only to the extent the reclassified item could be Incurred pursuant to the criteria at the time of such reclassification) in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness in one of the above clauses; and

(3) the Parent Guarantor will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described above.

(d) For purposes of determining compliance with any U.S. dollar restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent, determined on the date of the Incurrence of such Indebtedness; provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars, covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent of the Indebtedness Refinanced, except to the extent that (1) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which

case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (2) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred.

(e) Neither the Issuer nor any Note Guarantor will incur any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Note Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Note Guarantee on substantially identical terms; provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Note Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

Limitation on Restricted Payments

(a) The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to make a Restricted Payment unless at the time the Parent Guarantor or such Restricted Subsidiary makes such Restricted Payment:

(1) no Default shall have occurred and be continuing (or would result therefrom);

(2) after giving effect to such transaction on a pro forma basis, the Parent Guarantor would be entitled to Incur an additional US$1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness"; and

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments since the Issue Date (excluding Restricted Payments permitted by clauses (1), (2), (4), (5), (6), (7), (10) and (11) of paragraph (b) of this covenant) would not exceed the sum of (without duplication):

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from January 1, 2020 to the end of the most recent fiscal quarter or semiannual period for which financial statements of the Parent Guarantor are publicly available at the time of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); plus

(B) 100% of the aggregate Net Cash Proceeds and the Fair Market Value of marketable securities or other property received by the Parent Guarantor subsequent to the Issue Date (i) from the issuance or sale (other than an issuance or sale to a Subsidiary of the Parent Guarantor and other than an issuance or sale to an employee stock ownership plan or to a trust established by the Parent Guarantor or any of its Subsidiaries for the benefit of their employees) of its Equity Interests (other than Disqualified Stock) or (ii) as a contribution to its common equity capital; plus

(C) the amount by which Indebtedness of the Parent Guarantor is reduced on the Parent Guarantor's balance sheet upon the conversion or exchange subsequent to the Issue Date of any Indebtedness of the Parent Guarantor convertible or exchangeable for Equity Interests (other than Disqualified Stock) of the Parent Guarantor (less the amount of any cash, or the fair value of any other property, distributed by the Parent Guarantor upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Parent Guarantor or any of its Restricted Subsidiaries from the sale of such Indebtedness (excluding Net Cash Proceeds from sales to a Subsidiary of the Parent Guarantor or to an employee stock ownership plan or a

trust established by the Parent Guarantor or any of its Subsidiaries for the benefit of their employees); plus

(D) an amount equal to the sum of (x) the net reduction in the Investments (other than Permitted Investments) made by the Parent Guarantor or any of its Restricted Subsidiaries in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realized on the sale of such Investment and proceeds representing the return of capital (excluding dividends and distributions), in each case received by the Parent Guarantor or any Restricted Subsidiary, or the full and unconditional release of a Guarantee that is an Investment (other than a Permitted Investment) and (y) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Parent Guarantor's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, in the case of (x) and (y) that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of such Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by the Parent Guarantor or any Restricted Subsidiary in such Person or Unrestricted Subsidiary; plus

(E) 100% of any cash dividends received by the Parent Guarantor or any of its Restricted Subsidiaries after the Issue Date from an Unrestricted Subsidiary of the Parent Guarantor, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Parent Guarantor for such period; plus

(F) A$150.0 million.

The amount specified in clause (3)(F) of paragraph (a) above is intended to reflect a portion of the accumulated capacity under the equivalent paragraph of the indenture governing the Issuer's US$300 million 6.875% Guaranteed Senior Notes due 2019, which we redeemed in connection with the Acquisition in December 2018. We estimate that such capacity immediately prior to redemption was approximately A$300.9 million, principally reflecting the net cash proceeds of the A$250 million non-renounceable entitlement offer.

(b) The preceding provisions will not prohibit:

(1) any Restricted Payment made out of the Net Cash Proceeds of the substantially concurrent sale of, or made in exchange for, Equity Interests of the Parent Guarantor (other than Disqualified Stock and other than Equity Interests issued or sold to a Subsidiary of the Parent Guarantor or an employee stock ownership plan or to a trust established by the Parent Guarantor or any of its Subsidiaries for the benefit of their employees) or a substantially concurrent contribution to the common equity capital of the Parent Guarantor; provided, however, that the Net Cash Proceeds from such sale or such cash capital contribution (to the extent so used for such Restricted Payment) shall be excluded from the calculation of amounts under clause (3)(B) of paragraph (a) above;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Issuer or a Note Guarantor made by exchange for, or out of the proceeds of the substantially concurrent Incurrence of, Refinancing Indebtedness which is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness";

(3) the payment of any dividend or distribution or consummation of any irrevocable redemption within 60 days after the date of declaration thereof or the call for a redemption thereof, if at such date of declaration or call for redemption such payment would have complied with paragraph (a) of this covenant;

(4) so long as no Default has occurred and is continuing (or would result therefrom), (i) the purchase, redemption or other acquisition of Equity Interests of the Parent Guarantor from employees, former employees, directors or former directors of the Parent Guarantor or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of any employment agreement, equity subscription agreement, stock option agreement or similar agreement or stock option plan and (ii) the purchase of Equity Interests of the Parent Guarantor in connection with the award of restricted stock grants to employees or directors of the Parent Guarantor or any of its Subsidiaries pursuant to the terms of any employment agreement or employee benefit plan to cover restricted shares granted pursuant to such contract or plan; provided, however, that the amount of such Restricted Payments under clauses (i) and (ii), in the aggregate, shall not exceed A$25.0 million (or the Australian Dollar Equivalent thereof) in any calendar year (with any unused amounts in any calendar year being carried over to the immediately succeeding calendar year subject to a maximum of A$50.0 million (or the Australian Dollar Equivalent thereof) in any calendar year), although such amount in any calendar year may be increased by an amount not to exceed:

(a) The Net Cash Proceeds from the sale of Capital Stock (other than Disqualified Stock) of the Parent Guarantor to existing or former employees or members of management of the Parent Guarantor or any of its Subsidiaries after the Issue Date; plus

(b) the cash proceeds of key man life insurance policies received by the Parent Guarantor or any Restricted Subsidiary after the Issue Date; less

(c) the amount of any Restricted Payments made since the Issue Date with the Net Cash Proceeds described in clauses (a) and (b) of this clause (4);

(5) the declaration and payments of dividends or distributions on Preferred Stock of a Restricted Subsidiary or Disqualified Stock issued pursuant to the covenant described under "—Limitation on Indebtedness"; provided, however, that, at the time of payment of such dividend or distribution, no Default has occurred and is continuing (or would result therefrom);

(6) repurchases of Equity Interests deemed to occur upon exercise of stock options, warrants or other securities convertible into or exchangeable for Equity Interests of the Parent Guarantor to the extent such repurchased Equity Interests represent a portion of the exercise price thereof or applicable withholding taxes, if any;

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of stock options, warrants or other securities convertible into or exchangeable for Equity Interests of the Parent Guarantor; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this covenant;

(8) if no Default has occurred and is continuing (or would result therefrom), the payment, purchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Issuer or any Note Guarantor, in each case, at a purchase price not greater than 101% of the principal amount of such Subordinated Obligations, plus any accrued and unpaid interest thereon, following the occurrence of a Change of Control Triggering Event or with the Excess Proceeds of one or more Asset Dispositions; provided, however, that prior to such payment, purchase, redemption, defeasance or other acquisition or retirement, the Issuer (or a third party to the extent permitted by the Indenture) shall have made a Change of Control Offer or Proceeds Offer, as the case may be, with respect to the Notes as a result of such Change of Control Triggering Event or Asset Disposition, as the case may be, and shall have repurchased all Notes validly tendered and not withdrawn in connection with such Change of Control Offer or Proceeds Offer, as the case may be;

(9) the payment of any dividend or distribution by a Restricted Subsidiary that it not a Wholly Owned Subsidiary on a pro rata basis;

(10) the declaration and payment of dividends on the Parent Guarantor's Capital Stock in an aggregate amount not to exceed in any fiscal year 6% of the Market Capitalization of the Parent Guarantor, provided, that, at the time of declaring such dividend, the Leverage Ratio is less than 2.5 to 1.0; or

(11) other Restricted Payments in an aggregate amount not to exceed A$175.0 million (or the Australian Dollar Equivalent thereof).

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any security, property or other assets that are required to be valued by this covenant will be the Fair Market Value. The amount of all Restricted Payments in cash shall be its face amount. For purposes of determining compliance with any U.S. dollar restriction on Restricted Payments, the Australian Dollar Equivalent of a Restricted Payment denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date the Parent Guarantor or the Restricted Subsidiary, as the case may be, first commits to such Restricted Payment.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions to the Parent Guarantor or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Capital Stock shall not be deemed to be a restriction on the ability to make distributions on Capital Stock), (b) pay any Indebtedness owed to the Issuer or any Note Guarantor, (c) make any loans or advances to the Parent Guarantor or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances) or (d) sell, lease or transfer any of its properties or assets to the Parent Guarantor or any of its Restricted Subsidiaries, except in each case for such encumbrances or restrictions existing under or by reason of:

(1) agreements in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements or Refinancings of those agreements; provided, however, that the amendments, restatements, modifications, renewals, supplements or Refinancings are not materially more restrictive, taken as a whole, with respect to such encumbrances and restrictions then those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes and the Note Guarantees;

(3) applicable law, rule, regulation or order;

(4) any agreement or instrument of a Person acquired, directly or indirectly, by the Parent Guarantor as in effect at the time of such acquisition (to the extent such agreement or instrument was not entered into in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person other than the Person, or property and assets of the Person, so acquired;

(5) any agreement effecting a Refinancing of Indebtedness provided, however, that the encumbrances and restrictions contained in any such Refinancing agreement or instrument or other amendment, modification, supplement, restatement, renewal or replacement are not materially more restrictive, taken as a whole, than those contained in such predecessor agreements or instruments;

(6) any agreement entered into for the sale or disposition of all or substantially all the Equity Interests or assets of a Restricted Subsidiary pending the closing of such sale or disposition;

(7) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, limited liability company organizational documents for a joint venture and other similar agreements entered into in the ordinary course of business which limitation is applicable only to the assets that are the subject of such agreements;

(8) restrictions on cash, cash equivalents, marketable securities, investment grade securities or other deposits or net worth imposed by insurers, sureties, bonding companies, customers or lessors under contracts or leases entered into in the ordinary course of business;

(9) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the covenant described under "—Limitation on Indebtedness" if, as determined by the Board of Directors, the encumbrances or restrictions (i) are customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability to make required payments on the Notes;

(10) customary nonassignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder;

(11) customary nonassignment provisions in any contracts or licenses to the extent such provisions restrict the transfer of such contract or license or any rights or property thereunder;

(12) any Liens permitted to be incurred pursuant to the covenant described under "—Limitation on Liens" that limit the right of the debtor to dispose of the assets subject to such Liens; and

(13) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased.

Limitation on Sales of Assets and Subsidiary Stock

(a) The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate any Asset Disposition unless:

(1) the Parent Guarantor or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value (including the value of all non-cash consideration) of the shares and assets subject to such Asset Disposition; and

(2) at least 75% of the consideration thereof received by the Parent Guarantor or such Restricted Subsidiary is in the form of cash, Temporary Cash Investments or Replacement Assets.

For the purposes of this covenant, the following are deemed to be cash or Temporary Cash Investments:

(1) the assumption or discharge of Indebtedness of the Parent Guarantor (other than obligations in respect of Disqualified Stock of the Parent Guarantor) or any Restricted Subsidiary (other than obligations in respect of Disqualified Stock or Preferred Stock of a Subsidiary Guarantor) or other current liabilities as shown on the Parent Guarantor or such Restricted Subsidiary's balance sheet or the notes thereto and the release of the Parent Guarantor or such Restricted Subsidiary from all liability on such Indebtedness or such other current liabilities in connection with such Asset Disposition;

(2) securities, notes or other similar obligations received by the Parent Guarantor or any Restricted Subsidiary from the transferee that are converted by the Parent Guarantor or such Restricted Subsidiary into cash or Temporary Cash Investments within 180 days of

their receipt to the extent of the cash or Temporary Cash Investments received in that conversion; and

(3) any Designated Non-Cash Consideration received by the Parent Guarantor or any of its Restricted Subsidiaries in such Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (3) that is at that time outstanding, not to exceed the greater of (x) US$45.0 million (or the U.S. Dollar Equivalent thereof), or (y) 2.5% of Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

(b) Within 365 days of the receipt of any Net Available Cash from such Asset Disposition, the Parent Guarantor (or such Restricted Subsidiary, as the case may be) may apply such Net Available Cash, at its option:

(1) to reduce the outstanding principal amount of Permitted Indebtedness Incurred pursuant to clause (b)(1) of the covenant described under "—Limitation on Indebtedness";

(2) to reduce the outstanding principal amount of any other Indebtedness of the Parent Guarantor, the Issuer or any Subsidiary Guarantor that is pari passu in right of payment with the Notes or a Note Guarantee; provided, however, that in the case of this clause (2), the Parent Guarantor shall equally and ratably reduce the principal amount of Notes outstanding, through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or through redemption, or shall offer (in accordance with the procedures set forth below in clause (c) of this covenant) to all Holders to purchase their Notes at 100% of the principal amount thereof, plus accrued but unpaid interest, if any, thereon up to a principal amount which, if the offer were accepted, would result in such reduction;

(3) to reduce the outstanding principal amount of Indebtedness of a Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor (other than Indebtedness owed to the Parent Guarantor or an Affiliate of the Parent Guarantor);

(4) to acquire Replacement Assets; provided that a binding commitment to invest in Replacement Assets shall be treated as a permitted application of the Net Available Cash from the date of such commitment so long as the Parent Guarantor or a Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Available Cash will be applied to satisfy such commitment within 270 days of such commitment (an "Acceptable Commitment") and such Net Available Cash is actually applied in such manner within the later of 365 days from the consummation of the Asset Sale and 270 days from the date of the Acceptable Commitment, and in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Available Cash is applied in connection therewith, Parent or such Restricted Subsidiary enters into another Acceptable Commitment (a "Second Commitment") within 270 days of such cancellation or termination and such Net Available Cash is actually applied in such manner within 270 days from the date of the Second Commitment, it being understood that if a Second Commitment is later cancelled or terminated for any reason before such Net Available Cash is applied, then such Net Available Cash shall constitute Excess Proceeds; or

(5) to make a Proceeds Offer (as defined below);

provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (1) or (3) above, the Parent Guarantor or such Restricted Subsidiary shall permanently retire such Indebtedness and shall cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

Pending application of Net Available Cash pursuant to this covenant, such Net Available Cash may be applied to temporarily reduce revolving credit indebtedness or otherwise invested in any manner not prohibited by the Indenture.

(c) Any Net Available Cash from Asset Dispositions that is not applied in accordance with paragraph (b) above will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds US$30.0 million (or the U.S. Dollar Equivalent thereof), within 30 days thereof, the Parent Guarantor will make an offer (a "Proceeds Offer") to the Holders of the Notes (and, to the extent required by the terms of other Indebtedness of the Parent Guarantor, the Issuer or a Subsidiary Guarantor that is pari passu with the Notes or a Note Guarantee, to all holders of such other pari passu Indebtedness outstanding with similar provisions requiring the Parent Guarantor, the Issuer or such Subsidiary Guarantor to make an offer to purchase or redeem such pari passu Indebtedness with the proceeds from any Asset Disposition) to purchase the maximum principal amount of Notes (and such pari passu Indebtedness of the Parent Guarantor, the Issuer or a Subsidiary Guarantor) that may be purchased with such Excess Proceeds pursuant to and subject to the conditions contained in the Indenture. The Parent Guarantor will purchase Notes tendered pursuant to an offer by the Parent Guarantor for the Notes (and such pari passu Indebtedness of the Parent Guarantor, the Issuer or of a Subsidiary Guarantor) at a purchase price of 100% of their principal amount (or, in the event such pari passu Indebtedness was issued with original issue discount, 100% of the accreted value thereof), without premium, plus accrued but unpaid interest (or, in respect of such pari passu Indebtedness, such lesser price, if any, as may be provided for by the terms of such pari passu Indebtedness) in accordance with the procedures (including prorating in the event of over subscription) set forth in the Indenture. If the aggregate purchase price of the securities tendered exceeds the Net Available Cash allotted to their purchase, the Parent Guarantor will select the securities to be purchased on a pro rata basis or in accordance with DTC procedures but in round denominations, which in the case of the Notes will be minimum denominations of US$200,000 principal amount or any greater integral multiple of US$1,000. Upon completion of such Proceeds Offer, the amount of Excess Proceeds shall be reset at zero.

The Parent Guarantor will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of the Notes as a result of a Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Parent Guarantor will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the covenant described hereunder by virtue of its compliance with such securities laws or regulations.

Limitation on Affiliate Transactions

(a) The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Parent Guarantor involving aggregate payments or consideration in excess of US$5.0 million (or the U.S. Dollar Equivalent thereof) (an "Affiliate Transaction") unless:

(1) the terms of the Affiliate Transaction are no less favorable to the Parent Guarantor or such Restricted Subsidiary than those that could be obtained at the time of the Affiliate Transaction in arm's-length dealings with a Person who is not an Affiliate; and

(2) if such Affiliate Transaction involves an amount in excess of US$20.0 million (or the U.S. Dollar Equivalent thereof), the terms of the Affiliate Transaction are set forth in writing and a majority of the non-employee directors of the Parent Guarantor disinterested with respect to such Affiliate Transaction have determined in good faith that the criteria set forth in clause (1) are satisfied and have approved the relevant Affiliate Transaction as evidenced by a resolution of the Board of Directors of the Parent Guarantor; and

(b) The provisions of the preceding paragraph (a) will not prohibit:

(1) transactions between or among the Parent Guarantor and/or its Restricted Subsidiaries;

(2) any Permitted Investment and any Restricted Payment permitted to be made pursuant to the covenant described under "—Limitation on Restricted Payments";

(3) any employment agreement, indemnification agreement, consulting, service or termination agreement or similar arrangement, or any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans, or other employee or compensation benefit plan, in each case approved by the Board of Directors of the Parent Guarantor;

(4) the payment of reasonable fees to directors or managers, as applicable, of the Parent Guarantor and its Restricted Subsidiaries who are not employees of the Parent Guarantor or its Restricted Subsidiaries and the payment of customary indemnification to directors, managers, officers and employees of the Parent Guarantor and its Restricted Subsidiaries;

(5) any transaction with a Person (other than an Unrestricted Subsidiary of the Parent Guarantor) which would constitute an Affiliate Transaction solely because the Parent Guarantor or a Restricted Subsidiary owns an equity interest in or otherwise controls such Person;

(6) the issuance or sale of any Equity Interests (other than Disqualified Stock) of the Parent Guarantor;

(7) any contributions to the common equity capital of the Parent Guarantor;

(8) transactions pursuant to, or contemplated by, any agreement in effect on the Issue Date and described in the Offering Memorandum and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date; and

(9) transactions in which the Parent Guarantor or any Restricted Subsidiary receives a written opinion from an Independent Financial Advisor stating such transaction is fair to the Parent or such Restricted Subsidiary from a financial point of view.

Limitation on Line of Business

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries, to engage in any business other than a Related Business.

Limitation on Liens

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur or permit to exist any Lien (other than Permitted Liens) of any nature whatsoever on any of its property or assets (including Equity Interests of a Restricted Subsidiary), whether now owned or hereafter acquired, securing any Indebtedness (the "Initial Lien") without effectively providing that the Notes, or in the case of an Initial Lien on any property or assets of any Note Guarantor, the Note Guarantee of such Note Guarantor, shall (together with, if Parent Guarantor shall so determine, any other Indebtedness of Parent Guarantor or any of its Restricted Subsidiaries) be secured equally and ratably with (or prior to) the obligations so secured by a Lien on the same assets for so long as such obligations are so secured.

Any such Lien thereby created in favor of the Notes or any such Note Guarantee will be automatically and unconditionally released and discharged upon (i) the release and discharge of each Initial Lien to which it relates, (ii) the repayment in full of the Notes, (iii) in the case of any such Lien in favor of any such Note Guarantee, upon the

release, or termination and discharge, of such Note Guarantee in accordance with the terms of the Indenture, (iv) the Issuer's exercise of its Legal Defeasance option or Covenant Defeasance option as described under "—Defeasance" or the satisfaction and discharge of the Issuer's obligations under the Indenture or (v) any sale, exchange or transfer to any Person not an Affiliate of the Parent Guarantor of the property or assets secured by such Initial Lien.

Limitation on Sale/Leaseback Transactions

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(1) the Parent Guarantor or such Restricted Subsidiary would be entitled to (A) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to the covenant described under "—Limitation on Indebtedness" and (B) create a Lien on such property securing such Attributable Debt without equally and ratably securing the Notes pursuant to the covenant described under "—Limitation on Liens";

(2) the gross proceeds received by the Parent Guarantor or any Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the Fair Market Value of such property; and

(3) the Parent Guarantor applies the proceeds of such transaction in compliance with the covenant described under "—Limitation on Sales of Assets and Subsidiary Stock."

Merger and Consolidation

(a) The Parent Guarantor will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:

(1) either (i) the Parent Guarantor is the surviving or continuing Person or (ii) the resulting, surviving or transferee Person, if not the Parent Guarantor (the "Successor Parent Guarantor"), shall be organized or existing under the laws of Australia or any State thereof, the United States, any State thereof or the District of Columbia, and the Successor Parent Guarantor (if not the Parent Guarantor) shall own, directly or indirectly, all of the outstanding Capital Stock of the Issuer and shall expressly assume, by an indenture supplemental thereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Notes and the Indenture;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Parent Guarantor or any Subsidiary as a result of such transaction as having been Incurred by such Successor Parent Guarantor or such Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, the Successor Parent Guarantor would be able either (i) to Incur an additional US$1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness" or (ii) have a Consolidated Coverage Ratio not less than the Consolidated Coverage Ratio immediately prior to such transaction; and

(4) the Parent Guarantor shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture;

provided, however, that clause (3) will not be applicable to (A) a Restricted Subsidiary consolidating with, merging into or transferring all or part of its properties and assets to the Parent Guarantor or (B) the Parent Guarantor merging with an Affiliate of the Parent Guarantor solely for the purpose and with the sole effect of reincorporating the Parent Guarantor in another jurisdiction.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Parent Guarantor, which properties and assets, if held by the Parent Guarantor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Parent Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Parent Guarantor.

The Successor Parent Guarantor (if not the Parent Guarantor) will be the successor to the Parent Guarantor and shall succeed to, and be substituted for, and may exercise every right and power of, the Parent Guarantor under the Indenture, and the predecessor Parent Guarantor, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Notes.

(b) The Issuer will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:

(1) either (i) the Issuer is the surviving or continuing Person or (ii) the resulting, surviving or transferee Person, if not the Issuer (the "Successor Issuer"), shall be organized or existing under the laws of Australia or any State thereof, the United States, any State thereof or the District of Columbia, and the Successor Issuer (if not the Issuer) shall expressly assume, by an indenture supplemental thereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Issuer as a result of such transaction as having been Incurred by such Successor Issuer at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, the Successor Issuer would either (i) be able to Incur an additional US$1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "—Limitation on Indebtedness" or (ii) have a Consolidated Coverage Ratio not less than the Consolidated Coverage Ratio immediately prior to such transaction;

(4) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture; and

(5) each Note Guarantor, unless it is a party to the transaction, shall have confirmed that its Note Guarantee shall apply to such Person's obligations under the Indenture and the Notes.

provided, however, that clause (3) will not be applicable to (A) a Restricted Subsidiary of the Issuer consolidating with, merging into or transferring all or part of its properties and assets to the Issuer or (B) the Issuer merging with an Affiliate of the Issuer solely for the purpose and with the sole effect of reincorporating the Issuer in another jurisdiction.

The Successor Issuer (if not the Issuer) will be the successor to the Issuer and shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, and the Issuer, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Notes.

(c) No Subsidiary Guarantor will consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person unless:

(1) either (i) such Subsidiary Guarantor is the surviving or continuing Person or (ii) the resulting, surviving or transferee Person (if not such Note Guarantor) shall be organized or existing under the laws of the jurisdiction under which such Subsidiary Guarantor was organized or under the laws of Australia or any State thereof, the United States, any State thereof or the District of Columbia, and such Person (if not such Note Guarantor) shall expressly assume, by a Guarantee Agreement, in a form reasonably satisfactory to the Trustee, all the obligations of such Subsidiary Guarantor, if any, under its Subsidiary Guarantee; provided, however, that the foregoing shall not

apply in the case of a Subsidiary Guarantor (x) that has been disposed of in its entirety to another Person (other than to the Parent Guarantor or an Affiliate of the Parent Guarantor), whether through a merger, consolidation or sale or disposition of Equity Interests or a sale of all or substantially all assets or (y) that, as a result of the sale or disposition of all or a portion of its Equity Interests, ceases to be a Subsidiary, in both cases, if in connection therewith the Parent Guarantor provides an Officers' Certificate to the Trustee to the effect that the Parent Guarantor will comply with its obligations under the covenant described under "—Limitation on Sales of Assets and Subsidiary Stock" in respect of such disposition;

(2) immediately after giving effect to such transaction or transactions on a pro forma basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Parent Guarantor delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such Guarantee Agreement, if any, complies with the Indenture.

The successor Note Guarantor (if not the Issuer) will be the successor to such Subsidiary Guarantor and shall succeed to, and be substituted for, and may exercise every right and power of, such Subsidiary Guarantor and its Subsidiary Guarantee, and the predecessor Note Guarantor, except in the case of a lease, shall be released from its obligations under its Subsidiary Guarantee and the Indenture. Notwithstanding the foregoing, (1) a Subsidiary Guarantor may merge or consolidate with an Affiliate solely for the purpose and with the sole effect of reincorporating such Subsidiary Guarantor in another jurisdiction without regard to compliance with clause (2) above, and (2) a Subsidiary Guarantor may merge or consolidate with, or transfer all or part of its properties and assets to, another Note Guarantor or the Issuer.

Future Subsidiary Guarantors

If, after the Issue Date, (a) any Restricted Subsidiary (including any newly formed, newly acquired or newly redesignated Restricted Subsidiary) that is not then a Subsidiary Guarantor (i) Incurs or Guarantees any Indebtedness under any of the Credit Agreements or (ii) Guarantees, or becomes a co-obligor of, any Indebtedness of the Parent Guarantor, the Issuer or any Subsidiary Guarantor in an aggregate principal amount in excess of US$25.0 million, or (b) the Parent Guarantor otherwise elects to have any Restricted Subsidiary become a Subsidiary Guarantor, then, in each such case, the Parent Guarantor shall cause such Restricted Subsidiary to execute and deliver to the Trustee, promptly upon Incurring or guaranteeing such Indebtedness, a supplemental indenture substantially in the form set forth in the Indenture, pursuant to which such Restricted Subsidiary shall become a Subsidiary Guarantor under the Indenture unless, in the case of paragraph (a) or (b) above, as a result of applicable law, rule or regulation (including, without limitation, the U.S. Investment Company Act of 1940, as amended), (x) such Subsidiary cannot provide a guarantee of the Notes or (y) providing such a guarantee would reasonably be expected to give rise to or result in any personal liability for officers or directors of such Subsidiary or its shareholders after giving effect to any limitations on such Note Guarantee as described under "—Limitations on Validity and Enforceability of the Subsidiary Guarantees."

Each additional Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or transfer or voidable preference under applicable law. Further, a Subsidiary Guarantee may be limited or restricted by provisions of applicable law, given subject to or conditioned upon receipt of certain governmental approvals and shall be on terms substantially consistent with those set forth in the Credit Agreements or other relevant debt instrument giving rise to the obligation to provide such Subsidiary Guarantee. In particular, see "—Guarantees—Limitations on Validity and Enforceability of the Subsidiary Guarantees."

Reports

The Parent Guarantor will provide to the Trustee and each Holder of the Notes or will provide to the Trustee to make available to each Holder of the Notes upon request, without cost to such Holder of the Notes: (i) as soon as available after the end of each fiscal year (and, in any event, within 120 days after the close of such fiscal year), annual reports in English, including financial statements (containing a consolidated statement of financial

position as of the end of such fiscal year and immediately preceding fiscal year and consolidated statements of comprehensive income, changes in equity and cash flows for such fiscal year and the immediately preceding fiscal year) with a report thereon by an internationally recognized independent firm of chartered accountants, (ii) as soon as available (and, in any event, within 60 days after the close of the first six months in each fiscal year) interim semiannual reports in English, containing a condensed consolidated statement of financial position as of the end of each interim period covered thereby and as of the end of the immediately preceding fiscal year and condensed consolidated statements of comprehensive income and cash flows for each interim period covered thereby and for the comparable period of the immediately preceding fiscal year, and (iii) whether or not the Parent Guarantor has equity listed on the ASX, any other documents filed, furnished or otherwise provided or that would be required to be provided to the ASX pursuant to the periodic disclosure reporting requirements under Australian securities laws and regulations and ASX rules if the Parent Guarantor had equity listed on the ASX, within the time periods specified therein. The Parent Guarantor need not provide those annual or interim reports to the Trustee and each Holder of the Notes if and to the extent that the Parent Guarantor files or furnishes those reports with the ASX and those reports are publicly available on the ASX website within the time periods referred to in clauses (i), (ii) and (iii) above.

All financial statements shall be prepared in accordance with the financial reporting standards applicable to the Parent Guarantor established by the Australian Accounting Standards Board as then in effect. Except as provided for above, no report need include separate financial statements for the Subsidiaries of the Parent Guarantor or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

If the Parent Guarantor no longer has equity listed on the ASX, contemporaneously with the furnishing of each such report discussed above, the Parent Guarantor will also (a) file a press release with the appropriate internationally recognized wire services in connection with such report and (b) post such report on the Parent Guarantor's website. The website which contains such annual, semi-annual and quarterly reports described under clauses (i), (ii) and (iii) of the first paragraph of this covenant shall be made available to the public and shall not be password protected.

If the Parent Guarantor no longer has equity listed on the ASX, so long as any Notes are outstanding, the Parent Guarantor will also:

(1) as soon as practicable, but in any event, no later than 20 Business Days, after furnishing to the Trustee the annual, semi-annual and quarterly reports required by clauses (i), (ii) and (iii) of the first paragraph of this covenant, hold a conference call to discuss such reports and the results of operations for the relevant reporting period; and

(2) issue a press release to an internationally recognized wire service no fewer than five Business Days prior to the date of the conference call required by the foregoing clause (1) of this paragraph, announcing the time and date of such conference call and either including all information necessary to access the call or directing holders of the Notes, prospective investors, broker dealers and securities analysts to contact the appropriate person at the Parent Guarantor to obtain the information.

The Parent Guarantor shall deliver written notice to the Trustee within 30 days after an Officer becoming aware of the occurrence of a Default or an Event of Default.

In the event that the Parent Guarantor is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Parent Guarantor will also, for so long as any the Notes remain "restricted securities" under Rule 144(a)(3) under the Securities Act, furnish or cause to be furnished to the holders of the Notes, beneficial owners of the Notes, securities analysts and prospective investors upon request the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Payments for Consent

The Parent Guarantor will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes

unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange offer, the Parent Guarantor and any Restricted Subsidiary may exclude (i) holders or beneficial owners of the Notes that are not institutional "accredited investors" as defined in subparagraphs (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act, and (ii) holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Parent Guarantor or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Parent Guarantor in its sole discretion.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenant described under "—Certain Covenants—Merger and Consolidation," or the failure by the Parent Guarantor or the Issuer to make or consummate a Change of Control Offer or a Proceeds Offer in the manner described under "—Change of Control Triggering Event" or "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock";

(4) the Parent Guarantor or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 60 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Issuer, any Note Guarantor or any Significant Subsidiary having an outstanding principal amount of US$25.0 million (or the U.S. Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that results in such Indebtedness being due and payable prior to its Stated Maturity (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Issuer, such Guarantor or such Significant Subsidiary of notice of any such acceleration) and/or (b) a default in payment of principal in respect of, such Indebtedness when the same becomes due and payable;

(6) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any Restricted Subsidiary and are not paid or discharged, that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to either individually or in an aggregate amount, in each case, in excess of US$25.0 million (or the U.S. Dollar Equivalent thereof) (in excess of amounts which the Parent Guarantor's or such Restricted Subsidiary's insurance carriers have agreed in writing to pay under applicable policies) and there is a period of 60 consecutive days following entry of the final judgment or order during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against, or an order is made for the judicial management or administration of, the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant

Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency, winding-up or other similar law now or hereafter in effect seeking the appointment of an administrator, receiver, receiver and manager, liquidator, provisional liquidator, mortgagee in possession, Controller or similar official of the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or any action is initiated (including any reference or inquiry) by or before any authority of competent jurisdiction which may result in (a) the suspension or staying of the obligations of any Note Guarantor with respect to such Note Guarantor's Note Guarantee or (b) the requirement for approval from such authority of competent jurisdiction for enforcement of a Note Guarantee, and such involuntary case or other proceeding or action remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) (a) commences a voluntary case under any applicable bankruptcy, insolvency, winding-up or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by an administrator, receiver, receiver and manager, liquidator, provisional liquidator, mortgagee in possession, Controller or similar official of the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Issuer, the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or (c) makes any resolution for winding-up or dissolution effective; or (d) effects any general assignment for the benefit of creditors; or

(9) any Note Guarantor that is a Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) denies or disaffirms its or their obligations under its or their Note Guarantee or Note Guarantees or, except as permitted by the Indenture, any Note Guarantee of any Significant Subsidiary (or the Note Guarantees of any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) is or are determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture and of which a Responsible Officer of the Trustee has received written notice, the Trustee, or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may on behalf of all the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, that a Responsible Office of the Trustee has received written notice of, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or indemnification satisfactory to it is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of the offer of indemnity pursuant to clause (3) above, whichever occurs later; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under any Note Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Parent Guarantor must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Parent Guarantor and the Restricted Subsidiaries and the Parent Guarantor's and the Restricted Subsidiaries' performance under the Indenture and that the Parent Guarantor and each Restricted Subsidiary have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof.

The Parent Guarantor will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "—Certain Covenants—Reports."

If any Default occurs and is continuing and has been notified in writing to a Responsible Officer of the Trustee, the Trustee will send notice of the Default to each holder within 30 days after the Trustee has been notified of such Default, unless the Default has been cured; provided, however, that, except in the case of a default in the payment of the principal of or premium or interest on any Note, the Trustee may withhold the notice if and so long

as the board of directors, the executive committee or a trust committee of directors of the Trustee in good faith determines that withholding the notice is in the interest of the Holders.

Amendments and Waiver

Amendments without consent of holders

The Indenture, the Notes or the Note Guarantees may be amended, supplemented or otherwise modified, without the consent of any Holder:

(1) to cure any ambiguity, defect, omission or inconsistency;

(2) to comply with the provisions described under "—Consolidation and Merger";

(3) to evidence and provide for the acceptance of appointment by a successor Trustee;

(4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(7) to add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;

(8) to add security for the Notes or any Note Guarantee and create or register Liens on such security and to release such security in accordance with the Indenture;

(9) to add to the covenants of the Issuer or any Note Guarantor for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Issuer or any Note Guarantor;

(10) to make any change that would provide any additional rights or benefits to the Holders of the Notes;

(11) to conform the text of the Indenture, the Notes or the Note Guarantees to the corresponding provision of this "Description of the Notes" to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes and the Note Guarantees; or

(12) to make any other change that does not adversely affect the rights of any Holder.

Amendments with consent of holders

Amendments, supplements or other modifications of the Indenture, the Notes or the Note Guarantees may be made by the Issuer, the Note Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer and the Note Guarantors with any provision of the Indenture, the Notes or the Note Guarantees; provided, however, that no such amendment, supplement, modification or waiver may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Note Guarantee;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(8) release any Note Guarantor from its Note Guarantee, except as provided in the Indenture;

(9) amend, change or modify any Note Guarantee in a manner that adversely affects the Holders;

(10) reduce the amount payable upon a Change of Control Offer or a Proceeds Offer or change the time or manner by which a Change of Control Offer or a Proceeds Offer may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or a Proceeds Offer, in each case after such Change of Control Triggering Event has occurred or such obligation to make a Proceeds Offer has arisen;

(11) change the redemption date or the redemption price of the Notes from that stated under "—Optional Redemption" or "—Redemption for Taxation Reasons"; or

(12) amend, change or modify the obligation of the Issuer or any Note Guarantor to pay Additional Amounts.

Transfer

The Notes will be issued in registered form and will be transferable only upon the surrender of the Notes being transferred for registration of transfer. The Issuer may require payment of a sum sufficient to cover any tax, assessment or other governmental charge payable in connection with certain transfers and exchanges.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to indemnify the Trustee and to hold monies for payment in trust) if, among other things:

(1) the Issuer (a) has deposited with the Trustee, in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;

(2) the Issuer has delivered to the Trustee (a) either (i) an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters that is based on a change in applicable U.S. federal income tax law occurring after the Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Issuer's exercise of its option under this "Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (ii) a ruling directed to the Issuer or the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (b) an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(3) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(4) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any of the Restricted Subsidiaries is a party or by which the Parent Guarantor or any of the Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to the covenants described under "—Change of Control Triggering Event", clause (3) of paragraphs (a) and (b) under "—Certain Covenants—Merger and Consolidation" and all other covenants described herein under "—Certain Covenants" and clause (3) under "—Events of Default" with respect to such clause (3) of paragraphs (a) and (b) under "—Certain Covenants—Merger and Consolidation" and with respect to the other events set forth in such clause and clause (4) under "—Events of Default" with respect to such other covenants and clauses (5), (6), (7) and (8) under "—Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2)(b) of the preceding paragraph and the delivery by the Issuer to the Trustee of an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

In the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer and the Note Guarantors will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) the Issuer has paid or caused to be paid all sums payable by it under the Indenture, including all expenses, fees and indemnities due to the Trustee;

(2) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(3) in respect of clause 2(b), the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Note Guarantor is a party or by which the Issuer or any Note Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings); and

(4) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Currency Indemnity

The U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer and the Note Guarantors under the Notes and the Note Guarantees (the "Contractual Currency"). Any amount received or recovered in currency other than the Contractual Currency in respect of the Notes or the Note Guarantees (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up, liquidation or dissolution of Parent Guarantor, any Subsidiary or otherwise) by the Trustee or a Holder in respect of any sum expressed to be due to it from the Issuer or a Note Guarantor shall constitute a discharge of the Issuer or the Note Guarantor, as the case may be, only to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that purchased amount is less than the Contractual Currency amount expressed to be due to the recipient under any Note, the Issuer and the Note Guarantors shall indemnify the recipient against any loss sustained by it as a result. For the purposes of this indemnity, it will be sufficient for the Trustee or a Holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of Contractual Currency been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Contractual Currency on such date had not been possible, on the first date on which it would have been possible).

Each of the above indemnities will, to the extent permitted by law:

- constitute a separate and independent obligation from the other obligations of the Issuer or the Note Guarantors;
- give rise to a separate and independent cause of action;
- apply irrespective of any waiver granted by any Holder; and
- continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

The Issuer and the Note Guarantors agree to pay amounts under this indemnity on demand from the Trustee or a Holder. Neither the Trustee or any Holder has any obligation to investigate whether the conversion rate offered to it at the time of conversion is the best market rate and will have no liability whatsoever in connection with the conversion.

Concerning the Trustee

The Trustee will be permitted to engage in other transactions. However, if the Trustee has or will acquire a conflicting interest within the meaning of the U.S. Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), the Trustee will either eliminate such interest or resign in the manner provided by the Trust Indenture Act and the Indenture; provided, however, such requirements will not apply to any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the Trust Indenture Act are met.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing that a Responsible Officer of the Trustee has received written notice of, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Note Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or fraud on its part, arising out of or in connection with its duties.

No Personal Liability of Directors, Officers or Employees

No director, officer, manager or employee of the Issuer or any Note Guarantor will have any liability for any obligations of the Issuer or any Note Guarantor under the Notes, any Note Guarantee or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the federal securities laws.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Listing

We have received approval-in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded in a minimum board lot size of US$200,000, so long as the Notes are listed on the Official List of the SGX-ST and for so long as the rules of the SGX-ST so require. For so long as the Notes are

listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption. In the event that any of the Global Notes is exchanged for Certificated Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

Additional Information

Anyone who receives this Offering Memorandum, following the Issue Date, may obtain a copy of the Indenture and the form of Note without charge by writing to Perenti Global Limited, 6-12 Uppsala Place, Canning Vale, WA, 6155 Australia.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Note Guarantor will appoint CT Corporation as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees and for actions brought under US federal or state securities laws brought in any Federal or state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Because the assets of the Issuer and the Note Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Note Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Certain Australian Considerations

Insolvency

There are four principal corporate insolvency processes in Australia: administration (sometimes referred to as voluntary administration); deed of company arrangement; liquidation (also referred to as winding up); and receivership. There is also a fifth less common regime pursuant to a scheme of arrangement. A brief description of each is set out below.

Administration

According to section 435A of the Australian Corporations Act 2001 of Australia (Australian Corporations Act), the object of administration is to provide for the business, property and affairs of an insolvent company to be administered in a way that maximizes the chances of the company, or as much as possible of its business, continuing in existence. Alternatively, if it is not possible for the company or its business to continue in existence, the object of the administration is to achieve a better return for the company's creditors and members than would result from an immediate winding up of the company. In the vast majority of cases, a company is put into administration by resolution of its board of directors if the board resolves that the company is insolvent or is likely to become insolvent at some future time. In some cases, an administrator may be appointed by a secured creditor who is entitled to enforce its security over the whole or substantially the whole of the company's property. However, a secured creditor will usually prefer to appoint a receiver who, unlike an administrator, will primarily act in the interests of the secured creditor to realize the secured property (even though a receiver also owes various duties to the company in its capacity as agent of the company). A secured creditor with a security interest over the whole or substantially the whole of the company's property has a limited period following the appointment of an administrator in which to appoint a receiver, should it wish to do so.

Administration is only intended to last for a short period, during which time the administrator controls the business, property and affairs of the company and acts as its agent. The powers of the directors and officers are suspended, though they remain in office and have a duty to assist the administrator. The administrator's role is to

assess the company's situation and its options (usually liquidation, execution of a deed of company arrangement or to return the company to the control of its directors) and report to creditors as to which option should be followed.

To permit the administrator the opportunity to do this, during the administration there is a moratorium on the enforcement of creditors' claims and actions against the company and its property (subject to certain exceptions) and also a stay on legal proceedings which will prevent, amongst other things, security being enforced (subject to certain exceptions).

Deed of Company Arrangement

A deed of company arrangement is an agreement binding on the company and its creditors (and sometimes others) in the nature of a compromise which is agreed to after the company enters into administration. By force of the Australian Corporations Act, the agreement is one which will bind unsecured creditors whose debts are provable even if they did not vote in favor of it, provided a simple majority (in number, unless a poll is conducted in which case it is by number and value) votes in favor of the deed of company arrangement. The progress of the company depends on the terms of the deed of company arrangement. The Australian Corporations Act is relatively flexible on the contents of the deed of company arrangement. Once the deed of company arrangement is executed, the administration terminates and the moratorium restrictions come to an end and are replaced by the provisions of the deed, which may include similar moratorium protections.

The deed administrator may be tasked by the deed with realizing assets, closing down the business, restructuring the company or pursuing litigation with a view to the payment of dividends to creditors. The deed may apply a moratorium, compromise creditors' claims, provide for the payment of creditors by installment or specify that different creditors are to be treated differently (either by extinguishment of claims or subordination). Secured creditors may continue to deal with the property over which they have security, unless the secured creditor voted in favor of the deed (and the deed restricts its ability to enforce its security) or it is prevented from enforcing by a court order.

Liquidation

A company can be put into liquidation by resolution of its members or its creditors or by a Court ordering the company be wound up (known as voluntary liquidation and court liquidation, respectively) or following an administration if the administrators either do not hand the company back to its directors or if a deed of company arrangement is not entered into. A liquidator is appointed to administer the liquidation and once appointed, will take control of the company from the directors and act as the company's agent. The purpose of a liquidation is to enable the realization of all of a company's assets, the calling up of partly paid shares and the distribution of the proceeds among the company's creditors and (if there is a surplus after paying creditors) a distribution of the surplus to members. The distribution of proceeds will be subject to statutory priority rules. The company's existence will then be brought to an end by deregistration.

Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts and they have the right to appoint a receiver and manager and enforce against the secured property during the liquidation. Secured creditors are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders or any unsecured creditors with statutory priority to the relevant proceeds).

Receivership

Receivers are typically appointed by a person to whom the company has granted security and acts as the company's agent. Their appointment and powers are usually governed by the terms of the security under which they are appointed but receivers also derive powers at common law. The receiver's principal task is to take possession and control of the secured property and realize the property subject to the security and pay the proceeds of enforcement to the security holder. Receivership is a regime implemented for the benefit of the secured creditor that appoints the receiver. In contrast, both administration and liquidation are regimes aimed at securing the best outcome for all of the company's creditors as a whole and the members.

The receiver's principal duty is to realize the secured property to repay the security holder that appointed them. They also owe residual duties to the company, unsecured creditors and shareholders, as an officer of the company. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the holder of the security, although this can be altered if there are claims ranking in priority to the holder of the security (see section 433 of the Australian Corporations Act), as summarized below:

- if the proceeds are from contracts of insurance entered into by the company before the date the receiver was appointed and the insurance policy is in respect of liability to third parties, the proceeds must be paid to the third party in respect of whom the liability was incurred;

- if an auditor of the company has applied to the Australian Securities and Investment Commission (**ASIC**) to resign its position as auditor and this application was refused, the auditor's fees and expenses for the period between when ASIC refused consent to the auditor's resignation and the date the receiver was appointed;

- wages, superannuation contributions and superannuation guarantee charge payable by the company in respect of services rendered to the company by the employees prior to the date the receiver was appointed (including certain statutory estimate amounts payable in relation to the superannuation guarantee charge);

- certain amounts due on or before the date the receiver is appointed in respect of leave of absence owing to employees;

- retrenchment payments payable to employees (subject to limited exceptions); and

- certain amounts which have been advanced by other parties to the company for the purpose of paying wages, superannuation contributions or certain payments in respect of leave of absence or termination of employment.

During a receivership, there is no moratorium in place and other creditors may pursue debts and claims against the company (although typically if a company is subject to a receivership it will also be subject to administration, during which a moratorium does apply (subject to limited exceptions)).

Scheme of Arrangement

A scheme of arrangement is an arrangement or compromise which binds the company and its creditors or members even though a minority of those creditors or members may oppose it. As it is similar in effect to a deed of company arrangement entered into after an administration. It is typically more complicated and expensive to effect a scheme of arrangement and therefore they are less frequently used in an insolvency context.

Ipso Facto Laws

On 18 September 2017, the *Treasury Laws Amendment (2017 Enterprise Incentives No.2) Act 2017 of Australia* was enacted in Australia. The legislation provides for a stay on enforcement of certain rights arising under a contract (such as a right entitling a creditor to terminate the contract or to accelerate payments or providing for automatic acceleration) for a certain period of time (and in some cases indefinitely), if the reason for enforcement is the occurrence of certain events relating to specified insolvency proceedings, namely the appointment of an administrator or managing controller or an application for a scheme of arrangement, or the company's financial position during those proceedings (known as "ipso facto" rights). The specified proceedings do not include a winding up or liquidation.

The legislation became operative on 1 July 2018. The stay applies to ipso facto rights arising under contracts, agreements or arrangements entered into after 1 July 2018, subject to certain exclusions. Ipso facto rights arising under any contract that is or is directly connected with a security such as the Notes are excluded from the stay under the *Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 of Australia* (**Regulations**), which means the enforceability in Australia of such provisions of the Notes will not be affected.

Further rights prescribed by these Regulations and Ministerial declarations are also excluded. It should be noted the legislation gives the Federal Court of Australia the power to broaden or narrow the scope and duration of the stay.

It is likely ipso facto rights arising under the Issuer's operating contracts will be subject to the stay, which means the Issuer may be stayed from enforcing its ipso facto rights against a contract counterparty for a certain period of time. Specific consideration of the effect of the ipso facto regime on the Issuer's operating contracts has not been conducted for the purpose of this offering circular.

Limits to Enforcement of Note Guarantees

Liquidation

Under Australian law, if a liquidator were to be appointed to any Australian guarantor, the liquidator would have the power to investigate the validity of past transactions. If, on the application of a company's liquidator, a court is satisfied that a transaction of the company is a voidable transaction, including but not limited to an unfair preference or an uncommercial transaction, it may make a variety of orders which are set out in section 588FF of the Australian Corporations Act. These orders include an order releasing or discharging, wholly or partly, a debt incurred, or a security or guarantee given, by the company under or in connection with the transaction or an order requiring a party to repay to the company some or all of the money it received under the transaction. It is not necessary to establish that the directors of the company have breached their duties to the company in any way or that the person taking the benefit of the guarantee or security had actual or constructive notice that the transaction was an insolvent transaction subject to any defenses that may be available in respect of section 588FF, including under section 588FG. There are various time periods within which a liquidator can take such action depending on the nature of the transaction being challenged. The test for insolvency in Australia in this context is whether the relevant company is able to pay its debts as and when they become due and payable.

Unfair Preferences

An unfair preference is a transaction between a company and a creditor which results in the creditor receiving from the company, in respect of an unsecured debt, more than it would receive if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company (section 588FA(1) of the Australian Corporations Act). For the purposes of this section, a secured debt or a part thereof is taken to be unsecured to the extent it is not reflected in the value of the security.

An unfair preference is an insolvent transaction if the company either: (i) is insolvent when the transaction is entered into or when an act is done (or an omission is made) for the purpose of giving effect to the transaction; or (ii) becomes insolvent because of, or because of matters including, entering into the transaction or because of a person doing an act (or making an omission) for the purpose of giving effect to the transaction (section 588FC of the Australian Corporations Act).

Generally, an unfair preference that is an insolvent transaction is voidable if it was entered into (or an act was done for the purpose of giving effect to it): (i) during the six months ending on the relation-back day (as explained below); (ii) after the relation-back day but on or before the day when the winding up began (section 588FE(2) of the Australian Corporations Act); or (iii) if a related entity of the company was a party to the transaction, during the four years ending on the relation-back day (section 588FE(4) of the Australian Corporations Act). Generally, the "relation-back day" is: in the case of a compulsory liquidation, the date on which the application for winding-up the company is filed with the court; in the case of a voluntary winding-up, the date the members resolve to wind-up the company; or if the liquidation is preceded by an administration, the day the administration commenced (section 91 of the Australian Corporations Act).

Uncommercial Transactions

A transaction is an uncommercial transaction under section 588FB(1) of the Australian Corporations Act if it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to: the benefits (if any) to the company of entering into the transaction; the detriment to the company of entering into the transaction; the respective benefits to other parties to the transaction of entering into it; and any other relevant matter. "Transaction" is broadly defined and generally includes the provision of a

guarantee. A guarantee would be unlikely to constitute an uncommercial transaction if the benefit to the company providing the guarantee in the context of the transaction outweighs the detriment that could be incurred by the company in providing the guarantee.

An uncommercial transaction is an insolvent transaction if: (i) the company is insolvent when the transaction is entered into, or an act is done (or an omission is made) for the purpose of giving effect to the transaction; or (ii) the company becomes insolvent because of, or because of matters including, entering into the transaction or a person doing an act (or making an omission) for the purpose of giving effect to the transaction (section 588FC of the Australian Corporations Act).

An uncommercial transaction that is an insolvent transaction is voidable if it was entered into (or an act was done for the purpose of giving effect to it) during: (i) the two years ending on the relation-back day (section 588FE(3) of the Australian Corporations Act); or (ii) if a related entity of the company was a party to the transaction, the four years ending on the relation-back day (section 588FE(4) of the Australian Corporations Act). The "relation-back day" has the same meaning as described above under the unfair preferences section.

Unfair Loan

A loan may be challenged on the basis it is an unfair loan under section 588FD of the Australian Corporations Act if interest or other charges in relation to the loan are considered to be extortionate when the loan was made, or became extortionate because of a variation, having regard to a number of factors including the risk to which the lender was exposed, the value of the security in respect of the loan, the term of the loan, the repayment schedule, the amount of the loan and any other relevant matter.

Other grounds

Under Australian law, a guarantee given by a company may also be set aside on a number of additional grounds (including by the application of laws concerning financial assistance, insolvency, bankruptcy, liquidation and administration and certain equitable principles). In addition, a guarantee may be unenforceable against a guarantor if the directors of the guarantor did not comply with their duties to act in good faith for the benefit of the guarantor and for a proper purpose in giving the guarantee. The issue is particularly relevant where a company provides a guarantee in relation to the obligations of another member of its corporate family, as is the case for the Note Guarantees with respect to the Notes. In determining whether there is sufficient benefit, all relevant facts and circumstances of the transaction need to be considered by the directors, including the benefits and detriments to the guarantor in giving the guarantee, and the respective benefits to the other parties involved in the transaction.

Whether a guarantee entered into in breach of directors' duties can be avoided against a party relying on the guarantee depends on certain factors, including the state of knowledge of that party (such as whether the party knew of or suspected the breach). Under Australian law, a person is entitled to assume that the directors have properly performed their duties to the company unless that person knows or suspects that they have not done so. In addition, other debts and liabilities of Note Guarantors and the Issuer, such as certain employee entitlements or amounts owed to tax authorities, may rank ahead of claims under the Note Guarantees in the event of insolvency, administration or similar proceedings.

If any of the Note Guarantees are avoided, it is possible that you will be left with a claim solely against the Issuer.

Insolvency in Burkina Faso

The enforceability of Note holders' right under the Indenture and the Notes may be limited by the provisions of the OHADA *Acte uniforme portant organisation des procedures collectives d'apurement du passif dated* 10 September 2015 as published in the *Journal Officiel de I'OHADA* n° special of 25 September 2015 (the "Uniform Act on Insolvency") governing judicial administration (*redressement judiciaire*) and liquidation of assets (*liquidation des biens*) and, as the case may be, by any other law limiting creditors' rights generally.

Pursuant to Article 69 of the Uniform Act on Insolvency, should any Burkinabé Limited Guarantor be at the date of execution of the Indenture be unable to pay their debts (*cessation de paiement*) and the lender be held to

know of such inability at such date, the court-approved administrator (*syndic*) may, in its capacity as representative of the creditors' group (*the masse des creanciers*), ask that the insolvency court declare such document non enforceable as against the masse des creanciers; it being further noted that the date when a debtor is unable to pay its debts (*cessation de paiement*) is determined by the court and may be either the date of the court order commencing the insolvency proceedings or any other date not earlier than 18 months before such date.

The opening of judicial insolvency proceedings for judicial rehabilitation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) freezes all enforcement action against any Burkinabé Limited Guarantor, including enforcement of any security.

Any debt originating after the date of the court judgment ordering the opening of the judicial insolvency proceedings of any Burkinabé Limited Guarantor shall be paid when due, if the business activity of any Burkinabé Limited Guarantor is continued after such date (such a debt being considered to be an obligation of the creditors' group (*masse des creanciers*) pursuant to Article 117 of the *Uniform Act on Insolvency*).

Insolvency in Ghana

If a Ghanaian Guarantor defaults on the guarantee, the creditors' right to receive payments on the Note Guarantee may be adversely affected by Ghanaian insolvency laws. Insolvency proceedings with respect to a Ghanaian Guarantor would likely proceed under, and be governed by the Corporate Insolvency and Restructuring Act, 2020 (Act 1015) (the "Insolvency Act"), and the Companies Act, 2019, Act 992 (the "Companies Act").

The Insolvency Act provides options for company rescue or reorganization procedures in Ghana. Under the Insolvency Act, where a company is insolvent or is likely to become insolvent, an administrator may be appointed to carry on the business of the company and manage the property and affairs of the company with the object of salvaging the business of the company in the interest of the creditors, employees and shareholders. The following persons may appoint an administrator to rescue a company that is insolvent or likely to become insolvent: (i) the shareholders of a company (ii) a secured creditor who holds security over the whole or substantially, the whole of the company's property and (iii) the court. A liquidator of a company undergoing private liquidation may appoint an administrator to manage the business and affairs of the company in the best interest of the company if the liquidator thinks the company is insolvent or is likely to become insolvent. A court may appoint an administrator to rescue the business of a company on an application of a creditor or liquidator of the company or the registrar of companies where: (i) the company is or may become insolvent or (ii) the survival of the company and assets as a going concern are reasonably capable of being achieved in the event of an administrator being appointed or (iii) a more advantageous realization of the assets of the company may be achieved than an immediate winding up of the company or (iv) a more advantageous or expeditious settlement of a duty or liability owed by any person to the company may be achieved than an immediate winding up of the company or (v) it is just and equitable to appoint an administrator to rescue the business of the company.

A charge or security over the assets of a company is unenforceable against the company during the period of administration except by an order of a court. A guarantee provided by a company in administration or a guarantee granted by a related party to secure the obligations of a company in administration is unenforceable against the company or the related party during administration except by an order of a court. The Note Guarantee would therefore, be unenforceable against a Ghanaian Guarantor within the period when the relevant Ghanaian Guarantor is under administration except by an order of a court.

The Companies Act provides creditors with an option of entering into a compromise with a distressed company. A compromise refers to an agreement between the company and its creditors for: (i) the cancellation of all or part of the company's debts (ii) the variation of the creditors rights or the terms of the debt or (iii) the alteration of the company's constitution regarding the company's ability to pay its debts. Where a majority of the members of a company and its creditors (each representing at least 75% in value of the class of members or creditors concerned) approve a compromise, a court may, upon application by the company, a member, creditor or other interested person, order an investigation into the fairness of the compromise and confirm the compromise (with any necessary modifications) upon receipt of the investigator's report. The compromise shall, upon confirmation by the court, be binding on the company and all members and creditors concerned, including any dissenters.

The process of an official liquidation of a company is initiated by a petition of a creditor, a member or a contributory of a company, and the commencement of the process operates as a stay of proceedings in respect of any pending civil suits against the insolvent company. No action or civil proceedings against the company, other than proceedings by a secured creditor for the realization of the security, may be proceeded with or commenced except with leave of the court and subject to such terms as the court may impose.

A liquidator of a Ghanaian Guarantor could apply to the court, within six months of the onset of liquidation and upon the Ghanaian Guarantor being declared insolvent, the liquidator could apply to rescind the issuance of the Note Guarantee given by the Ghanaian Guarantor if the liquidator believes that the issuance of the Note Guarantee was made with a dominant intent to benefit any particular creditor at the expense of others. The onus to prove (by direct evidence or by inference) dominant intention under such circumstances will be on the liquidator. However, in proving dominant intention, it need not be shown that the issuance of the guarantee was made with the sole view of giving a preference to the creditor. It is only required to be shown that the intention to give such preference is the significant reason why the transaction was entered into. The liquidator is required to make the application to set aside the transaction between the period when the winding-up order is made and the liquidation comes to an end.

The right to receive payments on the Note Guarantee issued by a Ghanaian Guarantor may also be adversely affected where it appears to the liquidator that the Ghanaian Guarantor entered into a transaction otherwise than for full value or incurred an obligation otherwise than for full value, (within a period of two years before the making of the winding-up order, or more than two years but less than ten years before the making of the winding-up order and at a time when the company was insolvent).

The court may upon application of a liquidator of a Ghanaian Guarantor give notice to the person for whose benefit the obligation was incurred requiring that person, within the period specified in the notice, to restore to the liquidator the excess of the benefit which accrued to that person above the value of a consideration provided. During the course of an official winding-up of a Ghanaian Guarantor, upon application by a liquidator, or creditor, member or contributory of the Ghanaian Guarantor that an action (such as the issuance of a guarantee) has been carried out with the intent to defraud the creditors of such Ghanaian Guarantor or the creditors of any other person or for a fraudulent purpose, the court may declare that the persons who were knowingly parties to the carrying on of that action are liable for any liability of the Ghanaian Guarantor as the court may direct (without a limitation of liability).

Ghanaian insolvency laws do not impose a statutory time limit within which such an application to the court may be presented and there is no requirement of proof that a Ghanaian Guarantor was insolvent at the time of the transaction. In an insolvency of a Ghanaian Guarantor, debts and claims against the Ghanaian Guarantor must be proved within a time frame specified by the liquidator. The Insolvency Act provides for the categorization of all proven debts into specific classes. Creditors falling within a particular class rank pari passu. The law also requires the full payment of all creditors within a particular class, before any payments may be paid to members of a subordinate class.

Under section 107 of the Insolvency Act, the debts of a company in liquidation are classified in order of priority from Class A debts to Class H debts. Debts in the nature of remuneration or reimbursement for expenses or related cost during business rescue or restructuring including financing obtained for the purpose of the business rescue or restructuring are classified as Class A debts. Employee salaries for the four months immediately preceding liquidation and taxes owed to the Republic of Ghana or a local authority are classified as Class B debts. Debts secured by fixed charges are classified as Class C debts. Qualified debts owed to directors or former directors are classified as Class D debt whiles excess benefits and interest restored to a liquidator in accordance with section 107 of the Insolvency Act fall under Class E debts. Unsecured debts which do not fall in any of the other classes form Class F debts whiles debts owed to preference shareholders are classified as Class G debts. Debts owed to ordinary shareholders fall under Class H debts. Pension contributions required under the National Pensions Act, 2008 (Act 766) do not form part of the pool of assets available to the liquidator.

Insolvency in Mali

If a Malian Limited Guarantor defaults on its Note Guarantee, Note holders' right to receive payments on the Note Guarantee may be adversely affected by Malian insolvency laws. Insolvency proceedings with respect to a Malian Limited Guarantor would be likely to proceed under, and be governed by OHADA's revised Uniform Act on Bankruptcy proceedings adopted on September 10th 2015 ("Ohada Uniform Act on Bankruptcy").

A Syndic of a Malian Limited Guarantor could apply to the court within the time periods specified in the Ohada Uniform Act on Bankruptcy after the onset of liquidation and upon the Malian Limited Guarantor being declared insolvent, the Syndic could apply to rescind the issuance of the Note Guarantee given by the Malian Limited Guarantor if the Syndic believes that the issuance of the Note Guarantee was made with a dominant intent to benefit any particular creditor at the expense of others. The onus to prove (by direct evidence or by inference) dominant intention under such circumstances will be on the Syndic. However, in proving dominant intention, it need not be shown that the issuance of the guarantee was made with the sole view of giving a preference to the creditor. It is only required to be shown that the intention to give such preference is the significant reason why the transaction was entered into. The Syndic is required to make the application to set aside the transaction between the period when the winding-up order is made and the liquidation comes to an end under penalty of inadmissibility.

The right to receive payments on the Note Guarantee issued by a Malian Limited Guarantor may also be adversely affected where it appears to the Syndic that the Malian Guarantor entered into a transaction otherwise than for full value or incurred an obligation otherwise than for full value, (within a period known as the "suspect period", which will begin from the date of the insolvency and end on the date of the decision to initiate the reorganization or assets liquidation proceeding) pursuant to the provisions of art 67, 68, 69 and 70 of the Ohada Uniform Act on Bankruptcy.

The court may upon application of a Syndic of a Malian Limited Guarantor give notice to the person for whose benefit the obligation was incurred requiring that person, within the period specified in the notice, to restore to the Syndic the excess of the benefit which accrued to that person above the value of a consideration provided. During the course of an official winding-up of a Malian Limited Guarantor, upon application by a Syndic, or creditor, member or contributory of the Malian Limited Guarantor that an action (such as the issuance of a guarantee) has been carried out with the intent to defraud the creditors of such Malian Limited Guarantor or the creditors of any other person or for a fraudulent purpose, the court may declare that the persons who were knowingly parties to the carrying on of that action are liable for any liability of the Malian Guarantor as the court may direct (without a limitation of liability).

Insolvency in Tanzania

If a Tanzanian Guarantor defaults on the guarantee, the creditors' right to receive payments on the Note Guarantee may be adversely affected by Tanzanian insolvency laws. Insolvency proceedings with respect to a Tanzanian Guarantor would be likely to proceed under, and be governed by the Companies Act, 2002 (the Companies Act) and the Companies (Insolvency) Rules, 2005.

A liquidator of a Tanzanian Guarantor could apply to the court pursuant to sections 368 and 369 of the Companies Act to rescind the issuance of the Note Guarantee given by the Tanzanian Guarantor if the liquidator believes that the issuance of the Note Guarantee was made at an undervalue or gives a preference where it has been entered 6 months prior to the onset of insolvency (or two years prior to the onset of insolvency in the case of a transaction involving a connected party).

A transaction is said to be at an undervalue where the Tanzanian Guarantor makes a gift to a person or otherwise enters into a transaction with that person on terms that provide for the Tanzanian Guarantor to receive no consideration or enters into a transaction with that person for a consideration the value of which is significantly less than the value of the consideration provided by the Tanzanian Guarantor. The only exception is where the Tanzanian Guarantor which entered into the transaction did so in good faith and for the purpose of carrying on its business and that that at the time it did so there were reasonable grounds for believing that the transaction would benefit the company.

The Tanzanian Guarantor gives preference to a person if that person is one of the Tanzanian Guarantor's creditors or a surety or guarantor for any of the company's debts or other liabilities and the Tanzanian Guarantor does anything or suffers anything to be done which (in either case) has the effect of putting that person into a position which, in the event of the Tanzanian Guarantor going into insolvent liquidation, would be better than the position he would have been in if that thing had not been done.

The court may upon an application by the liquidator, order with respect to a transaction at an undervalue or preference entered into or given by the Tanzanian Guarantor requiring, among other things, the release or discharge

(in whole or in part) any security given by the Tanzanian Guarantor or any person to pay, in respect of benefits received by him from the Tanzanian Guarantor, such sums to the office-holder as the court may direct.

Further, please note that in Tanzania generally, preferential debts such as government taxes and rent, outstanding wages or employee compensation take precedence over secured creditors in insolvency situations.

Insolvency in the Republic of Botswana

If a Botswana Guarantor defaults on the Note Guarantee, the creditors' right to receive payments on the Note Guarantee may be adversely affected by Botswana insolvency laws. Insolvency proceedings with respect to a Botswana Guarantor would proceed in accordance with the Companies Act as read with the Insolvency Act.

Insolvency proceedings may result in (i) liquidation or "winding up", (ii) a scheme of arrangement, or (iii) judicial management. Under liquidation and judicial management proceedings, enforcement of debts and security against the Botswana Guarantor will be suspended and cannot be proceeded with save with permission of the court. In a scheme of arrangement scenario, the creditors will typically need to accept repayment of a percentage of the outstanding indebtedness to them.

A liquidator of a Botswana Guarantor may apply to the courts to rescind the issuance of the Note Guarantee given by the Botswana Guarantor, or payment made under it, if the Note Guarantee (i) was issued within six months before the order for liquidation was granted by a court or (ii) it constituted collusive dealing, and the liquidator believes that the issuance of the Note Guarantee was made with an intention to prefer any particular creditor at the expense of others. The onus to prove intention under such circumstances will be on the liquidator. The liquidator may make the application to set aside the transaction between the period when the liquidation order is made, and when the liquidation is finalized.

The right to receive payments under the Note Guarantee issued by a Botswana Guarantor may also be adversely affected where it appears to the liquidator that the Botswana Guarantor entered into a transaction otherwise than for value (pursuant to section 25 (a) as read with section 434 of the Companies Act).

The court may upon application of a liquidator of a Botswana Guarantor give notice to the person for whose benefit the obligation was incurred requiring that person, within the period specified in the notice, to restore to the liquidator the excess of the benefit which accrued to that person above the value of a consideration provided. During the course of an official winding-up of a Botswana Guarantor, upon application by a liquidator, or creditor, member or contributory of the Botswana Guarantor that an action (such as the issuance of a guarantee) has been carried out with the intent to defraud the creditors of such Botswana Guarantor or the creditors of any other person or for a fraudulent purpose, the court may declare that the persons who were knowingly parties to the carrying on of that action are liable for any liability of the Botswana Guarantor as the court may direct (without a limitation of liability).

Certain Definitions

"***Affiliate***" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, however, that, for purposes of the covenants described under "—Certain Covenants—Limitation on Restricted Payments," "—Certain Covenants—Limitation on Affiliate Transactions" and "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" only, beneficial ownership of Equity Interests representing 10% or more of the total voting power of the Voting Stock (on a fully diluted basis) or of rights or warrants to purchase such Equity Interests (whether or not currently exercisable) will be deemed control; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"***Applicable Premium***" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at October 7, 2022 (such redemption price being set forth in the table appearing under the caption "Optional Redemption" and being calculated exclusive of accrued and unpaid interest and Additional Amounts) plus (ii) all required interest payments due on the Note through October 7, 2022 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the Note, if greater.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"***Asset Disposition***" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Parent Guarantor or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any Equity Interests of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Parent Guarantor or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Parent Guarantor or any Restricted Subsidiary; or

(3) any other assets of the Parent Guarantor or any Restricted Subsidiary outside of the ordinary course of business of the Parent Guarantor or such Restricted Subsidiary;

other than, in the case of clauses (1), (2) and (3) above,

(A) a disposition by a Restricted Subsidiary to the Parent Guarantor or by the Parent Guarantor or a Restricted Subsidiary to a Restricted Subsidiary;

(B) a disposition (x) that constitutes a Restricted Payment that is not prohibited by the covenant described under "—Certain Covenants—Limitation on Restricted Payments" and (y) of all or substantially all the assets of the Parent Guarantor or the Issuer in accordance with the covenant described under "—Certain Covenants—Merger and Consolidation";

(C) a disposition of assets or Equity Interests with a Fair Market Value of less than US$15.0 million (or the U.S. Dollar Equivalent thereof);

(D) dispositions of obsolete or worn-out assets no longer used or useful in the business as then being conducted;

(E) trade-ins or exchanges of equipment or other fixed assets for other assets of equivalent value;

(F) the sale, lease, transfer, conveyance or other disposition of inventory, products or services in the ordinary course of business;

(G) the sale, transfer or conveyance of any Equity Interests or other ownership interest in or assets or property, including Indebtedness, of an Unrestricted Subsidiary or any Person that is not a Subsidiary;

(H) dispositions of accounts receivable or notes receivable in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(I) a disposition of cash or Temporary Cash Investments;

(J) the creation of a Lien;

(K) the lease, assignment or sublease of any real or personal property in the ordinary course of business; and

(L) licenses and sublicenses of software or intellectual property in the ordinary course of business;

(M) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims.

"***Attributable Debt***" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in such transaction) of the obligations of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); provided, however, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"***Australian Accounting Standards***" means the financial reporting standards applicable to private and public entities in Australia established by the Australian Accounting Standards Board which are in effect on the Issue Date.

"***Australian Dollar Equivalent***" means with respect to any monetary amount in a currency other than Australian dollars, at any time for determination thereof, the amount of Australian dollars obtained by converting such foreign currency involved in such computation into Australian dollars at the spot rate of exchange for the sale of Australian dollars against the purchase of the relevant other currency in the Sydney, Australia, foreign exchange market quoted at or about 11.00 am by any leading bank selected by the Issuer or the Parent Guarantor on the date of such determination.

"Average Life" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by

(2) the sum of all such payments.

"***Board of Directors***" means, as to any Person, the board of directors, or other similar body or Person performing a similar function or any duly authorized committee thereof.

"***Business Day***" means each day which is not a Legal Holiday.

"***Capital Lease Obligation***" means an obligation that is required to be classified and accounted for as a finance lease for financial reporting purposes in accordance with Australian Accounting Standards, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with Australian Accounting Standards; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of the covenant described under "—Certain Covenants—Limitation on Liens", a Capital Lease Obligation will be deemed to be secured by a Lien on the property being leased.

"***Capital Stock***" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"***Change of Control***" means:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d) of the Exchange Act));

(2) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Parent Guarantor;

(3) the merger or consolidation of the Parent Guarantor with or into another Person or the merger of another Person with or into the Parent Guarantor, or the sale of all or substantially all the assets of the Parent Guarantor (determined on a consolidated basis) to another Person other than any such transaction involving a merger or consolidation where (A) the outstanding Voting Stock of the Parent Guarantor is converted into or exchanged for Voting Stock of the surviving or transferee corporation and (B) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the surviving or transferee corporation; or

(4) the Parent Guarantor ceases to own beneficially or of record, all of the Capital Stock of the Issuer.

"***Change of Control Triggering Event***" means the occurrence of both a Change of Control and a Rating Decline.

"***Code***" means the U.S. Internal Revenue Code of 1986, as amended.

"***Commodity Agreement***" means any commodity futures contract, commodity option or other similar agreement or arrangement with respect to commodity prices.

"***Common Stock***" means with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"***Consolidated Coverage Ratio***" as of any date of determination means the ratio of (x) the aggregate amount of EBITDA for the period of the most recently ended four consecutive fiscal quarters for which financial statements are publicly available to (y) Consolidated Interest Expense for such four fiscal quarter period; provided, however, that:

(1) if the Parent Guarantor or any Restricted Subsidiary has Incurred any Indebtedness (other than Indebtedness Incurred in the ordinary course of business for working capital purposes pursuant to a revolving credit facility) since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, or both, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period;

(2) if the Parent Guarantor or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Coverage Ratio, EBITDA and Consolidated Interest Expense for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Parent Guarantor or such Restricted Subsidiary had not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(3) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary shall have made any Asset Disposition (including, for purposes of this clause (3), discontinued operations as determined in accordance with Australian Accounting Standards), EBITDA for such period shall be reduced by an amount equal to EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period, or increased by an amount equal to EBITDA (if negative), directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Parent Guarantor or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Parent Guarantor and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Equity Interests of any Restricted Subsidiary are sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Parent Guarantor and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(4) if since the beginning of such period the Parent Guarantor or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition had occurred on the first day of such period;

(5) pro forma calculations under clauses (3) and (4) above may include any pro forma expense, cost reductions and synergies that (i) would be permitted pursuant to Article XI of Regulation S-X promulgated by the SEC or (ii) have been realized or for which steps necessary for realization have been taken or are reasonably expected to be taken within 12 months; provided that such adjustments are set forth in an officer's certificate signed by the Parent Guarantor's chief financial officer that states (A) the amount of such adjustment or adjustments and (B) that such adjustment or adjustments are based on the reasonable and good faith belief of such officer at the time of the execution; and

(6) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Parent Guarantor or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (3) or (4) above if made by the Parent Guarantor or a Restricted Subsidiary during such period, EBITDA and Consolidated

Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition had occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Parent Guarantor. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months). If any Indebtedness is incurred under a revolving credit facility and is being given pro forma effect, the interest on such Indebtedness shall be calculated based on the average daily balance of such Indebtedness for the four fiscal quarters subject to the pro forma calculation to the extent that such Indebtedness was incurred solely for working capital purposes. Any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such period.

"***Consolidated Interest Expense***" means, for any period, the net interest expense of the Parent Guarantor and its consolidated Restricted Subsidiaries in accordance with Australian Accounting Standards for such period, plus, to the extent not included in such net interest expense, and to the extent incurred by the Parent Guarantor or its Restricted Subsidiaries, without duplication:

(1) interest expense attributable to Capital Lease Obligations;

(2) amortization of debt discount and debt issuance cost;

(3) capitalized interest;

(4) non-cash interest expense;

(5) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(6) net payments pursuant to Hedging Obligations (or minus net payments received) to the extent, and only to the extent, in respect of interest rate protection in respect of Indebtedness;

(7) dividends accrued in respect of all Disqualified Stock of the Parent Guarantor and all Preferred Stock of any Restricted Subsidiary, in each case, held by Persons other than the Issuer or a Restricted Subsidiary (other than dividends payable solely in Equity Interests (other than Disqualified Stock) of the Parent Guarantor); provided, however, that such dividends will be multiplied by a fraction of the numerator of which is one and the denominator of which is one minus the effective combined tax rate of the Parent Guarantor of such Preferred Stock (expressed as a decimal) for such period (as estimated by a responsible financial or accounting Officer of the Parent Guarantor in good faith);

(8) interest incurred in connection with Investments in discontinued operations;

(9) imputed interest with respect to Attributable Debt; and

(10) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by (or secured by the assets of) the Parent Guarantor or any Restricted Subsidiary.

"***Consolidated Net Income***" means, for any period, the net income of the Parent Guarantor and its consolidated Subsidiaries in accordance with Australian Accounting Standards for such period; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person (other than the Parent Guarantor) if such Person is not a Restricted Subsidiary, except that:

(A) subject to the exclusion contained in clause (4) below, the Parent Guarantor's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Parent Guarantor or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(B) the Parent Guarantor's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

(2) any net income (or loss) of any Person acquired by the Parent Guarantor or a Subsidiary in a pooling of interests transaction (or any transaction accounted for in a manner similar to a pooling of interests) for any period prior to the date of such acquisition;

(3) solely for the purpose of clause (a)(3)(A) under "—Certain Covenants—Limitation on Restricted Payments", any net income of any Restricted Subsidiary that is not a Subsidiary Guarantor to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of its net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally and irrevocably waived, except that:

(A) subject to the exclusion contained in clause (4) below, the Parent Guarantor's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash that actually was distributed by such Restricted Subsidiary during such period to the Parent Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to another Restricted Subsidiary, to the limitation contained in this clause); and

(B) the Parent Guarantor's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(4) any gain (or loss) realized upon the sale or other disposition of any assets of the Parent Guarantor, its consolidated Subsidiaries or any other Person (including pursuant to any sale-and-leaseback arrangement) which is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition of any Equity Interests of any Person;

(5) the effect of any non-cash impairment charge affecting goodwill or intangibles or a reversal of any such impairment charge;

(6) any gains or losses from the effect of mark-to-market adjustments relating to Hedging Obligations until realized in cash;

(7) the cumulative effect of a change in accounting principles;

(8) any amortization expense of customer relationship intangibles;

(9) any Exceptional Item; and

(10) any net after-tax gain (or loss) attributable to the early extinguishment or conversion of Indebtedness,

in each case, for such period. Notwithstanding the foregoing, for the purposes of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income any repurchases, repayments or redemptions of Investments, proceeds realized on

the sale of Investments or return of capital to the Parent Guarantor or a Restricted Subsidiary to the extent such repurchases, repayments, redemptions, proceeds or returns increase the amount of Restricted Payments permitted under such covenant pursuant to clause (a)(3)(D) thereof.

"***Consolidated Total Assets***" means the consolidated assets of the Parent Guarantor and its Restricted Subsidiaries as of the end of the most recent fiscal quarter or semiannual period for which consolidated financial statements of the Parent Guarantor are publicly available.

"***Controller***" has the meaning given to it in Section 9 of the Australian Corporations Act 2001 (Cth).

"***Credit Agreements***" means:

(1) the bilateral facility agreement dated on or about April 18, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and Caterpillar Financial Australia Limited as lender;

(2) the bilateral facility agreement dated on or about April 18, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and Deutsche Bank AG, Sydney Branch as lender;

(3) the bilateral facility agreement dated on or about April 18, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and Goldman Sachs Australia Financial Services Pty Ltd as lender;

(4) the bilateral facility agreement dated on or about April 18, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch as lender;

(5) the bilateral facility agreement dated on or about April 18, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and Standard Chartered Bank, Australia Branch as lender;

(6) the bilateral facility agreement dated on or about April 18, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and Nedbank Limited, London Branch as lender;

(7) the bilateral facility agreement dated on or about December 12, 2019 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and ING Bank (Australia) Ltd as lender; and

(8) the syndicated loan facility dated June 9, 2020 between, among others, Perenti Finance Pty Ltd and Perenti International Pty Ltd as original borrowers and Global Loan Agency Services Pty Ltd as Facility Agent,

in each case, as amended, restated, replaced (whether upon or after termination or otherwise, and whether with the original lenders or otherwise), Refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to terms, conditions, covenants and other provisions, including any extension of the maturity thereof) from time to time.

"***Credit Facilities***" means one or more debt facilities (including the Credit Agreements), commercial paper facilities, securities purchase agreements, indentures, trust deeds or similar agreements, in each case, with banks or other institutional lenders or investors, providing for revolving loans, term loans, receivables financing (including through the sale of receivables to such lenders or investors or to special purpose entities formed to borrow from such lenders or investors against such receivables) or letters of credit guarantees or issuance and sale of securities, in each case, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, replaced (whether upon or after termination or otherwise, and whether with the original lenders or otherwise), Refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions)

from time to time, including any extension of the maturity thereof or increase in the amount of available borrowings thereunder.

"***Currency Agreement***" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement with respect to currency exchange rates or values.

"***Default***" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"***Designated Non-Cash Consideration***" means the Fair Market Value of non-cash consideration received by the Parent Guarantor or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of Temporary Cash Investments received in connection with a subsequent sale of or collection on such Designated Non-Cash Consideration.

"***Disqualified Stock***" means, with respect to any Person, any Equity Interest which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(1) matures or is mandatorily redeemable (other than redeemable only for Equity Interests of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(3) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the date that is 91 days after the Stated Maturity of the Notes; provided, however, that any Equity Interests that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Equity Interests upon the occurrence of an "asset disposition" or "change of control" occurring prior to the date that is 91 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if:

(1) the "asset disposition" or "change of control" provisions applicable to such Equity Interests are not more favorable in any material respect to the holders of such Equity Interests than the terms applicable to the Notes and described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and "—Change of Control Triggering Event"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; provided, however, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"***EBITDA***" for any period means the sum of Consolidated Net Income, plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) all income tax expense of the Parent Guarantor and its consolidated Restricted Subsidiaries;

(2) Consolidated Interest Expense;

(3) depreciation and amortization expense of the Parent Guarantor and its consolidated Restricted Subsidiaries (excluding amortization expense attributable to a prepaid item that was paid in cash in a prior period);

(4) any inventory write-up in connection with purchase accounting in respect of acquisitions;

(5) all other non-cash charges of the Parent Guarantor and its consolidated Restricted Subsidiaries, including any non-cash charges arising from any Interest Rate Agreement or Currency Agreement or otherwise with respect to fluctuations in currency values or with respect to the issuance, exercise, cancellation or appreciation of options and other grants in connection with Equity Interests, but excluding, in each case, any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period, less all non-cash items of income of the Parent Guarantor and its consolidated Restricted Subsidiaries (other than accruals of revenue by the Parent Guarantor and its consolidated Restricted Subsidiaries in the ordinary course of business) to the extent increasing Consolidated Net Income; and

(6) any loss from discontinued operations minus any income from discontinued operations (but in either case if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of),

in each case for such period. Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and non-cash charges of, a Restricted Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income or loss of such Restricted Subsidiary was included in calculating Consolidated Net Income.

"***Equity Interests***" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"***Equity Offering***" means any capital contribution to the common equity of the Parent Guarantor or a public or private sale of Equity Interests (other than Disqualified Stock) of the Parent Guarantor to any Person other than to a Restricted Subsidiary of the Parent Guarantor or (except in the case of an underwritten widely distributed offering) an Affiliate of the Parent Guarantor.

"***Exceptional Item***" means any material item of income or expense that represents:

(1) any gain or loss arising from:

(a) write-downs of inventories to net realizable value or of property, plant and equipment to recoverable amount, and reversals of such write-downs;

(b) restructuring the activities of the Parent Guarantor or any Restricted Subsidiary and any reversals of any provision for the costs of such a restructuring; or

(2) any gain or loss of an unusual or non-recurring nature, together with any related provision for taxes (any determination of whether any expense or charge is non-recurring or unusual shall be made by the Parent Guarantor's chief financial officer (or such person acting in a similar capacity) pursuant to such officer's good faith judgment).

"***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended.

"***Existing Purchase Money Indebtedness***" means Indebtedness under all hire purchase agreements, chattel mortgages and bank loans (other than the Credit Agreements) existing on the Issue Date (the amount of which is to be approximately A$125.4 million, based on the June 30, 2020 exchange rate of A$1.00 = U.S.$0.6893).

"***Fair Market Value***" means, with respect to any asset or property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of

whom is under undue pressure or compulsion to complete the transaction. Unless otherwise provided in the Indenture, Fair Market Value will be determined in good faith (i) in the case of amounts less than US$20.0 million (or the U.S. Dollar Equivalent thereof), by a responsible financial or accounting Officer of the Parent Guarantor, and (ii) in the case of amounts equal to or greater than US$20.0 million (or the U.S. Dollar Equivalent thereof), by the Board of Directors of the Parent Guarantor, whose determination will be conclusive and evidenced by a resolution of such Board of Directors.

"***Fitch***" means Fitch, Inc. and its successors.

"***Guarantee***" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"***Guarantee Agreement***" means a supplemental indenture, in a form reasonably satisfactory to the Trustee, pursuant to which a Subsidiary Guarantor or the Parent Guarantor, as applicable, guarantees the Issuer's obligations with respect to the Notes on the terms provided for in the Indenture.

"***Hedging Obligations***" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"***Holder***" or "***Noteholder***" means the Person in whose name a Note is registered on the registrar's books.

"***Incur***" means issue, assume, create, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary. The term "Incurred" and the term"Incurrence" when used as a noun shall each have a correlative meaning. Solely for purposes of determining compliance with "—Certain Covenants—Limitation on Indebtedness", the accrual of cash interest, the obligation to pay commitment fees, the payment of interest in the form of additional Indebtedness and the amortization of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security, the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness, the accrual of interest or preferred stock dividends, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock and unrealized losses or charges in respect of Hedging Obligations will not be deemed to be an Incurrence of Indebtedness.

"***Indebtedness***" means, with respect to any Person on any date of determination (without duplication, whether or not contingent):

(1) the principal in respect of (A) indebtedness of such Person for borrowed money and (B) indebtedness evidenced by Notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, including, in each case, any premium on such indebtedness to the extent such premium has become due and payable;

(2) all Capital Lease Obligations of such Person and all Attributable Debt in respect of Sale/Leaseback Transactions entered into by such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding any accrued expenses or accounts payable or other liability to trade creditors arising and paid in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following payment on the letter of credit);

(5) all Disqualified Stock issued by such Person valued at the greater of its voluntary and involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;

(6) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person, valued at the greater of its voluntary and involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;

(7) all obligations of the type referred to in clauses (1) through (6) above of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;

(8) all obligations of the type referred to in clauses (1) through (7) above of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property or assets and the amount of the obligation so secured; and

(9) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

Notwithstanding the foregoing, in connection with the purchase by the Parent Guarantor or any Restricted Subsidiary of any business, the term "Indebtedness" will exclude post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above; provided, however, that in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time.

"***Independent Financial Advisor***" means an accounting, appraisal or investment banking firm or a consultant to Persons engaged in a Related Business which is of nationally recognized standing that is, in the good faith judgement of the Parent Guarantor, qualified to perform the task for which it has been engaged.

"***Initial Subsidiary Guarantors***" means each of the Subsidiaries listed in Annex A to this Offering Memorandum.

"***Interest Rate Agreement***" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other financial agreement or arrangement with respect to exposure to interest rates.

"***Investment***" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Equity Interests, Indebtedness or other similar instruments issued by such

Person. If the Parent Guarantor or any Restricted Subsidiary issues, sells or otherwise disposes of any Equity Interests of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Parent Guarantor or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time. The acquisition by the Parent Guarantor or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent Guarantor or such Restricted Subsidiary in such third Person at such time. Except as otherwise provided for herein, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

For purposes of the definition of "Unrestricted Subsidiary", the definition of "Restricted Payment" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investment" shall include the portion (proportionate to the Parent Guarantor's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Parent Guarantor at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Parent Guarantor shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (A) the Parent Guarantor's "Investment" in such Subsidiary at the time of such redesignation less (B) the portion (proportionate to the Parent Guarantor's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"***Investment Grade***" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or S&P or any of its successors or assigns or a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's, or any of its successors or assigns or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for Fitch, S&P or Moody's or any of them, as the case may be.

"***Issue Date***" means the date on which the Notes are originally issued.

"***Legal Holiday***" means a Saturday, a Sunday or a day on which banking institutions are not required to be open in the State of New York, New South Wales, the State of Western Australia, Commonwealth of Australia or the place of the Corporate Trust Office of the Trustee.

"***Lien***" means any mortgage, pledge, security interest, encumbrance, lien (statutory or otherwise), hypothecation, security interest, preference, priority, encumbrance or charge of any kind, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement or lease in the nature thereof), any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"***Leverage Ratio***" means as of any date of determination, with respect to the Parent Guarantor and its Restricted Subsidiaries, the ratio of (x) the sum of the aggregate outstanding Indebtedness of the Parent Guarantor and its Restricted Subsidiaries on such date (determined on a consolidated basis in accordance with Australian Accounting Standards) (net of unrestricted and unencumbered cash and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries as of such date and calculated on a pro forma basis following application thereof) to (y) the aggregate amount of EBITDA for the most recently ended four consecutive fiscal quarters for which financial statements are publicly available; provided, however, that in the event that the Parent Guarantor or any of its Restricted Subsidiaries Incurs or redeems any Indebtedness subsequent to the commencement of the period for which the Leverage Ratio is being calculated but prior to or concurrently with the event for which the calculation of the Leverage Ratio is made, then the Leverage Ratio shall be calculated giving pro forma effect to such Incurrence or redemption of Indebtedness as if the same had occurred at the beginning of the applicable four

quarter period. The Leverage Ratio shall be calculated in a manner consistent with the definition of "Consolidated Coverage Ratio," including any pro forma adjustments to EBITDA as set forth therein.

"***Market Capitalization***" means an amount equal to (i) the total number of issued and outstanding shares of Common Stock of the Parent Guarantor on the date of declaration of the relevant Restricted Payment multiplied by (ii) the arithmetic mean of the closing price per share of such Common Stock for the 30 consecutive trading days on its primary stock exchange immediately preceding the date of declaration of the relevant Restricted Payment.

"***Moody's***" means Moody's Investors Service, Inc. and its successors.

"***Net Available Cash***" from an Asset Disposition means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to such properties or assets or received in any other non-cash form), in each case net of:

(1) all legal, accounting, title, recording tax and other fees, costs, expenses and commissions incurred, and all Federal, state, provincial, foreign and local taxes paid or payable or required to be accrued as a liability under Australian Accounting Standards, as a consequence of such Asset Disposition;

(2) all payments made on any secured Indebtedness required by its terms or the terms of any security agreement with respect thereto or by applicable law to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Disposition;

(4) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with Australian Accounting Standards, against any liabilities associated with the property or other assets disposed in such Asset Disposition and retained by the Parent Guarantor or any Restricted Subsidiary after such Asset Disposition; and

(5) any portion of the purchase price from an Asset Disposition placed in escrow, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Asset Disposition or otherwise in connection with that Asset Disposition; provided, however, that upon the termination of that escrow, Net Available Cash will be increased by any portion of funds in the escrow that are released to the Parent Guarantor or any Restricted Subsidiary.

"***Net Cash Proceeds***", with respect to any issuance or sale of Equity Interests or Indebtedness, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' or other investment banking fees, discounts or commissions and brokerage, consultant and other fees, costs and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"***Non-Guarantor Subsidiary***" means any Restricted Subsidiary other than the Issuer or a Subsidiary Guarantor.

"***Note Guarantor***" means the Parent Guarantor and each Subsidiary Guarantor.

"***Officer***" means the Chief Executive Officer, Chief Financial Officer, any director, any Senior Vice President or Vice President, the Treasurer, the General Counsel or the Secretary of the Parent Guarantor or the Issuer, as appropriate.

"***Officers' Certificate***" means a certificate signed by two Officers.

"***Opinion of Counsel***" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be counsel to the Parent Guarantor, any Subsidiary of the Parent Guarantor or the Trustee.

"***Permitted Investment***" means:

(1) an Investment in the Parent Guarantor or a Restricted Subsidiary;

(2) an Investment in another Person that will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that such Person's primary business is a Related Business;

(3) an Investment in another Person if, as a result of such Investment, such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Parent Guarantor or a Restricted Subsidiary; provided that such Person's primary business is a Related Business;

(4) an Investment in cash and Temporary Cash Investments;

(5) an Investment in receivables owing to the Parent Guarantor or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Parent Guarantor or any such Restricted Subsidiary deems reasonable under the circumstances;

(6) commission, payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(7) loans or advances to employees made in the ordinary course of business consistent with past practices of the Parent Guarantor or such Restricted Subsidiary in an aggregate principal amount not to exceed US$7.5 million (or the U.S. Dollar Equivalent thereof) at any one time outstanding;

(8) Investments received in compromise or settlement of debts created in the ordinary course of business and owing to the Parent Guarantor or any Restricted Subsidiary, in compromise or settlement of litigation, arbitration or other disputes with Persons who are not Affiliates, or in satisfaction of judgments;

(9) an Investment in any Person to the extent such Investment represents the non-cash portion of the consideration received for (i) an Asset Disposition as permitted pursuant to the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" or (ii) a disposition of assets not constituting an Asset Disposition;

(10) an Investment in any Person where such Investment was acquired by the Parent Guarantor or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Parent Guarantor or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Parent Guarantor or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(11) an Investment in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Parent Guarantor or any Restricted Subsidiary;

(12) Investments consist of Hedging Obligations Incurred in the ordinary course of business (and not for speculative purposes);

(13) Investments made solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Parent Guarantor;

(14) Guarantees of Indebtedness of the Parent Guarantor or a Restricted Subsidiary otherwise permitted to be Incurred under the covenant described under "—Certain Covenants—Limitation on Indebtedness";

(15) an Investment in any Person to the extent such Investment exists on the Issue Date, and any extension, modification or renewal of any such Investments existing on the Issue Date, but only to the extent not involving additional advances, contributions or other Investments of cash or other assets or other increases thereof (other than as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investment as in effect on the Issue Date);

(16) Investments held by any Person (other than an Affiliate of the Parent Guarantor) that becomes a Restricted Subsidiary of the Parent Guarantor; provided, however, that such Investments were not acquired in contemplation of the acquisition of such Person;

(17) deposits paid in the ordinary course of business;

(18) operating leases to, or rental arrangements with, customers in the ordinary course of business;

(19) Investments in joint ventures (other than Investments in Unrestricted Subsidiaries), when taken together with all other Investments in joint ventures made pursuant to this clause (19) and outstanding on the date such Investment is made, do not exceed the greater of (x) US$75.0 million (or the U.S. Dollar Equivalent thereof) or (y) 4% of Consolidated Total Assets; or

(20) additional Investments (including Investments in joint ventures and/or Unrestricted Subsidiaries), when taken together with all other Investments made pursuant to this clause (20) and outstanding on the date such Investment is made, do not exceed US$32.5 million (or the U.S. Dollar Equivalent thereof).

"***Permitted Liens***" means, with respect to any Person:

(1) pledges or deposits by such Person under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds or bonds issued by any Australian federal or state government to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;

(3) Liens for taxes, assessments and other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings; provided, however, that any reserve or other appropriate provision as is required in conformity with Australian Accounting Standards has been made therefor;

(4) Liens or deposits to secure the performance of statutory or regulatory obligations or of surety, appeal, indemnity or performance bonds, warranty and contractual requirements, or to secure the performance of tenders, bills or contracts other obligations of a like nature or letters of credit issued pursuant to the request of and for the account of such Persons in the ordinary course of its business; provided, however, that such letters of credit do not constitute Indebtedness;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, pipelines, telegraph and telephone lines and other

similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness Incurred under clause (b)(11) of the covenant described under "—Certain Covenants—Limitation on Indebtedness" to finance the construction, purchase or lease of, or repairs, improvements or additions to, property, plant or equipment of such Person; provided, however, that the Lien may not extend to any other property owned by such Person or any of its Restricted Subsidiaries at the time the Lien is Incurred (other than assets and property affixed or appurtenant thereto), and the Indebtedness (other than any interest thereon) secured by the Lien may not be Incurred more than 180 days after the later of the acquisition, completion of construction, repair, improvement, addition or commencement of full operation of the property subject to the Lien;

(7) Liens to secure Indebtedness Incurred under clause (b)(1) of the covenant described under "—Certain Covenants—Limitation on Indebtedness";

(8) Liens existing on the Issue Date (other than Liens securing Indebtedness Incurred under clause (b)(1) or (b)(11) of the covenant described under "—Certain Covenants—Limitation on Indebtedness");

(9) Liens on property or Equity Interests of another Person at the time such other Person becomes a Subsidiary of such Person; provided, however, that such Liens are not created or incurred in connection with or in contemplation of such acquisition and that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(10) Liens on property at the time such Person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such Person or a Subsidiary of such Person; provided, however, that such Liens are not created or incurred in connection with or in contemplation of such acquisition and that the Liens may not extend to any other property owned by such Person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(11) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Parent Guarantor or a Restricted Subsidiary of the Parent Guarantor;

(12) Liens securing Hedging Obligations incurred in the ordinary course of business (and not for speculative purposes) so long as such Hedging Obligations are permitted to be Incurred under the Indenture;

(13) leases and subleases of real property that do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;

(14) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(15) Liens to secure any Refinancing (or successive Refinancings) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clause (8), (9) or (10); provided, however, that:

(A) such new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(B) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clause (8), (9) or (10) at the time the original Lien became a Permitted Lien and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(16) Liens on equipment of the Parent Guarantor or any Restricted Subsidiary granted in the ordinary course of business to clients on or about the premises of which such equipment is located;

(17) judgment and attachment Liens not giving rise to an Event of Default and notices of lis pendens and associated rights related to litigation that is being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(18) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of banker's acceptances issues or credit for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(19) Liens granted to the Trustee to secure its compensation and indemnities pursuant to the Indenture;

(20) any cross charge between members of a joint venture over joint venture assets or a Person's Equity Interests in such joint venture, in any case, securing obligations to contribute to that joint venture or repay other joint venturers who contribute to the joint venture in default of the charger doing so;

(21) Liens encumbering customary initial deposits in the ordinary course of business;

(22) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(23) Liens on cash, Temporary Cash Investments or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(24) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation and exportation of goods in the ordinary course of business;

(25) Liens (i) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business; and (ii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of setoff) and that are within the general parameters customary in the banking industry;

(26) Liens that are contractual rights of netting or set-off (i) entered into in the ordinary course of banking or business arrangements for the purpose of netting or setting off debit or credit balances (but only if (x) the arrangement does not permit credit balances of the Parent Guarantor or a Restricted Subsidiary to be netted or set-off against debit balances of an Unrestricted Subsidiary and (y) not given in connection with the Incurrence of Indebtedness); (ii) relating to pooled deposit or sweep accounts of the Parent Guarantor or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Parent Guarantor and its Restricted Subsidiaries; or (iii) relating to purchase orders and other agreements entered into with customers of the Parent Guarantor or any of its Restricted Subsidiaries in the ordinary course of business;

(27) any interest or title of a lessor in the property subject to any operating lease (other than any property that is subject of a Sale/Leaseback Transaction); and

(28) other Liens securing obligations that do not exceed the greater of (i) US$75.0 million (or the U.S. Dollar Equivalent thereof) at any one time outstanding and (ii) the amount of Indebtedness that does not cause the Secured Leverage Ratio of the Parent Guarantor to exceed 2.50:1.00 at the time of Incurrence of such Lien, provided, however, that, notwithstanding the foregoing, during any

Suspension Period, Liens securing obligations the amount of which do not, when taken together with the amount of all other obligations secured by Liens pursuant to this clause (28) and outstanding on the date of Incurrence of such Liens, exceed US$125.0 million (or the U.S. Dollar Equivalent thereof) at any one time outstanding, shall be deemed to be "Permitted Liens."

"***Person***" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"***Preferred Stock***", as applied to the Equity Interests of any Person, means Equity Interests of any class or classes (however designated) which are preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over Equity Interests of any other class of such Person.

"***Principal***" of a Note means the principal of the Note plus the premium, if any, payable on the Note which is due or overdue or is to become due at the relevant time.

"***Purchase Money Indebtedness***" means Indebtedness (including Capital Lease Obligations) (1) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds or similar Indebtedness, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed, and (2) Incurred to finance the acquisition by the Parent Guarantor or a Restricted Subsidiary of such asset, including additions and improvements, in the ordinary course of business; provided, however, that any Lien arising in connection with any such Indebtedness shall be limited to the specific asset being financed or, in the case of real property or fixtures, including additions and improvements, the real property on which such asset is attached; provided further, however, that such Indebtedness is Incurred within 180 days after such acquisition of such assets.

"***Rating Agency***" means each of Fitch, Moody's, S&P or if any or all of Fitch, Moody's or S&P shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Parent Guarantor (as certified by a resolution of the Board of Directors of the Parent Guarantor) which shall be substituted for Fitch, Moody's or S&P, as the case may be.

"***Rating Category***" means (1) with respect to Fitch and S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); and (3) the equivalent of any such category of Fitch. Moody's or S&P used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for Fitch and S&P; "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"***Rating Date***" means, in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control.

"***Rating Decline***" means, in connection with a Change of Control Triggering Event, the occurrence on, or within 90 days after the earlier of the date, (A) the date a Change of Control occurs, or (B) the date of public notice of the occurrence of (x) a Change of Control or (y) the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:

(a) in the event the Notes are rated by all three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three or all three Rating Agencies shall be below Investment Grade;

(b) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of such Rating Agencies shall be below Investment Grade;

(c) in the event the Notes are rated by only one of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(d) in the event the Notes are rated by all of the Rating Agencies on the Rating Date as below Investment Grade, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"***Refinance***" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "***Refinanced***" and "***Refinancing***" shall have correlative meanings.

"***Refinancing Indebtedness***" means Indebtedness that Refinances any Indebtedness of the Parent Guarantor or any Restricted Subsidiary existing on the Issue Date or Incurred in compliance with the Indenture, including Indebtedness that Refinances Refinancing Indebtedness; provided, however, that:

(1) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;

(4) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes or a Note Guarantee, such Refinancing Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee, as the case may be, at least to the same extent as the Indebtedness being Refinanced; and

(5) such Refinancing Indebtedness is incurred by either (a) the Restricted Subsidiary that is the obligor on the Indebtedness being Refinanced or (b) the Parent Guarantor, the Issuer or a Subsidiary Guarantor.

"***Related Business***" means any business in which the Parent Guarantor or any of its Restricted Subsidiaries was engaged on the Issue Date and any business or activity related, ancillary or complementary to such business.

"***Replacement Assets***" means (1) (a) any properties or assets used or useful in a Related Business that are not classified as current assets under Australian Accounting Standards or (b) any other capital expenditure, (2) all or substantially all the assets of a Related Business or (3) a majority of the Voting Stock of any Person engaged in a Related Business that will become, on the date of acquisition thereof, a Restricted Subsidiary.

"***Restricted Payment***" with respect to any Person means:

(1) the declaration or payment of any dividends or any other distributions of any sort in respect of its Equity Interests (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Equity Interests in their capacity as such (other than (A) dividends or distributions payable solely in Equity Interests (other than Disqualified Stock) of the Parent Guarantor, or (B) dividends or distributions payable to the Parent Guarantor or a Restricted Subsidiary);

(2) the purchase, repurchase, redemption, call for redemption, defeasance or other acquisition or retirement for value of any Equity Interests of the Parent Guarantor held by any Person (other than by a Restricted Subsidiary) or of any Equity Interests of a Restricted Subsidiary held by any Affiliate of the Parent Guarantor (other than by a Restricted Subsidiary), including in connection with any merger or consolidation and including the exercise of any option to exchange any Equity Interests (other than into Equity Interests of the Parent Guarantor that are not Disqualified Stock);

(3) the purchase, repurchase, redemption, call for redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Obligations of the Parent Guarantor or any Note Guarantor (other than (A) from the Parent Guarantor or a Restricted Subsidiary or (B) the purchase, repurchase, redemption, call for redemption, defeasance or other acquisition or retirement of Subordinated Obligations in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, call for redemption, defeasance or other acquisition or retirement); or

(4) the making of any Investment (other than a Permitted Investment) in any Person.

"***Restricted Subsidiary***" means any Subsidiary of the Parent Guarantor that is not an Unrestricted Subsidiary.

"***S&P***" means Standard & Poor's Ratings Group and its successors.

"***Sale/Leaseback Transaction***" means an arrangement relating to property owned by the Parent Guarantor or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Parent Guarantor or a Restricted Subsidiary whereby the Parent Guarantor or a Restricted Subsidiary transfers such property to a Person and the Parent Guarantor or a Restricted Subsidiary leases it from such Person.

"***SEC***" means the U.S. Securities and Exchange Commission.

"***Secured Indebtedness***" means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary secured by a Lien (other than secured Indebtedness secured by Liens permitted under paragraphs (11), (19) and (22) of the definition of Permitted Liens).

"***Secured Leverage Ratio***" means, on any date of determination, the ratio of (x) the aggregate amount of Secured Indebtedness of the Parent Guarantor and its Restricted Subsidiaries on such date (determined on a consolidated basis in accordance with Australian Accounting Standards) (net of unrestricted and unencumbered cash and Temporary Cash Investments of the Parent Guarantor and its Restricted Subsidiaries as of such date and calculated on a pro forma basis following application thereof) to (y) the aggregate amount of EBITDA for the most recently ended four consecutive quarterly periods for which financial statements are publicly available; provided, however, that in the event that the Parent Guarantor or any of its Restricted Subsidiaries Incurs or redeems any Secured Indebtedness subsequent to the commencement of the period for which the Secured Leverage Ratio is being calculated but prior to or concurrently with the event for which the calculation of the Secured Leverage Ratio is made, then the Secured Leverage Ratio shall be calculated giving pro forma effect to such Incurrence or redemption of Financial Indebtedness as if the same had occurred at the beginning of the applicable period. The Secured Leverage Ratio shall be calculated in a manner consistent with the definition of "Consolidated Coverage Ratio", including any pro forma adjustments to EBITDA as set forth therein.

"***Securities Act***" means the U.S. Securities Act of 1933, as amended.

"***Significant Subsidiary***" means any Subsidiary that would be "Significant Subsidiary" of the Parent Guarantor within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"***Stated Maturity***" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"***Subordinated Obligation***" means, any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Notes or Indebtedness of a Note Guarantor (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to its Note Guarantee.

"***Subsidiary***" means, with respect to any Person:

(1) any corporation, association, limited liability company, trust or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person (or a combination hereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"***Subsidiary Guarantee***" means a Note Guarantee by a Subsidiary Guarantor of the Issuer's obligations with respect to the Notes pursuant to the Indenture, including any Guarantee Agreement.

"***Subsidiary Guarantor***" means each Initial Subsidiary Guarantor and each other Restricted Subsidiary of the Parent Guarantor that thereafter guarantees the Notes pursuant to the terms of the Indenture; provided, however, that "Subsidiary Guarantor" does not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

"***Temporary Cash Investments***" means any of the following:

(1) U.S. dollars or Australian dollars;

(2) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the Commonwealth of Australia, the government of a member state of the European Union (including any agency or instrumentality thereof) that is rated "AA" or higher by S&P and "Aa2" or higher by Moody's or of the United States of America (including any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of Australia, the relevant member state of the European Union or the United States of America, as the case may be, and which are not callable or redeemable at the Parent Guarantor's option, in each case maturing within one year;

(3) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under the laws of the Commonwealth of Australia, a member state of the European Union that is rated "AA" or higher by S&P and "Aa2" or higher by Moody's or of the United States of America or any state thereof, (provided that such bank or trust company has capital, surplus and undivided profits aggregating in excess of US$500 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-3" or higher by Moody's or "A—" or higher by S&P or the equivalent rating category of another internationally recognized rating agency);

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition;

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition; and

(7) (i) Investments consisting of purchases of local currencies of those countries in which the Parent Guarantor or any of its Restricted Subsidiaries transacts business from time to time in the ordinary course of business, (ii) Investments of comparable tenor and credit quality to those described in clauses (1) through (6) customarily utilized in countries in which the Parent Guarantor or such Restricted Subsidiaries operate for short-term cash management purposes and (iii) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of any jurisdiction in which the Parent Guarantor or any of its Restricted Subsidiaries transacts business from time to time in the ordinary course of business;

provided, however, that, in the case of clause (iii), such deposits do not exceed US$15.0 million (or the U.S. Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

"***Treasury Rate***" means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Parent Guarantor in good faith)) most nearly equal to the period from the redemption date to October 7, 2022; provided, however, that if the period from the redemption date to October 7, 2022 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to October 7, 2022 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

"***Trustee***" means The Bank of New York Mellon until a successor replaces it and, thereafter, means the successor.

"***Unrestricted Subsidiary***" means:

(1) any Subsidiary of the Parent Guarantor that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Parent Guarantor in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Parent Guarantor may designate any Subsidiary of the Parent Guarantor (other than the Issuer), including any newly acquired or newly formed Subsidiary, to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or holds any Lien on any property of, the Parent Guarantor or any other Subsidiary of the Parent Guarantor that is not a Subsidiary of the Subsidiary to be so designated or another Unrestricted Subsidiary; provided, however, that either (A) the Subsidiary to be so designated has total assets of US$1,000 or less or (B) if such Subsidiary has assets greater than US$1,000, such designation would be permitted under the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

The Board of Directors of the Parent Guarantor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (A) the Parent Guarantor could Incur US$1.00 of additional Indebtedness under paragraph (a) of the covenant described under "—Certain Covenants—Limitation on Indebtedness" and (B) no Default shall have occurred and be continuing. Any such designation by the Board of Directors of the Parent Guarantor shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of the Parent Guarantor giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"***U.S. Dollar Equivalent***" means with respect to any monetary amount in a currency other than U.S. dollars, at any time for determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable

foreign currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination.

Except as described under "—Certain Covenants—Limitation on Indebtedness", whenever it is necessary to determine whether the Parent Guarantor or the Issuer has complied with any covenant in the Indenture or a Default has occurred and an amount is expressed in a currency other than U.S. dollars, such amount will be treated as the U.S. Dollar Equivalent determined as of the date such amount is initially determined in such currency.

"***U.S. Government Obligations***" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the issuer's option.

"***Voting Stock***" of a Person means all classes of Equity Interests of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"***Wholly Owned Subsidiary***" means a Restricted Subsidiary all the Equity Interests of which are owned by the Parent Guarantor or one or more other Wholly Owned Subsidiaries (other than directors' qualifying shares and shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law, provided, however, that such Restricted Subsidiary is directly or indirectly controlled by the Parent Guarantor).

TAXATION

United States Federal Income Tax Considerations

The following is a general discussion of United States federal income tax considerations with respect to the ownership and disposition of the Notes to holders that acquire the Notes for cash at their original issue price pursuant to this offer. The summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), United States Treasury Regulations, judicial decisions, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The discussion does not address all of the tax considerations that may be relevant to a particular person or to persons subject to special treatment under United States federal income tax laws (such as financial institutions, broker dealers, insurance companies, regulated investment companies, real estate investment trusts, cooperatives, controlled foreign corporations, passive foreign investment companies, expatriates, tax-exempt organizations (including private foundations), or persons that are, or hold their Notes through, partnerships or other pass-through entities), to persons who are required to accelerate the recognition of any item of income as a result of such income being recognized on an applicable financial statement, to U.S. Holders (as defined below) whose functional currency is not the United States dollar or to persons that hold the Notes as part of a straddle, hedge, conversion, synthetic security or constructive sale transaction for United States federal income tax purposes, all of whom may be subject to tax rules that differ from those summarized below. Moreover, this discussion does not address any non-United States, state, or local tax considerations, the Medicare surtax on net investment income or the alternative minimum tax or any backup withholding or information reporting requirements. This summary deals only with persons who hold the Notes as capital assets within the meaning of the Code (generally, property held for investment) and does not apply to banks and other financial institutions. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those set forth below. **Holders are urged to consult their tax advisors as to the particular United States federal tax considerations to them of owning and disposing of the Notes, as well as the effects of state, local and non-United States tax laws.**

A "U.S. Holder" means a beneficial owner of a Note (as determined for United States federal income tax purposes) that is, or is treated as

- a citizen or individual resident of the United States,
- a corporation (including any entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof or therein,
- an estate the income of which is subject to United States federal income taxation regardless of its source, or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person.

A "Non-U.S. Holder" is a beneficial owner of the Notes (other than a partnership or other entity taxable as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

If a partnership (including any entity or arrangement treated as a partnership or other pass-through entity for United States federal income tax purposes) is a holder of a Note, the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partners and partnerships are urged to consult their tax advisors as to the particular United States federal income tax considerations applicable to them.

The following discussion assumes that the Notes are not issued with original issue discount for United States federal income tax purposes.

U.S. Holders

Payments of Interest

Payments of interest on the Notes will generally be taxable to a U.S. Holder as ordinary income at the time such holder receives or accrues such amounts in accordance with such holder's regular method of tax accounting.

A U.S. Holder may be entitled to deduct or credit against its U.S. federal income tax liability any foreign taxes withheld by the Issuers from payments on the Notes, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of such U.S. Holder's foreign taxes for a particular tax year). Interest payments on the Notes will generally be considered foreign source income. Foreign source interest income will generally constitute "passive category income" for foreign tax credit purposes.

The rules governing the source of income and the foreign tax credits (and, in the case of a U.S. Holder that elects to deduct foreign taxes, the availability of deductions) are complex and depend upon a U.S. Holder's particular circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the application of these rules to their particular circumstances.

Sale, Exchange or Other Disposition of the Notes

Upon the sale, exchange or other disposition of the Notes, a U.S. Holder will generally recognize capital gain or loss equal to the difference, if any, between the amount realized upon such sale, exchange or other disposition (other than amounts representing accrued and unpaid interest, which will be subject to tax as ordinary income to the extent not previously included in income) and such holder's adjusted tax basis in the Notes at that time. A U.S. Holder's adjusted tax basis in a Note will generally be equal to the amount such holder paid to acquire the Note. Any such gain or loss recognized on a disposition of the Notes will generally be capital gain or loss, and will generally be long-term capital gain or loss if the Notes have been held for more than one year. Long-term capital gains recognized by individuals and certain other non-corporate U.S. Holders are generally eligible for reduced rates of taxation. The deductibility of a capital loss may be subject to limitations.

Non-U.S. Holders

Payments of Interest

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on interest received in respect of the obligations of the Issuer, provided that such interest is not effectively connected with a U.S. trade or business (or, in the case of certain tax treaties, are not attributable to a permanent establishment or fixed base within the United States). If interest is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (or, in the case of certain tax treaties, is attributable to a permanent establishment or fixed base within the United States), the Non-U.S. Holder will be subject to U.S. federal income tax on such interest and, if it is a foreign corporation, may be subject to a 30% U.S. branch profits tax (or lower applicable treaty rate).

Sale, Exchange or Other Disposition of the Notes

A Non-U.S. Holder will generally not be subject to U.S. federal income taxation with respect to gain recognized on the sale, exchange, or other disposition of the Notes, unless:

- the Non-U.S. Holder holds the Note in connection with the conduct of a U.S. trade or business (and, in the case of certain tax treaties, the gain is attributable to a permanent establishment or fixed base within the United States); or

- in the case of an individual, such individual is present in the United States for 183 days or more during the taxable year in which gain is recognized and certain other conditions are met.

If the first exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on a net basis and, if it is a foreign corporation, may be subject to a 30% U.S. branch profits tax (or lower applicable treaty rate). If the second exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains allocable to U.S. sources (including gains from the sale, exchange, retirement or other disposition of the Notes) exceed capital losses allocable to U.S. sources.

The preceding discussion of certain U.S. federal income tax considerations is general information only and is not tax advice. Accordingly, each holder should consult its own tax advisor as to the particular tax and reporting considerations pertinent to it of holding or disposing of the Notes, including the applicability and effect of any U.S. federal, state, local or Non-U.S. tax laws, and of any changes or proposed changes in applicable law.

Australian Taxation

The following is a summary of the Australian taxation treatment under the Income Tax Assessment Act of 1936 of Australia ("ITAA 1936") and Income Tax Assessment Act 1997 of Australia ("ITAA 1997") (together, the "Australian Tax Act") and the Taxation Administration Act 1953 of Australia ("TAA 1953"), as of the date of this Offering Memorandum, of payments of interest (as defined in the Australian Tax Act) on the Notes, and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (such as dealers in securities, custodians or other third parties who hold the Notes on behalf of any absolute beneficial owners of Notes). In addition, unless expressly stated, the summary does not consider the Australian tax consequences for persons who hold interests in the Notes through The Depository Trust Company, Euroclear, Clearstream or another clearing system.

The following is a general guide only and should be treated with appropriate caution. This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of Notes. Prospective holders of Notes should seek and rely only upon their own taxation advice regarding the taxation implications, in their particular circumstances, of the purchase, ownership and disposition of the Notes.

Australian interest withholding tax

Interest on the Notes derived by a non-resident of Australia who does not derive the interest in carrying on business at or through a permanent establishment in Australia, or by a resident of Australia who derives the interest in carrying on business at or through a permanent establishment outside Australia (each a "Non-Australian Holder"), will be subject to interest withholding tax ("Australian IWT") at the rate of 10% unless an exemption is available.

Exemption from Australian IWT under Section 128F of the ITAA 1936

Interest paid by the Issuer will be exempt from Australian IWT under Section 128F of the ITAA 1936 if:

(a) the Issuer is an Australian resident and a company (as defined in Section 128F(9) of the ITAA 1936) both at the time it issues the relevant Notes and at the time interest (as defined in Section 128A(1AB) of the ITAA 1936) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts; and

(b) the Notes are issued in a manner that satisfies a "public offer" test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Trustee is offering those Notes for issue.

In broad terms, the public offer test will be satisfied if the Notes are issued as a result of being offered for issue:

(a) to at least 10 persons each of whom:

(i) was carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and

(ii) was not known, or suspected, by the Issuer to be an associate (as defined in Section 128F(9) of the ITAA 1936) of any of the other persons;

(b) to at least 100 persons whom it was reasonable for the Issuer to regard as having acquired debentures or debt interests in the past or being likely to acquire debentures or debt interests in the future;

(c) as a result of being accepted for listing on a stock exchange, where the Issuer had previously entered into an agreement with a dealer, manager or underwriter in relation to the placement of the Notes requiring the Issuer to seek such a listing;

(d) as a result of negotiations being initiated publicly in electronic form, or in another form, that was used by financial markets for dealing in debentures or debt interests; or

(e) to a dealer, manager or underwriter, in relation to the placement of Notes who, under an agreement with the Issuer, offered the Notes for sale within 30 days in a way covered by any of paragraphs (a) to (d) above.

The public offer test will not be satisfied if at the time of the issue the Issuer knows, or has reasonable grounds to suspect, that the Notes or an interest in the Notes was being, or would later be, acquired directly or indirectly by one of its Offshore Associates (as defined below) other than one acting in the capacity of a dealer, manager, or underwriter in relation to the placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (within the meaning of the Corporations Act 2001 of Australia). Nor will the exemption from interest withholding tax apply if, at the time of the payment of interest to a person, the Issuer knows or has reasonable grounds to suspect that the holder concerned is one of its Offshore Associates other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (within the meaning of the Corporations Act 2001 of Australia).

An "Offshore Associate" is an associate (as defined in Section 128F(9) of the ITAA 1936) of the Issuer that is either (i) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia, or (ii) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside of Australia.

The Notes are intended to be issued in a manner which will satisfy the requirements of Section 128F of the ITAA 1936.

Double tax treaty relief from Australian IWT

The Australian Government has signed double taxation conventions ("Specified Tax Treaties") with a number of countries (each a "Specified Country") that contain certain exemptions from Australian IWT. Broadly, the Specified Tax Treaties effectively prevent Australian IWT applying to interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or

(b) a "financial institution" which is a resident of a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term "financial institution" refers to either a bank or any other form of enterprise which substantially derive its profits by carrying on a business of raising and providing finance. However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury currently maintains a listing of Australia's double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public at The Treasury's Department's website.

Payment of additional amounts

Subject to certain customary exceptions set out in the "Description of the Notes", the Issuer will be obliged to make additional payments to Noteholders in respect of any amounts withheld by the Issuer on account of Australian withholding taxes.

Payments under the Note Guarantees

It is unclear whether any payment made by an Australian resident guarantor under the Note Guarantees in relation to interest obligations of the Issuer would be subject to Australia IWT. There are good arguments that such payments (other than interest paid on an overdue amount) do not constitute "interest" for Australian withholding tax purposes, and, if so, would not be subject to Australian IWT.

The Australian Taxation Office has, however, published a Taxation Determination stating that payments by a guarantor in respect of debentures are entitled to the benefit of the exemption contained in Section 128F of the ITAA 1936 if payments of interest in respect of those debentures by the Issuer are exempt from Australian IWT. However, there is some doubt as to whether the reasoning adopted in the Taxation Determination is strictly correct.

If such payments are characterized as "interest" for Australian withholding tax purposes, Australian IWT at the rate of 10% will be payable on payments of interest (as defined in section 128A(1AB) of the ITAA 1936) by an Australian resident guarantor under the Guarantee to a Non-Australian Holder, unless an exemption is available.

Interest derived by Noteholders

Generally, interest on the Notes derived by a resident of Australia (other than through a foreign permanent establishment), or by a non-resident of Australia who derives the interest in carrying on business at or through a permanent establishment in Australia, will be assessable for Australian tax purposes as either received or accrued to them in respect of the Notes. Whether income will be assessed on a cash receipts or accruals basis will depend upon the tax status of the particular Noteholder. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.

Assuming the requirements of Section 128F of the ITAA 1936 are satisfied with respect to the Notes, payments of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to a Noteholder who is not a resident of Australia within the meaning of Australian Tax Act, and who does not derive the interest in carrying on business at or through a permanent establishment in Australia, should not be subject to Australian income taxes.

Gains on the redemption or disposal of the Notes—Australian Noteholders

Australian resident Noteholders will generally be required to include any gain or loss on the redemption or disposal of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.

Gains on the redemption or disposal of the Notes—non-resident Noteholders

A Noteholder who is not an Australian resident, and has never held the Notes as part of a business carried on by it through a permanent establishment in Australia, will ordinarily not be subject to Australian tax on any gains made on the redemption or disposal of the Notes, provided that such gains do not have an Australian source. Even if such gains have an Australian source, such a holder may be entitled to relief under a double tax agreement if the holder is a resident of a country with which Australia has a double tax agreement.

A gain arising on a sale of the Notes, by a non-Australian resident Noteholder to another non-Australian resident where the sale and all negotiations for and documentation of the sale are conducted and executed outside Australia, should not be regarded as having an Australian source for these purposes.

Other withholding taxes on payments in respect of Notes

The Issuer (or the registrar and Paying Agent on its behalf) will be required to withhold tax from payments of interest paid under the Notes in accordance with section 12-140 of Schedule 1 to the TAA 1953 if a Noteholder has not supplied an Australian tax file number (TFN), in certain circumstances an Australian business number (ABN) or proof of some exemption (as appropriate).

Assuming the requirements of Section 128F of the ITAA 1936 are satisfied with respect to the Notes, then the requirements of Section 12-140 of the TAA 1953 will not apply to payments to a Noteholder who is not a resident of Australia for tax purposes and is not holding the Notes in the course of carrying on business through a permanent establishment in Australia. Payments to other classes of Noteholders may be subject to withholding where the Noteholder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate).

The rate of withholding tax is currently 47%.

Further, payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the TAA 1953.

Section 12-315 of Schedule 1 to the TAA 1953 gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. However, Section 12-315 expressly provides that the regulations will not apply to "interest" (within the meaning of the Australian IWT rules) payments that are subject to, or specifically exempt from, the Australian IWT rules. However, the possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored

Other tax matters

Under Australian laws as presently in effect:

(a) taxation of financial arrangements—a holder of Notes who is a resident of Australia, or who is a non-resident of Australia and resident in a country that does not have a double taxation convention with Australia, or who is a non-resident of Australia and resident in a country with a double taxation convention with Australia but holds the Notes in the course of carrying on business at or through a permanent establishment in Australia, may be required to account for the gains and losses from the Notes in accordance with the specific rules in the Australian Tax Act dealing with the taxation of financial arrangements. However, if the taxation of financial arrangements provisions do generally apply to a Noteholder they should not affect the provisions relating to the imposition of Australian interest withholding tax. In particular, these rules do not apply in a manner that overrides the exemption available under Section 128F of the ITAA 1936;

(b) garnishee directions—the Australian Commissioner of Taxation has the power to issue garnishee notices under section 255 of the ITAA 1936 or section 260-5 of Schedule 1 to the TAA 1953 or any similar provision requiring a payer (including the Issuer or a Guarantor) to deduct from any payment to any other party (including any Noteholder) any amount in respect of Australian tax payable by that other party. If the Issuer or a Guarantor is served with such a notice in respect of a Noteholder then the Issuer or Guarantor will comply with that direction; and

(c) neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber outside of Australia at the time of the supply) a GST-free supply. Furthermore, neither the payment of principal or interest by the Trustee, nor the disposal of the Notes, would give rise to any GST liability in Australia.

Other Tax Considerations

Payments of, or in respect of, principal, interest, premium and fees made by a Subsidiary Guarantor domiciled or incorporated in jurisdictions other than the United States and Australia under the Subsidiary

Guarantees may be subject to withholding tax under the laws of the relevant jurisdictions, particularly with regard to any payments made by Subsidiary Guarantors domiciled or incorporated in Ghana or Tanzania.

Withholding tax will be payable by Subsidiary Guarantors incorporated in:

(a) Tanzania on payments of interest and service fees by that guarantor (unless an exemption applies). The rate of the interest withholding tax varies depending on to whom the payment is to be made; and

(b) Ghana on payments of interest and fees by that guarantor at the rate of 8% under the Income Tax Act, 2015 (Act 896) of Ghana subject to any applicable Double Taxation Treaty (unless an exemption has been obtained).

In the event that any withholding taxes are required to be withheld or deducted from any payments under the Subsidiary Guarantees, the Subsidiary Guarantors will, subject to certain exceptions described in this Offering Memorandum, be required to pay such additional amounts as will result, after deduction or withholding of such taxes, in the receipt of the amounts which would have been receivable by the Holders under the Subsidiary Guarantees had no such withholding or deduction been required (or to indemnify the Holders for the amount of any such withholding or deduction).

PLAN OF DISTRIBUTION

On the terms and subject to the conditions set forth in the purchase agreement among us and the Initial Purchasers dated the date hereof, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers, severally and not jointly, have agreed to purchase from us, the principal amount of Notes set forth opposite its name below.

Initial Purchaser	Principal amount of Notes
	US$
Standard Chartered Bank	225.0
The Hongkong and Shanghai Banking Corporation Limited	225.0
Total	450.0

On the terms and subject to the conditions set forth in the purchase agreement, the Initial Purchasers have agreed to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased.

We have agreed to indemnify the several Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The representatives have advised us that the Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Memorandum. The price at which the Notes are offered may be changed at any time without notice.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the relevant Initial Purchaser or any affiliate of the relevant Initial Purchasers are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchasers or their respective affiliate on behalf of the Issuer in such jurisdiction.

Notes are not being registered

Neither the Notes nor the Note Guarantees have been, or will be, registered under the Securities Act, or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold only to QIBs in the United States in accordance with Rule 144A and to non-U.S. persons located outside of the United States in accordance with Regulation S. Prospective investors that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on eligible offerees and transfers of the Notes, see "Transfer Restrictions."

In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

New issue of Notes

The Notes are a new issue of securities with no established trading market. We have been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, the Initial Purchasers are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made against payment therefore on or about the closing date specified on the cover page of this Offering Memorandum, which will be the tenth business day following the date of pricing of the Notes (such settlement being referred to as "T+10"). Under Rule 15c6¬1 under the Securities Exchange Act of 1934, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of this Offering Memorandum or the next succeeding seven business days will be required, by virtue of the fact that the Notes initially settle in T+10, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of this Offering Memorandum or the next succeeding seven business days should consult their advisors.

No sales of similar securities

We have agreed that we will not, for a period from the date of the purchase agreement with the Initial Purchasers, through and including the date that is the earlier of the date of days following the delivery of the Notes and the termination of the purchase agreement, without first obtaining the prior written consent of the representatives, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Short positions, stabilizing transactions and penalty bids

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include overallotment, syndicate covering transactions and stabilizing transactions. Overallotment involves sales of the Notes in excess of the principal amount of the Notes to be purchased by the Initial Purchasers in the offering, which creates a short position for the Initial Purchasers. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of the Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time. Neither the Issuer, the Note Guarantors nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes.

Other relationships

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the Initial Purchasers or their affiliates has a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Notes issued may be purchased by or be allocated to the Initial Purchasers or any of their affiliates for asset management and/or proprietary purposes whether or not with a view to later distribution. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates, including in a lending, financing, advisory or underwriting capacity. They have received, or may in the future receive, customary fees and commissions for these transactions. Affiliates of Standard Chartered Bank and The Hongkong and Shanghai Banking Corporation Limited are lenders under our Revolving Facilities and will receive certain of the proceeds from this offering in connection with the repayment of amounts drawn which are currently outstanding under those facilities. See "Use of Proceeds."

Notice to prospective investors in Australia

Neither this Offering Memorandum, nor any other prospectus or disclosure document (as defined in the Australian Corporations Act) in relation to the Notes or the Note Guarantees has been, or will be, lodged with, ASIC or the ASX and the Notes may not be offered for issue, sale, or purchase, nor may application for the issue, sale or purchase or any Notes be invited in Australia (including an offer or invitation which is received by a person in Australia), and neither this Offering Memorandum, any supplement hereto, nor any advertisement or other offering material relating to the Notes or Note Guarantees may be distributed or published in Australia unless, in each case:

(i) (A) the aggregate amount payable on acceptance of the offer or invitation by each offeree or invitee for the Notes is a minimum amount (disregarding amounts, if any, lent by the person offering the Notes or its associates) of A$500,000 (or its equivalent in another currency) or (B) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Australian Corporations Act and is not made to a person who is a "retail client" within the meaning of section 761G of the Australian Corporations Act;

(ii) the offer, invitation or distribution complies with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;

(iii) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Australian Corporations Act); and

(iv) such action does not require any document to be lodged with ASIC or the ASX.

Notice to prospective investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions ("NI-45-106") or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering.

Prohibition of Sales to EEA and UK Retail Investors

In relation to each Member State of the EEA and the United Kingdom, each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum to any retail investor in the EEA or the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II;

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Notice to prospective investors in the United Kingdom

Each Initial Purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Note Guarantors; and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Notice to prospective investors in Hong Kong

The Notes may not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) ("SFO") and any rules made thereunder, or (b) in other circumstances which do not result in such document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the "Companies Ordinance") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and except as permitted under the securities laws of Hong Kong, no advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder has been issued, or has been in the possession of an Initial Purchaser for the purpose of issue, and will not be issued, or be in the possession of an Initial Purchaser for the purposes of issue (in each case whether in Hong Kong or elsewhere).

Notice to prospective investors in Singapore

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an

institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to prospective investors in Japan

The Notes offered in this Offering Memorandum have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA"). The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act), except pursuant to an effective registration statement or in accordance with an available exemption from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act.

Each purchaser of the Notes offered hereby will be deemed, in making its purchase, to have represented and agreed as follows:

1. The purchaser and any account on behalf of which it is purchasing Notes either (a)(1) is a qualified institutional buyer, (2) is aware that the sale of the Notes to it is being made in reliance on Rule 144A and (3) is acquiring such Notes for its own account or the account of a qualified institutional buyer or (b)(1) is not in the United States or a U.S. person, or acting for the account or benefit of a U.S. person, as that term is defined in Regulation S, and (2) is aware that the sale of the Notes to it is being made in reliance on Regulation S.

2. The purchaser understands that the Notes have not been registered under the Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person except as set forth below.

3. If the purchaser is a U.S. person, it agrees that it will not resell or otherwise transfer the Notes except (a)(1) to the Issuer, (2) to a person whom such purchaser reasonably believes is a qualified institutional buyer acquiring for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (3) outside of the United States in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S, (4) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (5) pursuant to an effective registration statement under the Securities Act and (b) in accordance with all applicable securities laws of the states of the United States and other jurisdictions, and that the purchaser, and each subsequent holder, will notify any subsequent purchaser of such Notes from it of these resale restrictions. Any purported transfer of the Notes in violation of any one of the foregoing restrictions shall be void ab initio and of no legal force and effect The Notes issued to purchasers that are U.S. persons (including Restricted Global Notes) will bear a legend to the following effect, unless we determine otherwise in compliance with applicable law:

   "NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN

ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT IS (1) A QUALIFIED INSTITUTIONAL BUYER OR (2) NOT A US PERSON AND IS OUTSIDE THE UNITED STATES WITHIN THE MEANING OF (OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (K)(2) OF RULE 902 UNDER) REGULATION S UNDER THE SECURITIES ACT. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY EXCEPT AS PERMITTED BY THE SECURITIES ACT."

4. If the purchaser is a qualified institutional buyer, it understands that the Notes offered in reliance on Rule 144A initially will be represented by the Restricted Global Note and that, before interests therein may be transferred to any person who takes delivery in the form of the Regulation S Global Note, the transferor will be required to provide the trustee with a written certification (the form of which can be obtained from the trustee) to the effect that the transfer complies with Rule 903 or Rule 904 of Regulation S.

5. If the purchaser is not a U.S. person, it understands that the Notes offered in reliance on Regulation S initially will be represented by the Regulation S Global Note and that interests therein may be held only through Euroclear or Clearstream through and including the 40th day after the later of the commencement of the offering of the Notes and the closing date of the offering of the Notes, as described in the section of this Offering Memorandum titled "Description of the Notes—Book-Entry, Delivery and Form." The purchaser further understands that the Regulation S Global Notes will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

   "THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THESE NOTES."

6. The purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes.

7. The purchaser acknowledges that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, warranties and agreements on behalf of each such account.

LEGAL MATTERS

The validity of the issuance of the Notes and the Note Guarantees will be passed upon for the Perenti Group by Skadden, Arps, Slate, Meagher & Flom as to certain matters of United States and New York law and by King & Wood Mallesons, as to certain matters of Australian law. In connection with this offering, certain legal matters will be passed upon for the Initial Purchasers by Allen & Overy as to certain matters of United States and New York law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Perenti Group as of and for each of the fiscal years ended June 30, 2020, 2019 and 2018, included in this Offering Memorandum have been audited by PwC Australia, independent auditors, as stated in their reports appearing herein.

LIMITATION OF LIABILITY OF INDEPENDENT AUDITORS

The liability of PricewaterhouseCoopers, an Australian partnership ("PwC Australia"), with respect to claims arising out of its respective audit reports is subject to the limitations set forth in the Chartered Accountants Australia and New Zealand Professional Standards Scheme (WA) approved by the Western Australia Professional Standards Council (the "WA Accountants Scheme") or such other applicable scheme approved pursuant to the Professional Standards Act 1997 (WA) (the "WA Professional Standards Act"). The WA Professional Standards Act and the WA Accountants Scheme limit PwC Australia's civil liability arising in tort, contract or otherwise directly or vicariously from anything done or omitted by PwC Australia in the performance of its professional services to Perenti including, without limitation, audits of Perenti's financial statements. The limit does not apply to liability for breach of trust or fraud or dishonesty. The WA Professional Standards Act and the WA Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by the courts and the effect of limitations on the enforcement of foreign judgments are untested. The current WA Accountants Scheme limits the liability of participating members of the Chartered Accountants Australia and New Zealand arising from services provided on or after October 8, 2014 (with previous liability capping schemes continuing to apply to services provided from October 8, 2007 up to this date).

The WA Accountants Scheme limits the liability of participating members for damages arising from a claim to the extent to which the liability results in damages exceeding A$2 million. Such liability for damages is limited to a monetary ceiling determined by reference to: (a) the category in which the relevant service falls under the WA Accountants Scheme; and (b) the fee charged in respect of the service. The maximum monetary ceiling under the WA Accountants Scheme is A$75 million, which applies to Category 1 services (including financial statement audits) in respect of which the fee is A$2.5 million or more. In order for a monetary ceiling to apply to a claim, the participating member must have an insurance policy under which the amount payable in respect of the claim is not less than the monetary ceiling applicable to the claim and/or business assets the market value of which is not less than that amount. The WA Accountants Scheme is scheduled to expire on October 8, 2019.

In addition, there is equivalent professional standards legislation in place in each state and territory in Australia and amendments have been made to a number of Australian federal statutes to limit liability under those statutes to the same extent as liability is limited under state and territory laws by professional standards legislation. Pursuant to such professional standards legislation, each state and territory in Australia (except Tasmania, where its introduction has been deferred) has implemented similar schemes to the WA Accountants Scheme. As with the WA Accountants Scheme, all of these similar schemes are scheduled to expire on October 8, 2019.

In addition, amendments have been made to the Competition and Consumer Act 2010 (Cth) (the "Competition and Consumer Act 2010") to limit liability of participating members of The Institute of Chartered Accountants in Australia under the WA Accountant Scheme for misleading and deceptive conduct arising under the Competition and Consumer Act 2010 to the same extent as liability is limited under the WA Accountants Scheme.

ANNEX A—LIST OF SUBSIDIARY GUARANTORS

Name	ABN (or other corporate identifier)	Place of incorporation
Perenti International Pty Ltd	49 069 769 811	Australia
Perenti Group Services Pty Ltd	68 074 414 387	Australia
Ausdrill Pty Ltd	58 103 661 374	Australia
Perenti Properties Pty Ltd	92 104 659 074	Australia
Perenti Utilities Pty Ltd	99 103 016 771	Australia
BTP Equipment Pty Ltd	55 128 386 201	Australia
BTP Parts Pty Ltd	28 096 533 283	Australia
Drill Rigs Australia Pty Ltd	99 128 786 603	Australia
ACN 103 534 087 Pty Ltd	32 103 534 087	Australia
Energy Drilling Australia Pty Limited	74 137 680 221	Australia
Golden Plains Pty Ltd	79 006 307 179	Australia
MinAnalytical Holdings Pty Ltd	21 147 048 075	Australia
Supply Direct Pty Ltd	29 059 611 862	Australia
Supply Direct South Africa Pty Limited	70 087 063 303	Australia
Synegex Holdings Pty Ltd	11 103 420 971	Australia
Connector Drilling Pty Ltd	14 148 853 561	Australia
African Mining Services (Ghana) Pty Ltd	32 076 301 472	Australia
Barminco Finance Pty Limited	83 126 398 267	Australia
Barminco Holdings Pty Limited	85 126 398 276	Australia
Barminco Limited	32 109 439 894	Australia
Barminco AUMS Holdings Pty Limited	49 163 310 549	Australia
Barminco India Holdings Pty Ltd	82 614 539 098	Australia
Barminco India Investments Pty Ltd	99 614 539 105	Australia
African Mining Services Burkina Faso SARL	BF OUA 2011 B 130	Burkina Faso
African Underground Mining Services Burkina Faso SARL	BF OUA 2012 B 4444	Burkina Faso
African Mining Services Mali SARL	N/A	Mali
African Underground Mining Services Mali SARL	BKO 2010 B 559	Mali
Logistics Direct Limited	82,432	Ghana
African Mining Services Ghana Limited	CS345652018	Ghana
African Underground Mining Services Limited	CS526642014	Ghana
Barminco Mining Services Botswana (Proprietary) Limited	BW00001078651	Botswana
AUMS (T) Limited	121072	Tanzania

INDEX TO FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

Years ended June 30, 2019 and 2018

Consolidated statement of profit or loss

	Notes	20 $'000	19 $'000
Revenue from continuing operations	2	**2,046,058**	1,638,392
Other income	4(a)	**12,125**	208,124
Materials expense		**(651,013)**	(598,787)
Labour costs		**(759,570)**	(556,288)
Rental and hire expense	4(b)	**(19,114)**	(24,907)
Depreciation expense	4(b)	**(232,141)**	(164,829)
Amortisation expense	4(b)	**(38,564)**	(29,062)
Finance costs	4(b)	**(53,605)**	(55,382)
Finance income		**1,471**	3,143
Other expenses from ordinary activities	4(b)	**(198,501)**	(162,559)
Impairment of assets	4(b)	**(59,608)**	(113,635)
Share of net profit of joint ventures accounted for using the equity method		**-**	10,709
Profit before income tax		**47,538**	154,919
Income tax (expense)/benefit	5	**(19,983)**	27,362
Profit for the year		**27,555**	182,281
Profit is attributable to:			
Equity holders of Perenti Global Limited		**23,837**	181,326
Non-controlling interests		**3,718**	955
Profit for the year		**27,555**	182,281
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**3.5**	30.0
Diluted earnings per share	21	**3.5**	29.8

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

	Notes	20 $'000	19 $'000
Profit for the year		**27,555**	182,281
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange losses on translation of foreign operations	8(b)	**(11,240)**	(4,216)
Exchange (losses)/gains on translation of foreign operations - non-controlling interest		**(64)**	21
Items that will not be reclassified to profit or loss			
Gain on revaluation of land and buildings, net of tax	8(b)	**229**	490
Gain on revaluation of FVOCI financial assets, net of tax	8(b)	**6,542**	3,341
Other comprehensive income/(loss) for the year, net of tax		**(4,533)**	(364)
Total comprehensive income for the year		**23,022**	181,917
Total comprehensive income for the year is attributable to:			
Equity holders of Perenti Global Limited		**19,368**	180,941
Non-controlling interests		**3,654**	976
Total comprehensive income for the year		**23,022**	181,917

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	20 $'000	19 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	**327,491**	223,524
Trade and other receivables	6(b)	**369,309**	399,354
Inventories	7(a)	**250,379**	251,110
Assets classified as held for sale	7(b)	**-**	13,626
Current tax receivables		**6,190**	10,902
Total current assets		**953,369**	898,516
Non-current assets			
Receivables	6(b)	**830**	2,038
Financial assets at fair value through other comprehensive income	6(c)	**23,632**	17,581
Property, plant and equipment	7(c)	**818,096**	887,666
Right-of-use assets	7(d)	**110,739**	-
Intangible assets	7(e)	**705,156**	743,569
Deferred tax assets	7(f)	**131,072**	117,396
Total non-current assets		**1,789,525**	1,768,250
Total assets		**2,742,894**	2,666,766
LIABILITIES			
Current liabilities			
Trade and other payables	6(d)	**261,095**	268,525
Borrowings	6(e)	**7,148**	25,762
Lease liabilities	7(d)	**29,482**	-
Current tax liabilities		**14,351**	18,578
Employee benefit obligations	7(g)	**71,902**	65,043
Total current liabilities		**383,978**	377,908
Non-current liabilities			
Borrowings	6(e)	**775,091**	731,681
Lease liabilities	7(d)	**72,136**	-
Deferred tax liabilities	7(f)	**110,131**	143,948
Employee benefit obligations	7(g)	**1,804**	1,617
Total non-current liabilities		**959,162**	877,246
Total liabilities		**1,343,140**	1,255,154
Net assets		**1,399,754**	1,411,612
EQUITY			
Contributed equity	8(a)	**1,135,323**	1,126,769
Other reserves	8(b)	**(11,104)**	(10,835)
Retained earnings	8(c)	**270,039**	293,836
Capital and reserves attributable to owners of Perenti Global Limited		**1,394,258**	1,409,770
Non-controlling interests		**5,496**	1,842
Total equity		**1,399,754**	1,411,612

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	Notes	ATTRIBUTABLE TO OWNERS OF PERENTI GLOBAL LIMITED					
		CONTRIBUTED EQUITY $'000	OTHER RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2018		**624,571**	**(12,459)**	**162,639**	**774,751**	**-**	**774,751**
Change in accounting policy on adoption of AASB 15		-	-	(7,527)	(7,527)	-	(7,527)
Restated total equity at 1 July 2018		**624,571**	**(12,459)**	**155,112**	**767,224**	**-**	**767,224**
Profit for the year		-	-	181,326	181,326	955	182,281
Other comprehensive (loss)/income		-	(385)	-	(385)	21	(364)
Total comprehensive income/(loss) for the year		-	**(385)**	**181,326**	**180,941**	**976**	**181,917**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax		243,537	-	-	243,537	-	243,537
Non-controlling interests on acquisition of subsidiary		-	-	-	-	866	866
Shares issued on conversion of employee share options	8(b)	268	(204)	-	64	-	64
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax		258,393	-	-	258,393	-	258,393
Employee share options/rights - value of employee services	8(b)	-	2,213	-	2,213	-	2,213
Dividends paid		-	-	(42,602)	(42,602)	-	(42,602)
		502,198	2,009	(42,602)	461,605	866	462,471
Balance at 30 June 2019		**1,126,769**	**(10,835)**	**293,836**	**1,409,770**	**1,842**	**1,411,612**
Balance at 1 July 2019		1,126,769	(10,835)	293,836	1,409,770	1,842	1,411,612
Profit for the year		-	-	23,837	23,837	3,718	27,555
Other comprehensive loss		-	(4,469)	-	(4,469)	(64)	(4,533)
Total comprehensive income/(loss) for the year		-	(4,469)	23,837	19,368	3,654	23,022
Transactions with owners in their capacity as owners:							
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	8(b)	-	(409)	409	-	-	-
Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax	8(a)	8,849	-	-	8,849	-	8,849
Shares issued on conversion of employee share options	8(a), 8(b)	285	(98)	-	187	-	187
Deferred tax movement on capital raising costs		(580)	-	-	(580)	-	(580)
Dividends paid/payable	12(b)	-	-	(48,043)	(48,043)	-	(48,043)
Employee share options/rights - value of employee services	8(b)	-	4,707	-	4,707	-	4,707
		8,554	4,200	(47,634)	(34,880)	-	(34,880)
Balance at 30 June 2020		**1,135,323**	**(11,104)**	**270,039**	**1,394,258**	**5,496**	**1,399,754**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	Notes	20 $'000	19 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,178,904**	1,683,000
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,752,117)**	(1,385,320)
		426,787	297,680
Interest received		**1,471**	3,143
Interest and other costs of finance paid		**(53,605)**	(61,035)
Income taxes paid		**(68,114)**	(33,432)
Management fee received from joint ventures		**-**	556
Net cash inflow from operating activities	9(a)	**306,539**	206,912
Cash flows from investing activities			
Payments for purchase of subsidiaries	13	**-**	(17,205)
Payments for property, plant and equipment	7(c)	**(235,704)**	(206,013)
Payments for intangibles		**(150)**	(55)
Proceeds from sale of property, plant and equipment		**45,619**	11,170
Payments for assets at FVOCI		**-**	(809)
Proceeds from sale of assets at FVOCI		**3,268**	-
Proceeds from sale of assets held for sale		**16,000**	1,565
Cash acquired on acquisition of subsidiary	13	**-**	100,544
Minority interest on start-up of joint venture		**-**	866
Net cash outflow from investing activities		**(170,967)**	(109,937)
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs		**-**	242,338
Proceeds from secured borrowings		**284,985**	232,362
Repayment of unsecured borrowings		**(9,256)**	(421,293)
Repayment of secured borrowings		**(251,872)**	(15,762)
Proceeds from unsecured borrowings		**8,731**	5,072
Repayment of lease liabilities		**(33,809)**	(21,677)
Dividends paid to Company's shareholders	12(b)	**(24,019)**	(42,602)
Proceeds from Cross Currency Interest Rate Swaps close-out		**-**	8,421
Net cash outflow from financing activities		**(25,240)**	(13,141)
Net increase in cash and cash equivalents		**110,332**	83,834
Cash and cash equivalents at the beginning of the financial year		**223,524**	137,258
Effects of exchange rate changes on cash and cash equivalents		**(6,365)**	2,432
Cash and cash equivalents at end of year	6(a)	**327,491**	223,524

Non-cash investing and financing activities (refer note 9(b))

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Notes to the consolidated financial statements

HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction

(b) analysis and subtotals, including segment information

(c) information about estimates and judgements made in relation to particular items.

Notes to the consolidated financial statements

1 SEGMENT INFORMATION

a. Description of segments

Management has determined the operating segments based on the internal reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director assesses the performance of the operating segments based on Revenue and EBIT.

The operating segments are identified by the Managing Director based on the nature of the services provided. The Managing Director considers the business from a geographic perspective, similarity of the services provided and the nature of risks and returns associated with each business.

Reportable segments are:

Surface Mining:

The provision of surface mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

Underground Mining:

The provision of underground mining services in Australia, Africa, India and Canada.

Investments:

Operating segments which do not meet the aggregation criteria for the current segments. This includes the provision of mining supplies, products and services including equipment hire, equipment parts and sales and mineral analysis.

Group Functions:

This segment includes Group central functions including treasury, accounting, human resources, information technology, business development, procurement, financing and administration.

Intersegment eliminations:

Represents transactions which are eliminated on consolidation.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

EBIT (A)

EBIT (A) is defined as earnings before finance costs, finance income, income tax expense or benefit and amortisation of intangible assets.

1. SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2020 is as follows:

20	SURFACE MINING $'000	UNDERGROUND MINING $'000	INVESTMENTS $'000	GROUP FUNCTIONS $'000	INTER-SEGMENT ELIMINATIONS $'000	CONSOLIDATED $'000
Segment revenue						
Sales to external customers	607,971	1,299,797	138,290	-	-	2,046,058
Intersegment sales	2,802	-	19,815	-	(22,617)	-
Total sales revenue	**610,773**	**1,299,797**	**158,105**	**-**	**(22,617)**	**2,046,058**
Timing of revenue recognition						
- At a point in time	1,009	-	43,518	-	-	44,527
- Over time	609,764	1,299,797	114,587	-	(22,617)	2,001,531
	610,773	1,299,797	158,105	-	(22,617)	2,046,058
Underlying segment EBIT(A)	**25,453**	**196,197**	**25,089**	**(35,031)**	**-**	**211,708**
Transaction, restructuring costs and other	-	(2,734)	-	(5,217)	-	(7,951)
Amortisation expense	-	(38,564)	-	-	-	(38,564)
Impairment of assets	(34,271)	-	(25,337)	-	-	(59,608)
Boungou/Bissa project exit costs	(4,971)	-	-	-	-	(4,971)
Profit on sale of Connector Drilling	2,374	-	-	-	-	2,374
Foreign exchange (loss)/gain, net	1,051	(1,282)	-	(3,085)	-	(3,316)
Reported segment EBIT(A)	**(10,364)**	**153,617**	**(248)**	**(43,333)**	**-**	**99,672**
Interest income						1,471
Interest expense						(53,605)
Profit before tax						**47,538**
Income tax expense						(19,983)
Profit for the year						**27,555**
Minority interest						(3,718)
Profit for the year attributable to members						**23,837**
Segment assets	**1,938,753**	**1,528,333**	**200,327**	**533,511**	**(1,458,030)**	**2,742,894**
Segment liabilities	**338,272**	**923,948**	**197,768**	**1,000,097**	**(1,116,945)**	**1,343,140**
Other segment information						
Depreciation expense	(75,535)	(133,465)	(21,227)	(1,914)	-	(232,141)
Amortisation expense	-	(38,564)	-	-	-	(38,564)
Acquisition of property, plant and equipment, intangibles and other non-current assets	64,648	143,680	24,004	3,522	-	235,854

Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Managing Director (continued)

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2019 is as follows:

19	SURFACE MINING $'000	UNDERGROUND MINING $'000	INVESTMENTS $'000	GROUP FUNCTIONS $'000	INTER-SEGMENT ELIMINATIONS $'000	CONSOLIDATED $'000
Segment revenue						
Sales to external customers	746,193	747,156	145,043	-	-	1,638,392
Intersegment sales	3,907	-	17,706	-	(21,613)	-
Total sales revenue	**750,100**	**747,156**	**162,749**	**-**	**(21,613)**	**1,638,392**
Timing of revenue recognition						
- At a point in time	11,388	-	21,800	-	-	33,188
- Over time	738,712	747,156	140,949	-	(21,613)	1,605,204
	750,100	747,156	162,749	-	(21,613)	1,638,392
Underlying segment EBIT(A)	**56,401**	**129,179**	**25,383**	**(30,257)**	**-**	**180,706**
Transaction, restructuring costs and other	(668)	(6,697)	-	(22,868)	-	(30,233)
Amortisation expense	-	(29,062)	-	-	-	(29,062)
Impairment of assets	(57,068)	-	(56,567)	-	-	(113,635)
Fair value gain on AUMS	-	180,248	-	-	-	180,248
Foreign currency translation reserve derecognition on AUMS	-	18,163	-	-	-	18,163
Foreign exchange (loss)/gain, net	402	36	(804)	1,337	-	971
Reported segment EBIT(A)	**(933)**	**291,867**	**(31,988)**	**(51,788)**	**-**	**207,158**
Interest income						3,143
Interest expense						(55,382)
Profit before tax						**154,919**
Income tax expense						27,362
Profit for the year						**182,281**
Minority interest						(955)
Profit for the year attributable to members						**181,326**
Segment assets	**1,747,048**	**1,393,038**	**197,342**	**778,825**	**(1,449,487)**	**2,666,766**
Segment liabilities	**353,535**	**847,945**	**210,078**	**980,879**	**(1,137,283)**	**1,255,154**
Other segment information						
Depreciation expense	(80,571)	(72,677)	(11,206)	(374)	-	(164,828)
Amortisation expense	-	(29,062)	-	-	-	(29,062)
Acquisition of property, plant and equipment, intangibles and other non-current assets	59,733	119,180	26,579	1,385	-	206,877
Share of net profits from joint ventures	-	10,709	-	-	-	10,709

Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

c. Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the consolidated income statement.

Total revenue by geographical location is as follows:

	30 JUNE 2020			30 JUNE 2019		
	TOTAL SEGMENT REVENUE	INTER-SEGMENT REVENUE	REVENUE FROM EXTERNAL CUSTOMERS	TOTAL SEGMENT REVENUE	INTER-SEGMENT REVENUE	REVENUE FROM EXTERNAL CUSTOMERS
	$'000	$'000	$'000	$'000	$'000	$'000
Surface Mining						
Australia	**183,911**	**(2,176)**	**181,735**	212,795	(3,541)	209,254
Ghana	**132,402**	**(625)**	**131,777**	212,978	(365)	212,613
Mali	**152,951**	**-**	**152,951**	159,396	-	159,396
Burkina Faso	**66,179**	**-**	**66,179**	101,181	-	101,181
Senegal	**73,947**	**-**	**73,947**	60,839	-	60,839
Other foreign countries	**1,384**	**-**	**1,384**	2,916	-	2,916
Underground Mining						
Australia	**602,743**	**-**	**602,743**	355,415	-	355,415
Ghana	**250,630**	**-**	**250,630**	115,594	-	115,594
Burkina Faso	**213,773**	**-**	**213,773**	109,403	-	109,403
Tanzania	**99,439**	**-**	**99,439**	95,572	-	95,572
Egypt	**84,831**	**-**	**84,831**	58,218	-	58,218
Botswana	**25,964**	**-**	**25,964**	-	-	-
India	**19,189**	**-**	**19,189**	12,954	-	12,954
Canada	**3,227**	**-**	**3,227**	-	-	-
Investments						
Australia	**127,256**	**(4,750)**	**122,506**	135,125	(3,369)	131,756
Africa	**25,585**	**(11,879)**	**13,706**	22,387	(10,292)	12,095
Other foreign countries	**5,264**	**(3,187)**	**2,077**	5,232	(4,046)	1,186
Total segment revenue	**2,068,675**	**(22,617)**	**2,046,058**	1,660,005	(21,613)	1,638,392

Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

(ii) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Total of non-current assets other than deferred tax assets, broken down by location of the assets, is shown in the table below.

	20 NON-CURRENT SEGMENT ASSETS $'000	19 NON-CURRENT SEGMENT ASSETS $'000
Surface Mining		
Australia	**105,210**	97,629
Ghana	**135,717**	174,418
Burkina Faso	**78,764**	80,529
Mali	**64,937**	73,587
Senegal	**60,090**	60,600
Other foreign countries	**-**	135
Underground Mining		
Australia	**470,271**	481,604
Ghana	**169,434**	179,231
Burkina Faso	**226,298**	220,082
Mali	**20,136**	20,797
Tanzania	**86,777**	110,208
Egypt	**17,591**	14,206
India	**-**	294
Botswana	**40,576**	-
Investments		
Australia	**115,940**	84,728
Africa	**485**	118
Other foreign countries	**16**	-
Group Functions		
Australia	**65,729**	52,689
Other foreign countries	**481**	-
Total non-current segment assets	**1,658,452**	1,650,855

Notes to the consolidated financial statements

2. REVENUE

The Group derives the following types of revenue:

	Notes	20 $'000	19 $'000
Sales revenue			
Contract mining services	2(a)(i)	**1,940,936**	1,548,345
Equipment rental	2(a)(ii)	**60,595**	58,859
Sale of goods	2(a)(iii)	**44,527**	33,188
		2,046,058	1,638,392

a. Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

(i) Contract mining services

Contracts for services includes contract mining (both underground and surface mining), drill and blast, in-pit grade control, exploration drilling, earthmoving, rental of equipment and mineral assays and analysis. The performance obligation is fulfilled over time as the Group enhances mining assets which the customer controls and for which the Group has a right to payment for performance to date and as such revenue is recognised over time. Revenue is recognised monthly based on units of production at agreed contract rates that is aligned with the stand-alone selling prices for each performance obligation. Majority of the Group's revenue is paid one month in arrears and therefore gives rise to an accrued revenue. The total transaction price for contract services may include variable consideration.

(ii) Equipment rental

Revenue is recorded overtime as the customer simultaneously receives and consumes the benefits, the entity has an enforceable right to payment and as such the performance obligation is fulfilled overtime.

(iii) Sale of goods

Revenue is recorded at a point in time when control has been transferred to the customer, generally being when the goods have been despatched to a customer pursuant to the sales order.

See note 25(e) for the recognition and measurement of revenue. Amounts disclosed as revenue are net of returns, trade allowances, duties and other taxes paid. Refer note 6(b) for accrued revenue.

b. Revenue recognised in relation to contract liabilities

The Group recognised revenue from the amortisation of deferred revenue liabilities relating to mining services contracts as follows:

	20 $'000	19 $'000
Revenue recognised in relation to contract liabilities	**2,978**	2,404

Notes to the consolidated financial statements

3. INDIVIDUALLY SIGNIFICANT ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Notes	20 $'000	19 $'000
Impairment of property, plant and equipment		**(40,597)**	(49,320)
Impairment of inventory		**(19,011)**	(54,416)
Impairment other		**-**	(9,899)
Net income tax benefit - impairment, transactional and other		**11,815**	60,632
Step acquisition gain on ASL's existing 50% share of AUMS	13	**-**	180,248
Foreign currency translation reserves derecognised on step acquisition of AUMS	13	**-**	18,163
		(47,793)	145,408

a. Impairment of assets

For the year ended 30 June 2020, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation prior to the COVID-19 pandemic had been above its net assets at different points in time. As the global markets responded to COVID-19, the share price decreased and as a result at 30 June 2020 the Groups market capitalisation was below its net assets. Based on the thorough and systematic impairment analysis conducted, management considered this factor amongst other impairment indicators at 30 June 2020.

Assets are firstly considered individually to determine whether there is any impairment related to specific assets due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe. For the year ended 30 June 2020, this resulted in $34,271,000 of impairments in the Surface Mining Africa ISG which largely relates to property, plant and equipment and Inventory on the Boungou mine site in Burkina Faso which the Group exited in November 2019 due to heightening security concerns. The impairment reflects the likely recoverable value for the assets factoring in their specific location and associated security risk.

The Group then proceeded to consider the profitability of the individual Cash Generating Units (CGUs) against their budgets. Where a business was performing below its forecast or had high underutilisation of PPE, management considered that there was an impairment indicator and performed an impairment assessment for those CGUs. This was the case for the Surface Mining - Australia, Surface Mining - Africa and BTP Group CGUs. For these CGUs, management has made estimates associated with the recoverable amount of the relevant CGU to determine whether there was any impairment or reversal of previous impairment in relation to its carrying value. Determining a CGUs recoverable amount was completed via the following methods:

(a) for certain CGUs, the recoverability of its assets is completed via a fair value less costs of disposal methodology (FVLCD); and

(b) for certain CGUs, the recoverability of its assets is completed via a value in use methodology (VIU).

The recoverable amount of a CGU is calculated as the higher of its FVLCD or its VIU. The Company has sourced an external valuation where a fair value less costs of disposal has been used. In the instances where this has been adopted, the valuation technique and fair value hierarchy is noted below.

The recoverable amount of a CGU determined by a VIU calculation requires the use of assumptions. Cash flow projections are calculated using budgeted EBITDA, changes in working capital and capital expenditure to determine a "free cash flow" estimate. These projections are based on actual operating results, a Board approved business plan and subsequent financial forecasts prepared by management. Future cash flows are extrapolated by applying growth rates for each segment and terminal growth rates not exceeding 3%. This methodology is consistently applied in reporting periods.

For the CGUs which had impairment triggers at 30 June 2020, the recoverable amount was assessed either by a FVLCD or a VIU method. The assessments resulted in an impairment charge of $25,337,000 for the year ended 30 June 2020. There was no reversal of previous impairments recorded. Please see the table below for the information on which method was applied to each CGU and a comparison between 30 June 2020 and 30 June 2019.

Notes to the consolidated financial statements

3. INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

a. Impairment of assets (continued)

Summary of the impairment taken, and method used to assess the impairment

A summary of the Company's assessment of any indicators of impairment testing for material CGUs, the valuation method used and impairment expense/(reversal) is as follows:

	TRIGGER FOR IMPAIRMENT TESTING		VALUATION METHOD USED		IMPAIRMENT EXPENSE/ (REVERSAL) OF PPE	
CGU	20	19	20	19	20	19
BTP Group (BTP)	**Y**	N	**VIU**	-	**$25.3m**	-
Surface Mining Africa (formerly Contract Mining Services Africa (CMSA))	**Y**	Y	**FVLCD**	VIU	**$34.3m**	$16.9m
Surface Mining Australia (formerly Kalgoorlie / Synegex)	**Y**	Y	**VIU**	VIU	**-**	-
Energy Drilling Australia (EDA)	**N**	Y	**-**	FVLCD	**-**	$31.2m
Underground Mining (Australasia / Africa)	**N**	N	**-**	N/A	**-**	N/A
Others	**N**	N	**-**	N/A	**-**	N/A

The impairments recorded within the financial statements at 30 June 2020 are not directly related to the COVID-19 global pandemic.

Key assumptions used for value in use calculations

For certain CGUs the recoverability of its assets is determined using a VIU methodology. The calculation of VIU for the CGUs is most sensitive to the following assumptions:

(a) EBITDA/sales margins

(b) Discount rates and growth rates used to extrapolate cash flows beyond the forecast period.

EBITDA margin

The calculations used cash flow projections based on the forecast for the 2021 to 2025 financial years. Financial years from 2021 to 2025 for the BTP Group (impairment recorded) and Surface Mining - Australia (no impairment recorded) incorporate an estimate of the EBITDA margins which have not been disclosed as they are commercially sensitive in nature. The 2021 forecast was determined as a result of a comprehensive exercise where the operational division evaluated each individual contract and project.

Working capital has been adjusted, in particular inventory levels, to return to and reflect what would be considered a normal operating level to support the underlying business.

Growth rate estimates and discount rates

Future cash flows are extrapolated by applying growth rates for each segment and appropriate discount rates to the CGU. A 1% growth rate for 2022 to 2025 has been utilised and additionally a terminal value was calculated after 5 years incorporating a perpetual growth rate of 2.5%.

Weighted average cost of capital post-tax discount rates in the range of 10.0% and 10.8% were used in discounting the projected cashflows for the BTP group and Surface Mining - Australia. The present value of the cash flows is sensitive to the EBITDA, growth rate and discount rates used. A higher discount rate or lower EBITDA growth rate will result in a lower recoverable value.

There are circumstances where changes to the assumptions above could impact on the recoverable amount and therefore could increase a recorded impairment or in fact mean a future impairment could occur in a CGU where an impairment has not been recorded.

BTP Group

This CGU is included in the Investments operating segment. At 30 June 2020, based on the impairment testing performed, an impairment expense of $25,337,000 has been recognised at the CGU level. Of this impairment expense, $14,382,000 related to property, plant and equipment and $10,955,000 related to inventory. At 30 June 2019, this CGU had no triggers for impairment.

Notes to the consolidated financial statements

3. INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

a. Impairment of assets (continued)

Significant estimate: Impact of possible changes in key assumptions

Management have considered various reasonably possible sensitivities over the value-in-use models for the BTP Group CGU and Surface Mining - Australia CGU at 30 June 2020. The table below shows the impact of different reasonably possible outcomes if there was a change in the assumptions used in the value in use models.

ASSUMPTION	% CHANGE	BTP GROUP IMPAIRMENT CHANGE (A$)	SURFACE MINING - AUSTRALIA IMPAIRMENT (A$)*
Growth rate	+1.0%	+$2,500,000	-
(decrease reduces value)	-1.0%	-$2,500,000	-
Discount rate	-1.0%	+$17,200,000	-
(decrease increases value)	+1.0%	-$13,300,000	-$320,000

* the value shown is the impairment which would be recorded in the model if the assumption changed by the % included in the % change column.

The above sensitivities have been performed with all other assumptions in the model remaining the same as the original model.

Key assumptions used for Fair Value less Costs of Disposal

Surface Mining - Africa

This CGU is included in the Surface Mining operating segment. At 30 June 2020, a FVLCD methodology was adopted combining Level 1, Level 2, and predominately Level 3 inputs in the fair value. The directors assessed the fair value, taking into account the independent valuation obtained and determined the assets' fair value within a range of reasonable fair value estimates. Based on the impairment testing performed no impairment expense has been recognised at the CGU level at 30 June 2020. At 30 June 2019 a VIU methodology was adopted and an impairment expense of $16,936,000 was recorded to Property, plant and equipment and other assets.

b. Net income tax benefit

In the current year a net income tax benefit of $11,815,000 was recorded relating to the following items: $16,248,000 deferred tax benefits relating to the above impairments recorded along with an offsetting $4,433,000 in relation to the finalisation of the tax cost allocation from the acquisition of the Barminco Group.

In the prior year ended 30 June 2019 a net income tax benefit of $60,632,000 was recorded relating to the following items: previously unrecognised deferred tax assets for the carry forward of unused tax losses and tax credits $43,156,000, uplift in the tax carrying value of depreciating assets upon the acquisition of the Barminco Group $8,733,000, tax effect of impairment, transaction costs and other amounting to $36,036,000, offset by uncertain tax positions in Africa of $27,293,000.

4 OTHER INCOME AND EXPENSE ITEMS

This note provides a breakdown of the items included in "other income" and an analysis of expenses by nature.

a. Other income

	20 $'000	19 $'000
Step acquisition gain on ASL's existing 50% share of AUMS	-	180,248
Foreign currency translation reserve derecognised on step acquisition of AUMS	-	18,163
Insurance proceeds	-	1,259
Foreign exchange gains (net)	-	971
Management fee received	-	556
Gain on disposal of non-current assets	**6,096**	3,918
Profit on disposal of assets held for sale	**2,374**	-
Other	**3,655**	3,009
Total other income	**12,125**	208,124

Notes to the consolidated financial statements

4 OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

b. Breakdown of expenses by nature

	Notes	20 $'000	19 $'000
Depreciation expense			
Plant and equipment depreciation		**196,324**	163,108
Right-of-use asset depreciation		**34,869**	-
Buildings depreciation		**948**	1,721
Total depreciation expense		**232,141**	164,829
Amortisation expense			
Customer relationships intangibles amortisation		**38,103**	28,770
Software amortisation		**461**	292
Total amortisation expense		**38,564**	29,062
Rental and hire expenses			
Rental expense relating to operating leases for equipment		**17,083**	16,846
Rental expense relating to operating leases for properties		**2,031**	8,061
Total rental and hire expenses		**19,114**	24,907
Finance costs			
Interest paid		**47,598**	41,688
Lease contracts interest		**5,053**	-
Hire purchase interest		**-**	2,374
Amortised borrowing cost		**943**	5,617
Derivative fair value and settlement		**-**	5,703
Other finance costs		**11**	-
Total finance costs		**53,605**	55,382
Other expenses from ordinary activities			
Staffing, safety and training		**31,941**	24,502
Consultants		**13,837**	23,410
Travel and accommodation		**30,768**	22,105
Freight		**32,552**	19,181
IT and communications		**16,304**	14,114
Insurance		**16,600**	13,751
Property related expenses		**10,192**	9,961
Duties and taxes		**10,434**	6,861
Foreign exchange loss (net)		**3,316**	-
All other expenses		**32,557**	28,674
Total other expenses from ordinary activities		**198,501**	162,559
Impairment of assets			
Impairment of property, plant and equipment	3	**40,597**	49,320
Impairment of inventory	3	**19,011**	54,416
Impairment other		**-**	9,899
Total impairment of assets		**59,608**	113,635

Notes to the consolidated financial statements

5. INCOME TAX EXPENSE/(BENEFIT)

This note provides an analysis of the Group's income tax expense/(benefit), shows what tax amounts are recognised directly in equity and how the tax expense/(benefit) is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

a. Income tax expense/(benefit)

	Notes	20 $'000	19 $'000
Current tax on profits for the year		**63,425**	42,409
Deferred tax		**(48,206)**	(70,247)
Reduction in the tax carrying value of depreciating assets upon acquisition of Barminco group		**4,433**	-
Adjustments for current tax of prior periods		**331**	476
		19,983	(27,362)
Income tax expense/(benefit) is attributable to:			
Profit for the year		**19,983**	(27,362)
Deferred income tax expense/(benefit) included in income tax expense comprises:			
Increase in deferred tax assets	7(f)(i)	**(24,494)**	(97,694)
(Decrease)/increase in deferred tax liabilities	7(f)(ii)	**(23,712)**	27,447
		(48,206)	(70,247)

b. Numerical reconciliation of accounting profit to income tax expense/(benefit)

	Notes	20 $'000	19 $'000
Profit for the year before income tax expense		**47,538**	154,919
Tax at the Australian tax rate of 30% (Jun 2019 - 30%)		**14,261**	46,476
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Share of net (profit) of joint ventures		**-**	(3,213)
Share-based payments		**1,412**	664
Other foreign permanent differences		**140**	2,037
Withholding tax		**9,371**	7,470
Other assessable/non-deductible items		**10,953**	4,350
Step acquisition gain on ALS's existing 50% share of AUMS		**-**	(59,523)
Difference in overseas tax rates		**(4,649)**	(4,195)
Under provision in prior years		**331**	476
Current year tax losses not recognised		**2,486**	1,417
Prior year unrecognised deferred tax assets now recognised		**(333)**	(44,822)
Effect of currency translation on tax base		**(2,533)**	(2,462)
Deferred tax (realised)/recognised on undistributed profits for foreign subsidiaries and joint ventures		**(7,880)**	5,007
Uplift in the tax carrying value of depreciating assets upon acquisition of Barminco group		**4,433**	(8,337)
Movement in uncertain tax positions in Africa	7(f)(ii)	**(8,009)**	27,293
Income tax expense/(benefit)		**19,983**	(27,362)

Notes to the consolidated financial statements

5. INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

c. Amounts recognised directly in equity

	Notes	20 $'000	19 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Deferred tax - debited directly to equity	7(f)(i)	**714**	1,188

d. Unused tax losses and unrecognised temporary differences

(i) Tax losses for which deferred tax assets have not been recognised:

	20 $'000	19 $'000
Unused tax losses for which no deferred tax asset has been recognised	**205,541**	1,388
Unrecognised deferred tax assets relating to the above temporary differences	**61,662**	416

(ii) Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:

	20 $'000	19 $'000
Undistributed earnings	**204,776**	121,941
Unrecognised deferred tax liabilities relating to the above unused tax losses	**20,775**	11,546

Perenti Global Limited has undistributed earnings of $204,776,000 (2019: $121,941,000) in some of its African subsidiaries which, if paid out as dividends, would attract dividend withholding tax in Africa. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from the subsidiary.

e. Effective tax rates for the year ended 30 June 2020 for Australian and Global operations in terms of the Board of Taxation's Voluntary Tax Transparency Code:

(i) Australian operations

The accounting effective company tax rate for the year ended 30 June 2020 is 23.9% (30 June 2019: (111.0%)). This effective tax rate is lower than the Australian company tax rate due to the impact of functional currencies, items of income/expenditure which are not assessable/deductible and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30.0% (30 June 2019: 30.0%).

(ii) Global operations

The accounting effective company tax rate for the year ended 30 June 2020 is 42.0% (30 June 2019: (17.7%)). This effective tax rate is higher than the Australian company tax rate due to the impact of different company tax rates in other countries, functional currencies, items of income/expenditure which are not assessable/deductible, the derecognition of uncertain tax positions in Africa and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30.0% (30 June 2019: 29.3%).

Notes to the consolidated financial statements

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

	Notes	ASSETS AT FVOCI $'000	FINANCIAL ASSETS AT AMORTISED COST $'000	TOTAL $'000
Financial assets				
2020				
Cash and cash equivalents	6(a)	**-**	**327,491**	**327,491**
Trade and other receivables*	6(b)	**-**	**351,325**	**351,325**
Financial assets FVOCI	6(c)	**23,632**	**-**	**23,632**
		23,632	**678,816**	**702,448**
2019				
Cash and cash equivalents	6(a)	-	223,524	223,524
Trade and other receivables*	6(b)	-	386,782	386,782
Financial assets FVOCI	6(c)	17,581	-	17,581
		17,581	610,306	627,887

* Excluding prepayments

	Notes	LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
Financial liabilities			
2020			
Trade and other payables	6(d)	**261,095**	**261,095**
Borrowings	6(e)	**782,239**	**782,239**
Lease liabilities	7(d)	**101,618**	**101,618**
		1,144,952	**1,144,952**
2019			
Trade and other payables	6(d)	268,525	268,525
Borrowings	6(e)	757,443	757,443
		1,025,968	1,025,968

The Group's exposure to various risks associated with financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

a. Cash and cash equivalents

	20 $'000	19 $'000
Current assets		
Cash at bank and in hand	**327,491**	223,524

(i) Reconciliation to cash at the end of the year

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

Balance as above	**327,491**	223,524
Balances per consolidated statement of cash flows	**327,491**	223,524

b. Trade and other receivables

	20			19		
	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000
Trade receivables (i)	**174,232**	**-**	**174,232**	195,363	-	195,363
Provision for impairment and expected credit losses (see note 11(b))	**(11,172)**	**-**	**(11,172)**	(10,827)	-	(10,827)
	163,060	**-**	**163,060**	184,536	-	184,536
Accrued revenue	**157,441**	**-**	**157,441**	164,064	-	164,064
Net GST / VAT receivables	**19,091**	**-**	**19,091**	17,517	-	17,517
Other receivables (ii)	**11,733**	**-**	**11,733**	19,618	1,047	20,665
Prepayments	**17,984**	**830**	**18,814**	13,619	991	14,610
	369,309	**830**	**370,139**	399,354	2,038	401,392

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement not more than 90 days from the date of recognition and therefore are all classified as current. The Group's impairment loss allowance and other accounting policies for trade and other receivables are outlined in notes 11(b) and 25(l) respectively.

(ii) Other receivables

This amount includes operating expense rebates and other receivables. If collection of other receivables is expected in one year or less they are classified as current assets.

(iii) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 11(a).

(iv) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(v) Impairment and risk exposure

Prepayments of $nil (30 June 2019: $8,210,000) and other non-current receivables of $nil (30 June 2019: $1,689,000) were impaired during the year, refer note 3. Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11(a) and 11(b).

Notes to the consolidated financial statements

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

c. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the following classes of financial assets:

	20 $'000	19 $'000
Non-current assets		
Listed securities		
Equity securities	**5,157**	5,971
Unlisted securities		
Equity securities	**18,475**	11,610
	23,632	17,581

Refer note 25(o)(ii) for the accounting policy.

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

On disposal of these equity investments, any related balance within the fair value reserve is transferred to retained earnings.

(ii) Amounts recognised in other comprehensive income

During the year, the following gains were recognised in other comprehensive income.

	Notes	20 $'000	19 $'000
Gains recognised in other comprehensive income	8(b)	**9,170**	4,773

(iii) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

(iv) Fair value, impairment and risk exposure

All of the financial assets at fair value through other comprehensive income (FVOCI) are denominated in either Australian Dollars, British Pound or Canadian Dollars. For an analysis of the sensitivity of the assets to price and interest rate risk refer to note 11(a).

d. Trade and other payables

	20 $'000	19 $'000
Current liabilities		
Trade payables	**126,812**	130,734
Accrued expenses	**86,246**	92,037
Payroll accruals	**26,774**	25,236
Net GST / VAT payables	**2,949**	10,003
Contract liabilities	**2,181**	5,115
Dividends payable	**15,174**	-
Other creditors and accruals	**959**	5,400
	261,095	268,525

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

d. Trade and other payables (continued)

(i) Contract liabilities

Movements in contract liabilities for liabilities relating to revenue contracts are as follows:

	20 $'000	19 $'000
Opening balance	**5,115**	-
Adjustment on adoption of AASB 15	**-**	7,527
Revenue recognised	**(2,978)**	(2,404)
Exchange differences	**44**	(8)
Closing balance	**2,181**	5,115

e. Borrowings

	20			19		
	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000
Secured (i)						
USD notes	**-**	**506,297**	**506,297**	-	497,386	497,386
Bank loans	**-**	**251,981**	**251,981**	-	225,119	225,119
Prepaid borrowing costs	**-**	**(2,472)**	**(2,472)**	-	(2,032)	(2,032)
Other loans	**7,148**	**16,580**	**23,728**	-	-	-
HP liabilities	**-**	**-**	**-**	-	8,548	8,548
Total secured borrowings	**7,148**	**772,386**	**779,534**	-	729,021	729,021
Unsecured (ii)						
Loan from minority interest	**-**	**2,705**	**2,705**	-	2,660	2,660
HP liabilities	**-**	**-**	**-**	25,236	-	25,236
Insurance premium funding	**-**	**-**	**-**	526	-	526
Total unsecured borrowings	**-**	**2,705**	**2,705**	25,762	2,660	28,422
Total borrowings	**7,148**	**775,091**	**782,239**	25,762	731,681	757,443

(i) Secured borrowings

At 30 June 2020, the Group had the following facilities that were not drawn at balance date:

	20 $'000	19 $'000
Total unutilised facilities	**344,853**	158,343

USD notes

On 26 April 2017 Barminco issued 6.625% Senior Secured Notes due for repayment 15 May 2022 with a US$350 million principal amount. The notes were issued by Barminco Finance Pty Ltd and are secured and have been guaranteed by Barminco Holdings Pty Limited, Barminco Finance Pty Limited, Barminco Limited, Barminco AUMS Holdings Pty Limited, Barminco India Investments Pty Limited and Barminco India Holdings Pty Limited.The interest on the high yield bond is payable semi-annually on 15 May and 15 November. The High Yield Bonds are quoted on the Singapore Stock Exchange.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

e. Borrowings (continued)

(i) Secured borrowings (continued)

Bank loans

In April 2019, Perenti Global Limited refinanced its A$300 million revolving credit facilities and subsequently increased the facilities by additional A$100 million in December 2019. The dual currency facilities mature on 1 July 2023 and are provided by a number of leading lending institutions in the Australian banking market. In June 2020, a A$130 million multi currency syndicated facility agreement was entered into by the Group. The facility matures on 12 May 2022. As at 30 June 2020, the Group's total facility limit is A$530 million and approximately 48% of this facility was drawn down.

Other loans

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

Lease liabilities

HP liabilities included in borrowings until 30 June 2019 were reclassified to lease liabilities in the process of adopting AASB 16 Leases from 1 July 2019, refer to note 26 and note 7(d) for further detail. Lease liabilities may be secured by the specific assets under lease.

(ii) Unsecured borrowings

Loan from minority interest - unsecured

The loan relates to Underground Mining Alliance Limited, refer note 14 and note 18.

Covenants on financing facilities

The Group's financing facilities contain undertakings including an obligation to comply with certain financial covenants. All banking covenants have been complied with at reporting date and the Group has significant headroom available under all covenants.

Refinancing requirements

Where existing facilities approach maturity, the Group will seek to renegotiate with existing and new financers to extend the maturity date of those facilities. The Group's earnings profile, credit rating, state of the economy, conditions in financial markets and other factors may influence the outcome of those negotiations.

Credit ratings

The Group currently has a credit rating of Ba2 (Outlook Stable) from Moody's and a credit rating of BB (Outlook Stable) from Standard & Poor's. Where a credit rating is reduced or placed on negative watch, customers and suppliers may be less willing to contract with the Group. Banks and other lending institutions may demand more stringent terms (including increased pricing) on debt facilities to reflect the higher credit risk profile.

(iii) Fair value

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Material differences are identified only for the following borrowings:

	20			19		
	CARRYING AMOUNT $'000	FAIR VALUE $'000	DISCOUNT RATE %	CARRYING AMOUNT $'000	FAIR VALUE $'000	DISCOUNT RATE %
On-balance sheet						
Non-traded financial liabilities						
USD notes	**506,297**	**503,858**	**6.98**	497,386	516,542	5.45

The fair values of non-current borrowings are based on discounted cash flows using the rates disclosed in the table above.

(iv) Risk exposures

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 11(a).

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

f. Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below:

AT 30 JUNE 2020	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financial assets				
Financial assets FVOCI				
Australian listed equity securities	**4,365**	**-**	**-**	**4,365**
Australian unlisted equity securities	**-**	**-**	**18,475**	**18,475**
CAD listed equity securities	**533**	**-**	**-**	**533**
GBP listed equity securities	**259**	**-**	**-**	**259**
Total financial assets	**5,157**	**-**	**18,475**	**23,632**

AT 30 JUNE 2019	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financial assets				
Financial assets FVOCI				
Australian listed equity securities	5,059	-	-	5,059
Australian unlisted equity securities	-	-	11,610	11,610
CAD listed equity securities	463	-	-	463
GBP listed equity securities	449	-	-	449
Total financial assets	5,971	-	11,610	17,581

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (iii) on page 96.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

f. Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values (level 1)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 June 2020:

Consolidated entity	UNLISTED EQUITY SECURITIES $'000	TOTAL $'000
Opening balance 1 July 2019	**11,610**	**11,610**
Gains recognised in other comprehensive income	7,125	7,125
Transfers between levels	(260)	(260)
Closing balance 30 June 2020	**18,475**	**18,475**

(iv) Valuation inputs and relationships to fair value

Changes in the fair value of unlisted equity securities are analysed at least each reporting period by discussion with the Chief Financial Officer and valuation team in the Group finance department. As part of this discussion the team presents a report that explains the reason for any fair value movements based on recent transactions and financial information.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - inventories (note 7(a))
  - assets classified as held for sale (note 7(b))
  - property, plant and equipment (note 7(c))
  - leases (note 7(d))
  - intangible assets (note 7(e))
  - deferred tax balances (note 7(f))
  - employee benefit obligations (note 7(g))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

a. Inventories

	20 $'000	19 $'000
Work in progress	**19,575**	18,064
Finished goods	**18,007**	15,322
Consumables and store items	**212,797**	217,724
	250,379	251,110

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 25(m) for the Group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to $19,271,000 (2019: $56,109,000). These were recognised as an expense during the year ended 30 June 2020, $19,011,000 (2019:$54,416,000) was included within impairment of assets expense, refer to note 3 for detail, and $260,000 (2019:$1,693,000) which was in the ordinary course of business, was included in materials expense in the consolidated statement of profit or loss.

b. Assets held for sale

	20 $'000	19 $'000
Current assets		
Property, plant and equipment	**-**	9,866
Inventories	**-**	3,760
	-	13,626

In prior year, as announced to the ASX on 10 April 2019 the Group had entered into a binding agreement with Pentium Hydro Pty Ltd and Vysarn Limited to sell the Company's hydrological drilling assets which historically operated as "Connector Drilling" for cash consideration of $16 million. The Assets Sale Agreement included various waterwell drilling assets and associated inventory associated with the Group's waterwell business.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

c. Property, plant and equipment

Non-current	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	PLANT AND EQUIPMENT UNDER FINANCE $'000	TOTAL $'000
At 1 July 2018				
Cost or fair value	61,489	1,353,925	-	1,415,414
Accumulated depreciation	(2,881)	(748,186)	-	(751,067)
Net book amount	58,608	605,739	-	664,347
Year ended 30 June 2019				
Opening net book amount	58,608	605,739	-	664,347
Exchange differences	866	13,130	280	14,276
Acquisition of subsidiary	1,001	183,310	53,961	238,272
Additions	88	205,908	17	206,013
Transfers	-	(3,926)	-	(3,926)
Depreciation charge	(1,721)	(150,104)	(13,004)	(164,829)
Disposals	-	(7,301)	-	(7,301)
Impairment loss	-	(49,320)	-	(49,320)
Transfers between classes	(498)	498	-	-
Transfers to assets held for sale	-	(9,866)	-	(9,866)
Closing net book amount	58,344	788,068	41,254	887,666
At 30 June 2019				
Cost or fair value	60,378	1,707,063	86,102	1,853,543
Accumulated depreciation	(2,034)	(918,995)	(44,848)	(965,877)
Net book amount	58,344	788,068	41,254	887,666
Year ended 30 June 2020				
Opening net book amount	**58,344**	**788,068**	**41,254**	**887,666**
Adjustment for change in accounting policy (AASB 16)(i)	**-**	**-**	**(41,254)**	**(41,254)**
Restated opening net book amount	**58,344**	**788,068**	**-**	**846,412**
Year ended 30 June 2020				
Restated opening net book amount (i)	**58,344**	**788,068**	**-**	**846,412**
Exchange differences	**(849)**	**6,181**	**-**	**5,332**
Additions	**588**	**234,492**	**-**	**235,080**
Disposals	**-**	**(38,309)**	**-**	**(38,309)**
Depreciation charge	**(948)**	**(196,324)**	**-**	**(197,272)**
Impairment loss	**-**	**(40,597)**	**-**	**(40,597)**
Transfer from leased assets	**-**	**7,450**	**-**	**7,450**
Closing net book amount	**57,135**	**760,961**	**-**	**818,096**
At 30 June 2020				
Cost or fair value	**61,369**	**1,679,961**	**-**	**1,741,330**
Accumulated depreciation and impairment	**(4,234)**	**(919,000)**	**-**	**(923,234)**
Net book amount	**57,135**	**760,961**	**-**	**818,096**

(i) Leased assets

As at 30 June 2019, plant and equipment under finance included the following amounts where the Group was a lessee under finance leases (HP liabilities), refer to note 6(e) and note 7(d) for further details:

	20 $'000	19 $'000
Plant and equipment under finance		
Cost	**-**	86,102
Accumulated depreciation	**-**	(44,848)
Net book amount	**-**	41,254

From 1 July 2019 leased assets are presented as a separate line item in the consolidated statement of financial position. Refer to note 26 for details about the changes in accounting policy.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

c. Property, plant and equipment (continued)

(ii) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

(iii) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	20 $'000	19 $'000
Buildings		
Cost	**41,003**	40,761
Accumulated depreciation	**(16,744)**	(16,648)
Net book amount	**24,259**	24,113

(iv) Revaluation, depreciation methods and useful lives

Land is not depreciated. Depreciation on major plant and equipment and components is calculated on machine hours worked over their estimated useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 5 - 25 years
- Plant and equipment 2 - 15 years
- Power station assets 3 - 20 years

See note 25(q) for the other accounting policies relevant to property, plant and equipment.

(v) Impairment expense

Impairment expense of $26,215,000 (30 June 2019: $11,083,000) related to individual assets and $14,382,000 (30 June 2019: $32,237,000) related to assets tested at the cash generating unit level for property, plant and equipment.
Refer to note 3 for details.

(vi) Significant estimates - valuations of land and buildings

Information about the valuation of land and buildings is provided in note 7(h).

d. Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	20 $'000	19 $'000
Right-of-use assets *		
Properties	**26,067**	-
Equipment	**84,640**	-
Motor Vehicles	**32**	-
	110,739	-
Lease liabilities		
Current	**29,482**	-
Non-current	**72,136**	-
	101,618	-

* In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 Leases on 1 July 2019, please refer to note 26.

Additions to the right-of-use assets during the 2020 financial year were $62,773,000.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

d. Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Notes	20 $'000	19 $'000
Depreciation charge of right-of-use assets			
Properties		**7,899**	-
Equipment		**26,752**	-
Motor Vehicles		**218**	-
	4(b)	**34,869**	-
Interest expense (included in finance cost)		**6,238**	-
Expense relating to short-term leases (included in rental and hire expenses)	4(b)	**1,221**	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rental and hire expenses)	4(b)	**202**	-
Expense relating to variable lease payments not included in lease liabilities (included in rental and hire expenses)	4(b)	**17**	-

The total cash outflow for leases in 2020 was $33,809,000.

(iii) The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, equipment and vehicles across various countries. Rental contracts are made for fixed periods of up to 25 years, but may have extension options as described in note (v) on the next page.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 30 June 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 25(h) for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

d. Leases (continued)

(iii) The group's leasing activities and how these are accounted for (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Perenti Global Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture and some small accommodation units.

(iv) Variable lease payments

Some equipment leases contain variable payment terms that are linked to units of use of the particular asset. Often these will include a minimum usage charge each month which is considered the fixed element, and then items over and above the minimum is considered the variable element. Variable lease payments that depend on units of use are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(v) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, offices and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 30 June 2020, potential future cash outflows of $12,690,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets was $nil.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

e. Intangible assets

	GOODWILL $'000	SOFTWARE $'000	CUSTOMER RELATED INTANGIBLES $'000	TOTAL $'000
Year ended 30 June 2019				
Opening net book amount	-	-	-	-
Acquisition of subsidiary	449,769	1,349	321,458	772,576
Additions	-	55	-	55
Exchange differences	-	-	-	-
Amortisation charge	-	(292)	(28,770)	(29,062)
Closing net book amount	449,769	1,112	292,688	743,569
At 30 June 2019				
Cost	449,769	2,487	321,458	773,714
Accumulated amortisation and impairment	-	(1,375)	(28,770)	(30,145)
Net book amount	449,769	1,112	292,688	743,569

	GOODWILL $'000	SOFTWARE $'000	CUSTOMER RELATED INTANGIBLES $'000	TOTAL $'000
Year ended 30 June 2020				
Opening net book amount	**449,769**	**1,112**	**292,688**	**743,569**
Additions	**-**	**151**	**-**	**151**
Exchange differences	**-**	**-**	**-**	**-**
Amortisation charge	**-**	**(461)**	**(38,103)**	**(38,564)**
Closing net book amount	**449,769**	**802**	**254,585**	**705,156**
At 30 June 2020				
Cost	**449,769**	**2,638**	**321,458**	**773,865**
Accumulated amortisation and impairment	**-**	**(1,836)**	**(66,873)**	**(68,709)**
Net book amount	**449,769**	**802**	**254,585**	**705,156**

(i) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5-6 years
- Customer related intangibles 2-13 years

See note 26(r) for the other accounting policies relevant to intangible assets, and note 26(j) for the Group's policy regarding impairments.

(ii) Customer contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

(iii) Impairment tests for goodwill

Goodwill is monitored by management at the level of operating segment identified in note 1 which carries it. The goodwill is allocated to the Underground Segment.

(iv) Key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. Following this review at 30 June 2020 no impairment was recorded. For the reporting period ended 30 June 2020, the recoverable amount of the cash generating units (CGUs) making up the Underground segment was determined based on value-in-use calculations which require the use of assumptions. At 30 June 2019, the recoverable amount had been determined based on fair value less costs of disposal, with reference to the purchase price of the acquired interest. At that point there were no indicators to suggest that the fair value had significantly changed since the acquisition.

The 30 June 2020 calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The calculations used cash flow projections based on the forecast for the 2021 to 2025 financial years.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

e. Intangible assets (continued)

Financial years from 2021 to 2025 for the Underground Mining CGU incorporate an estimated annual EBITDA margin which have not been disclosed as they are commercially sensitive in nature. The 2021 budget forecast was determined as a result of a comprehensive exercise where the operational divisions evaluate each individual contract and project. Additionally, a terminal value was calculated after 5 years incorporating a perpetual growth rate of 2.5%.

Weighted average cost of capital post-tax discount rates in the range of 10.0% and 10.8% were used in discounting projected cash flows for Australia and a range of 11.1% and 12.0% for Africa. The present value of cash flows is sensitive to the growth and discount rates used. A higher discount rate or lower EBITDA growth rate will result in a lower recoverable value.

(v) Significant estimate: Impact of possible changes in key assumptions

Management have considered various reasonably possible sensitivities over the value-in-use model for the Underground Mining CGU at 30 June 2020 when testing goodwill for impairment. The table below shows the impact of different reasonably possible outcomes if there was a change in the assumptions used in the value in use model used for this impairment testing.

ASSUMPTION	% CHANGE	UNDERGROUND MINING IMPAIRMENT (A$)
Growth rate	+1.0%	-
(decrease reduces value)	-1.0%	-
Discount rate	-1.0%	-
(decrease increases value)	+1.0%	-$38,444,000

The above sensitivities have been performed with all other assumptions in the model remaining the same as the original model.

f. Deferred tax balances

(i) Deferred tax assets

	Notes	20 $'000	19 $'000
The balance comprises temporary differences attributable to:			
Employee benefits		**22,660**	19,810
Accruals		**3,308**	4,055
Provision for obsolete stock		**1,166**	2,632
Doubtful debts		**2,613**	2,656
Depreciation		**12,484**	16,526
		42,231	45,679
Other			
Inventory		**2,239**	2,489
Borrowing and business expenses		**7,843**	4,293
Unrealised foreign exchange		**8,860**	5,392
Current/prior year tax losses recognised		**109,528**	88,728
Financial assets at fair value through other comprehensive income		**-**	340
R&D tax offset recognised		**4,999**	4,999
		133,469	106,241
Total deferred tax assets		**175,700**	151,920
Set off deferred tax liabilities pursuant to set-off provisions	7(f)(ii)	**(44,628)**	(34,524)
Net deferred tax assets		**131,072**	117,396
Deferred tax assets expected to be recovered within 12 months		**66,564**	55,571
Deferred tax assets expected to be recovered after more than 12 months		**109,136**	96,349
		175,700	151,920

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

f. Deferred tax balances (continued)

(i) Deferred tax assets (continued)

	EMPLOYEE BENEFITS $'000	DEPRECIATION $'000	ACCRUALS $'000	DOUBTFUL DEBTS $'000	INVENTORY $'000	TAX LOSSES /OFFSETS $'000	OTHER $'000	TOTAL $'000
At 1 July 2018	11,352	29,611	1,339	3,658	2,395	-	7,059	**55,414**
Credited/(charged) to profit or loss	8,458	(13,085)	2,716	(1,002)	94	93,727	6,786	**97,694**
Charged directly to equity	-	-	-	-	-	-	(1,188)	**(1,188)**
At 30 June 2019	19,810	16,526	4,055	2,656	2,489	93,727	12,657	**151,920**
Credited/(charged) to profit or loss	**2,850**	**(4,042)**	**(747)**	**(43)**	**(250)**	**20,800**	**5,926**	**24,494**
Charged directly to equity	**-**	**-**	**-**	**-**	**-**	**-**	**(714)**	**(714)**
At 30 June 2020	**22,660**	**12,484**	**3,308**	**2,613**	**2,239**	**114,527**	**17,869**	**175,700**

(ii) Deferred tax liabilities

	Notes	20 $'000	19 $'000
The balance comprises temporary differences attributable to:			
Foreign entities distributable profits		**6,318**	14,199
Depreciation		**25,968**	23,712
Intangibles - customer relationships		**76,375**	88,164
Revaluation of land and buildings		**9,207**	9,174
		117,868	135,249
Other			
Receivables		**22**	22
Prepayments		**297**	908
Financial assets at fair value through profit or loss		**2,288**	-
Uncertain tax positions in Africa		**34,284**	42,293
		36,891	43,223
Total deferred tax liabilities		**154,759**	178,472
Adjustment of deferred tax liabilities pursuant to set-off provisions	7(f)(i)	**(44,628)**	(34,524)
Net deferred tax liabilities		**110,131**	143,948
Deferred tax liabilities expected to be settled within 12 months		**32,183**	13,938
Deferred tax liabilities expected to be settled after more than 12 months		**122,576**	164,534
		154,759	178,472

The Group is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. In addition, the Company regularly assesses the recognition and recoverability of deferred tax assets. This requires judgements about the application of income tax legislation in jurisdictions in which Perenti operates. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

f. Deferred tax balances (continued)

(ii) Deferred tax liabilities (continued)

	FOREIGN ENTITIES DISTRIBUTABLE PROFITS $'000	INTANGIBLES CUSTOMER RELATIONSHIP $'000	REVALUATION OF LAND & BUILDINGS $'000	DEPRECIATION $'000	UNCERTAIN TAX POSITIONS IN AFRICA $'000	OTHER $'000	TOTAL $'000
At 1 July 2018	9,191	-	9,330	25,702	-	589	**44,812**
Charged/(credited) to profit or loss	5,008	(8,273)	-	(1,990)	27,293	5,409	**27,447**
Charged/(credited) directly to equity	-	-	(156)	-	-	-	**(156)**
Charged/(credited) from acquisition of subsidiary	-	96,437	-	-	15,000	(5,068)	**106,369**
At 30 June 2019	14,199	88,164	9,174	23,712	42,293	930	**178,472**
Charged/(credited) to profit or loss	**(7,881)**	**(11,789)**	**33**	**2,256**	**(8,009)**	**1,677**	**(23,713)**
At 30 June 2020	**6,318**	**76,375**	**9,207**	**25,968**	**34,284**	**2,607**	**154,759**

g. Employee benefit obligations

	20			19		
	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000
Leave obligations	**71,902**	**1,804**	**73,706**	65,043	1,617	66,660

(i) Leave obligations

Leave obligations cover the Group's liabilities for long service leave and annual leave obligation, refer to note 25(w).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The total amount of the current provision of $71,902,000 (2019: $65,043,000) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	20 $'000	19 $'000
Current leave obligations expected to be settled after 12 months	**38,386**	28,919

Notes to the consolidated financial statements

h. Recognised fair value measurements

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 6(f) and 7(h)(ii)-(v).

At 30 June 2020	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Assets				
Land and buildings				
Office buildings	**-**	**-**	**5,674**	**5,674**
Industrial sites	**-**	**-**	**51,461**	**51,461**
Total non-financial assets	**-**	**-**	**57,135**	**57,135**

At 30 June 2019				
Assets				
Land and buildings				
Office buildings	-	-	7,512	7,512
Industrial sites	-	-	50,832	50,832
Total non-financial assets	-	-	58,344	58,344

There were no transfers between any levels for recurring fair value measurements during the current or prior period.

(ii) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its freehold land and buildings (classified within property, plant and equipment) at least every three years, see note 7(h)(v) for details.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources including:

- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.
- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 30 June 2019 and 30 June 2020 for recurring fair value measurements:

Consolidated entity	OFFICE BUILDINGS $'000	INDUSTRIAL SITES $'000	TOTAL $'000
Opening balance 1 July 2018	7,695	50,912	58,607
Acquisitions	-	88	88
Acquisition of subsidiary	-	1,001	1,001
Depreciation and impairment	(699)	(1,280)	(1,979)
Transfers between classes	(653)	155	(498)
Gains recognised in other comprehensive income	1,169	(44)	1,125
Closing balance 30 June 2019	7,512	50,832	58,344
Acquisitions	**-**	**588**	**588**
Depreciation and impairment	**(800)**	**(1,343)**	**(2,143)**
Transfers between classes	**-**	**-**	**-**
Gains/(losses) recognised in other comprehensive income	**(1,038)**	**1,386**	**348**
Closing balance 30 June 2020	**5,674**	**51,463**	**57,137**

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

h. Recognised fair value measurements (continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

DESCRIPTION	FAIR VALUE AT		VALUATION TECHNIQUE	UNOBSERVABLE INPUTS*	RANGE OF INPUTS (PROBABILITY-WEIGHTED AVERAGE)		RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	30 JUNE 2020 $'000	30 JUNE 2019 $'000			2020	2019	
Industrial Sites - Australia	**37,716**	38,160	Income capitalisation	Capitalisation rate	**7.25-11.75% (7.77%)**	7.25-11.75% (7.77%)	The higher the capitalisation rate, the lower the fair value
				Market rental value per (m^2)	**$18-104 per m^2 ($48)**	$18-104 per m^2 ($48)	The higher the market rate, the higher the fair value
Industrial Sites - Ghana	**13,742**	12,672	Direct comparison m^2	Selection of industrial sites with similar approximate utility	**$24-1,284 per m^2 ($335)**	$24-1,284 per m^2 ($335)	The higher the rate per square metre, the higher the fair value
Office Buildings - Ghana	**5,677**	7,512	Direct comparison m^2	Selection of industrial sites with similar approximate utility	**$1,850 per m^2 ($1,850)**	$1,850 per m^2 ($1,850)	The higher the rate per square metre, the higher the fair value

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(v) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings every three years. The fair values of the industrial sites properties have been determined by members of the Australian Property Institute, and the Ghana Institute of Surveyors in the prior year excluding acquisitions.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Industrial sites - discount rates, terminal yields, expected vacancy rates and values per square metre are estimated by members of the Australian Property Institute, and the Ghana Institute of Surveyors based on comparable transactions and industry data;
- Historical cost for recently completed buildings.

Notes to the consolidated financial statements

8 EQUITY

a. Contributed equity

	20 SHARES	19 SHARES	20 $'000	19 $'000
Fully paid ordinary shares	**701,528,401**	685,706,153	**1,135,323**	1,126,769

(i) Movements in ordinary share capital:

Details		NUMBER OF SHARES (THOUSANDS)	TOTAL $'000
Opening balance 1 July 2019		685,706,153	1,126,769
Dividend reinvestment plan issues	8(a)(iii)	13,504,325	8,849
Exercise of options under the Employee Option Plan		2,317,923	285
Contribution of equity, net of transaction costs and tax		-	(580)
Balance 30 June 2020		**701,528,401**	**1,135,323**

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(iii) Dividend reinvestment plan

The Company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. The Board has determined that following a previous suspension of the dividend reinvestment plan, this would be reactivated with effect 25 March 2020, with an updated scheme booklet taking effect from 21 April 2020. For further information please see note 12(b).

(iv) Options

Information relating to the Ausdrill Limited Employee Option Plan, including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the financial year, is set out in note 19.

(v) Rights

Information relating to the Perenti Global Limited Incentive Rights Plan, including details of rights issued, vested and forfeited during the financial year and rights outstanding at the end of the financial year, is set out in note 19.

Notes to the consolidated financial statements

8 EQUITY (CONTINUED)

b. Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below:

	Notes	REVALUATION SURPLUS $'000	AVAILABLE-FOR-SALE FINANCIAL ASSETS $'000	FINANCIAL ASSETS AT FVOCI $'000	SHARE- BASED PAYMENTS $'000	TRANSACTIONS WITH NCI $'000	FOREIGN CURRENCY TRANSLATION $'000	TOTAL $'000
Balance at 1 July 2018		23,961	(3,095)	-	6,446	(2,664)	(37,107)	(12,459)
Reclassification on adoption of AASB 9		-	3,095	(3,095)	-	-	-	-
Revaluation - gross		-	-	4,773	-	-	-	4,773
Deferred tax		-	-	(1,432)	-	-	(1,018)	(2,450)
Foreign currency translation reserves derecognised on step acquisition of AUMS		-	-	-	-	-	(18,163)	(18,163)
Currency translation differences		490	-	-	-	-	14,965	15,455
Other comprehensive income		**490**	**3,095**	**246**	-	-	**(4,216)**	**(385)**
Transactions with owners in their capacity as owners								
Share-based payments expense	19	-	-	-	2,213	-	-	2,213
Shares issued on conversion of employee share options		-	-	-	(204)	-	-	(204)
At 30 June 2019		**24,451**	**-**	**246**	**8,455**	**(2,664)**	**(41,323)**	**(10,835)**

	Notes	REVALUATION SURPLUS $'000	AVAILABLE-FOR-SALE FINANCIAL ASSETS $'000	FINANCIAL ASSETS AT FVOCI $'000	SHARE- BASED PAYMENTS $'000	TRANSACTIONS WITH NCI $'000	FOREIGN CURRENCY TRANSLATION $'000	TOTAL $'000
Balance at 1 July 2019		24,451	-	246	8,455	(2,664)	(41,323)	(10,835)
Revaluation - gross	6(c)	-	-	9,170	-	-	-	9,170
Transfer of gain on disposal of equity investments at FVOCI to retained earnings		-	-	(409)	-	-	-	(409)
Deferred tax		-	-	(2,628)	-	-	2,499	(129)
Currency translation differences		229	-	-	-	-	(13,739)	(13,510)
Other comprehensive income		**229**	**-**	**6,133**	**-**	**-**	**(11,240)**	**(4,878)**
Transactions with owners in their capacity as owners								
Share-based payments expense	19	-	-	-	4,707	-	-	4,707
Shares issued on conversion of employee share options		-	-	-	(98)	-	-	(98)
At 30 June 2020		**24,680**	**-**	**6,379**	**13,064**	**(2,664)**	**(52,563)**	**(11,104)**

(i) Nature and purpose of other reserves

Revaluation surplus - property, plant and equipment

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy note 25(p) for details.

Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 6(c). These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the consolidated financial statements

8 EQUITY (CONTINUED)

b. Other reserves (continued)

(i) Nature and purpose of other reserves (continued)

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights issued to employees that are expensed in the statement of comprehensive income each year and conversion of options/rights.

Transactions with non-controlling interests (NCI)

This reserve is used to record the differences described in note 25(b)(iv) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

The Group's share of exchange differences arising on translation of foreign joint ventures are recognised in other comprehensive income and are accumulated in this reserve.

c. Retained earnings

Movements in retained profits were as follows:

	Notes	20 $'000	19 $'000
Balance 1 July		**293,836**	162,639
Adoption of new accounting standard	6(d), 25(a)	**-**	(7,527)
Reclassification of gain on disposal of equity instruments at fair value through other comprehensive income, net of tax		**409**	
Dividends paid /payable	12(b)	**(48,043)**	(42,602)
Net profit for the year		**23,837**	181,326
Balance 30 June		**270,039**	293,836

Notes to the consolidated financial statements

9 CASH FLOW INFORMATION

a. Reconciliation of profit after income tax to net cash inflow from operating activities

	Notes	20 $'000	19 $'000
Profit for the year		**27,555**	182,281
Depreciation expense		**232,141**	164,829
Amortisation expense		**38,564**	29,062
Impairment of assets		**40,597**	49,320
Impairment of inventory		**19,011**	54,416
Impairment of other		**-**	9,899
Gain on sale of non-current assets		**(6,096)**	(3,918)
Gain on disposal of assets held for sale		**(2,762)**	-
Net exchange differences		**(207)**	(495)
Trade receivable provisions and bad debts		**269**	(50)
Share of profits of joint ventures		**-**	(10,709)
Non-cash employee benefits expense - share-based payments		**4,707**	2,213
Borrowing costs		**943**	4,768
Derivative fair value and settlement		**-**	5,703
Step acquisition gain on ASL's existing 50% share of AUMS		**-**	(180,248)
Foreign currency translation reserve derecognised on step acquisition of AUMS		**-**	(18,163)
Change in operating assets and liabilities:			
(Increase)/decrease in trade debtors		**31,090**	(28,184)
(Increase)/decrease in inventories		**(9,918)**	(4,774)
(Increase)/decrease in deferred tax assets		**(13,413)**	(69,247)
(Increase)/decrease in other operating assets		**(4,597)**	12,187
(Decrease)/increase in trade creditors		**(24,896)**	458
(Decrease)/increase in provision for income taxes payable		**(304)**	4,204
(Decrease)/increase in deferred tax liabilities		**(31,635)**	8,304
(Decrease)/increase in other provisions		**5,490**	(4,944)
Net cash inflow from operating activities		**306,539**	206,912

b. Non-cash investing and financing activities

Acquisition of plant and equipment by means of finance leases or hire purchases		**-**	13
Recognition of Right-of-use assets		**105,065**	-
Issue of shares for Barminco acquisition	13	**-**	(258,393)
Issue of shares under Dividend Reinvestment Plan		**(8,850)**	-
		96,215	(258,380)

Notes to the consolidated financial statements

9 CASH FLOW INFORMATION (CONTINUED)

c. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	20 $'000	19 $'000
Net debt		
Cash and cash equivalents	**327,491**	223,524
Borrowings/Lease liability - repayable within one year	**(36,630)**	(25,762)
Borrowings/Lease liability - repayable after one year	**(847,227)**	(731,681)
Net debt	**(556,366)**	(533,919)
Cash and cash equivalents	**327,491**	223,524
Gross debt	**(883,857)**	(757,443)
Net debt	**(556,366)**	(533,919)

	CASH $'000	LEASES $'000	BORROWINGS $'000	TOTAL $'000
Net debt as at 1 July 2019	**223,524**	**(24,133)**	**(733,310)**	**(533,919)**
Recognised on adoption of AASB 16 Leases	-	(46,484)	-	(46,484)
Cash flows	110,332	33,809	(32,588)	111,553
Foreign exchange adjustments	(6,365)	(516)	(15,397)	(22,278)
Other non-cash movements	-	(64,294)	(944)	(65,238)
Net debt as at 30 June 2020	**327,491**	**(101,618)**	**(782,239)**	**(556,366)**

Notes to the consolidated financial statements

RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Notes to the consolidated financial statements

10 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements is included in notes 2 to 26 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and judgements

- Recognition of revenue - note 2 and note 25(e)
- Impairment of assets - note 3
- Estimated fair value of financial assets at fair value through other comprehensive income - note 6(c)
- Estimation uncertainties and judgements made in relation to lease accounting - note 7(d)
- Estimation of fair values of land and buildings - note 7(h)
- Estimation of useful life of property, plant and equipment - note 7(c)
- Estimated goodwill impairment - note 7(e)
- Estimated useful life of intangible assets - note 7(e)
- Recognition of deferred tax asset for carried forward tax losses - note 7(f)
- Share based payments - determining the achievement of non market based conditions - note 19
- Uncertain tax positions in Africa - note 7(f)
- Determination of lease term - note 7(d)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

11 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions	Cash flow forecasting	Natural hedge
	Recognised financial assets and liabilities not denominated in AUD	Sensitivity analysis	
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Review on continuous basis
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables,	Aging analysis	Diversification of bank deposits, credit limits, retention of title over goods sold, letters of credit
	Derivative financial instruments and debt instruments, investments and contract assets	Credit rating	
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's key management personnel report to the Audit and Risk Committee and Board regularly on the progress and objectives of the risks and the associated corporate governance policy objectives.

The Group's financial risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk

In respect of other monetary assets and liabilities held in currencies other than the AUD, the Group ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with matching financial liabilities and vice versa.

(i) Foreign exchange risk

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 JUNE 2020									
	USD $'000	GHS $'000	GBP $'000	EUR $'000	INR $'000	EGP $'000	TZS $'000	ZAR $'000	BWP $'000	XOF $'000
Cash	**13,549**	**15,798**	**-**	**454**	**2,610**	**43**	**1,131**	**35**	**275**	**-**
Trade and other assets	**29,628**	**10,091**	**-**	**14,353**	**4,683**	**35**	**-**	**-**	**-**	**10,017**
Other non-current receivables	**-**	**-**	**1,645**	**56,178**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets FVOCI	**-**	**-**	**259**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade payables	**(22,190)**	**(7,094)**	**(1,561)**	**(20,816)**	**-**	**-**	**(10)**	**(54)**	**(1,584)**	**(690)**
Borrowings	**(9,554)**	**-**	**-**	**(56,178)**	**-**	**-**	**-**	**-**	**-**	**-**

	30 JUNE 2019									
	USD $'000	GHS $'000	GBP $'000	EUR $'000	INR $'000	EGP $'000	TZS $'000	ZAR $'000	BWP $'000	XOF $'000
Cash	15,893	7,824	-	6,169	5,016	228	2,513	-	-	-
Trade and other assets	24,200	1,142	-	19,179	3,380	1,568	-	-	-	481
Other non-current receivables	3,742	-	-	60,120	-	-	-	-	-	-
Financial assets FVOCI	-	-	449	-	-	-	-	-	-	-
Trade payables	(21,801)	(7,650)	(53)	(33,546)	-	-	-	(170)	-	(117)
Borrowings	(10,910)	-	-	(60,120)	-	-	-	-	-	-

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss and other comprehensive income:

	20 $'000	19 $'000
Amounts recognised in profit or loss		
Net foreign exchange (loss)/gain included in other income/other expenses	**(3,316)**	971
Total net foreign exchange (loss)/gain recognised in profit or loss before income tax for the year	**(3,316)**	971

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	PROFIT OR (LOSS) A$'000
30 June 2020	
USD	**(1,039)**
GHS	**(1,709)**
GBP	**(16)**
EUR	**546**
TZS	**(102)**
INR	**(751)**
XOF	**(848)**
	(3,919)
30 June 2019	
USD	(1,011)
GHS	(120)
GBP	(36)
EUR	760
TZS	(228)
XOF	(33)
INR	(763)
EGP	(163)
	(1,594)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. The Group's exposure to other foreign exchange movements is not material.

(ii) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet as at fair value through other comprehensive income (FVOCI).

22% (2019: 34%) of the Group's investments in equity securities are publicly traded on the Australian Securities Exchange, the London Stock Exchange and the Canadian Stock Exchange.

Sensitivity analysis

The table below summarises the impact of an increase/(decrease) of the financial assets FVOCI on the Group's equity for the year after tax. The analysis is based on the assumption that the FVOCI financial assets had increased by 10% or decreased by 10% with all other variables held constant.

	IMPACT ON OTHER COMPONENTS OF EQUITY	
	20	19
	$'000	$'000
FVOCI - increase 10%	**1,654**	1,231
FVOCI - decrease 10%	**(1,654)**	(1,231)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

(ii) Price risk (continued)

Amounts recognised in profit or loss and other comprehensive income

The amounts recognised in other comprehensive income in relation to the various investments held by the Group are disclosed in note 6(c).

b. Credit risk

(i) Risk management

Credit risk is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk also arises from cash and cash equivalents. The Group limits its exposure to credit risk from cash and cash equivalents by only investing in counterparties that have an acceptable credit rating.

(ii) Trade receivable provisions

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively for expected credit losses.

Receivables for which an impairment/expected credit loss provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

The creation and release of the provision for impaired and expected credit loss receivables has been included in other expenses in the consolidated statement of profit or loss.

As at 30 June 2020, current trade receivables of $174,232,000 (2019: $195,363,000) were assessed for expected credit losses. Of this $102,470,000 (2019: $93,166,000)were past due. The amount of the provision for impaired and expected credit loss receivables was $11,172,000 (2019: $10,827,000).

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables and accrued revenue.

Expected credit losses are based on a review of payment profiles over 12 months, historical credit loss experience in this period and financial information affecting the ability of the customers to settle the receivable. Historical loss rates are adjusted to reflect balances receivable or otherwise provided for. Accrued revenue relates to unbilled completed services and has substantially the same characteristics as the trade receivables for the same type of contracts. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified that the external credit ratings and default rates are the most relevant factors in understanding whether a client will be able to settle the receivable and therefore these have been considered and applied to the receivables to arrive at an expected credit loss. Following this review a provision of $948K has been recorded for expected credit losses and has been included within the provision for doubtful debts balance at 30 June 2020.

The aging of these receivables greater than 90 days past due is as follows:

	20 $'000	19 $'000
3 to 6 months	**7,425**	7,735
Over 6 months	**41,721**	15,552
	49,146	23,287

Of the above trade receivables over 90 days $10,136,000 has already been provided for in the financial statements and of the remaining amounts the Group has received various other cash amounts after year end.

Movements in the provision for impairment and expected credit losses of trade receivables that are assessed collectively are as follows:

	$'000	$'000
At 1 July	**10,827**	11,421
Provision (reversed)/recognised during the year	**(831)**	(654)
Receivables written off during the year as uncollectible	**228**	(55)
Unused amounts reversed (including currency impact)	**-**	115
Expected credit loss provision recognised (including currency impact)	**948**	-
At 30 June	**11,172**	10,827

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

(i) Financing arrangements

The Group had access to the following undrawn debt facilities at the end of the reporting period:

	20 $'000	19 $'000
Total unutilised facilities	**344,853**	158,343

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	LESS THAN 6 MONTHS $'000	6 - 12 MONTHS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT LIABILITIES $'000
Group - at 30 June 2020							
Trade payables	**261,092**	**-**	**-**	**-**	**-**	**261,092**	**261,092**
Borrowings	**20,948**	**20,149**	**547,307**	**265,680**	**-**	**854,084**	**782,238**
Lease liabilities	**16,229**	**14,071**	**29,911**	**59,756**	**3,710**	**123,677**	**101,618**
Total	**298,269**	**34,220**	**577,218**	**325,436**	**3,710**	**1,238,853**	**1,144,948**
Group - at 30 June 2019							
Trade payables	268,524	-	-	-	-	268,524	268,524
Borrowings	28,709	30,989	41,345	761,121	-	862,164	757,443
Total	297,233	30,989	41,345	761,121	-	1,130,688	1,025,967

Details about the financial guarantee contracts are provided in note 24. The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The parent entity does not expect these payments to eventuate.

Notes to the consolidated financial statements

12 CAPITAL MANAGEMENT

a. Risk management

The Group's objectives when managing its capital are to safeguard its ability to continue as a going concern, so it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, as shown in the statement of financial position, less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2020 and 30 June 2019 were as follows:

	20 $'000	19 $'000
Borrowings	**782,239**	723,659
Lease liabilities	**101,618**	33,784
Less: cash and cash equivalents	**(327,491)**	(223,524)
Net debt	**556,366**	533,919
Total equity	**1,399,754**	1,411,612
Total capital	**1,956,120**	1,945,531
Gearing ratio	**28%**	27%

See note 6(e) for information on financial covenants on borrowings.

b. Dividends

(i) Ordinary shares

	20 $'000	19 $'000
Final ordinary fully franked dividend for the year ended 30 June 2019 of 3.5 cents (2018: 1.5 cents and 2.0 cents special dividend) per fully paid ordinary share paid on 23 October (18 October 2018).	**24,019**	18,629
Interim ordinary fully franked dividend for the year ended 30 June 2020 of 3.5 cents (2019: 3.5 cents) per fully paid share payable on 25 March 2020 (27 March 2019).	**24,024**	23,973
Total dividends provided for or paid	**48,043**	42,602
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2020 and 2019 were as follows:		
Paid in cash	**24,019**	42,602
Payable 6(d)	**15,174**	-
Issue of shares under Dividend re-investment plan	**8,850**	-
Total dividends provided for or paid	**48,043**	42,602

On the 25 March 2020 Perenti deferred the payment of this dividend. On 21 April 2020 the Group reactivated its Dividend Reinvestment Plan (DRP) providing the opportunity for the shareholders to reinvest the 2020 interim dividend into shares in Perenti. The reactivation was part of the Group's response to the COVID-19 pandemic and its capital management policies. The payment of a portion of the cash dividend was made in July 2020. The Board reserves the right to deactivate this plan as they see fit under the DRP plan rules.

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors determined a final dividend of 3.5 cents per fully paid ordinary share (2019: 3.5 cents). The amount is expected to be paid on 3 November 2020 out of retained profits at the date of the dividend payment, but not recognised as a liability at year end, is	20 $'000	19 $'000
	24,553	24,000

(iii) Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019 - 30%)	**10,476**	31,065

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

Notes to the consolidated financial statements

GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of discontinued operations;
- transactions with non-controlling interests; and
- interests in joint operations.

A list of significant subsidiaries is provided in note 14. This note also discloses details about the Group's equity accounted investments.

Notes to the consolidated financial statements

13 BUSINESS COMBINATION

In the prior year on 31 October 2018 the Company acquired Barminco Holdings Pty Limited (Barminco), a specialist underground hard-rock mining contractor with operations predominantly in Australia as well as in Africa and India. The acquisition of Barminco increased the Group's ownership of the AUMS entities from 50% to 100%. Details of this business combination were disclosed in the Group's annual financial statements for the year ended 30 June 2019.

There were no business combinations in the year ended 30 June 2020.

Notes to the consolidated financial statements

14 INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 25(b):

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			20 %	19 %
African Mining Services Burkina Faso Sarl	Burkina Faso	Ordinary	100	100
African Mining Services (Ghana) Pty Ltd *	Australia	Ordinary	100	100
African Mining Services Guinee Sarl	Guinea	Ordinary	100	100
African Mining Services Mali Sarl	Mali	Ordinary	100	100
African Mining Services Senegal Suarl	Senegal	Ordinary	100	100
African Mining Services Cote D'Ivoire Sarl	Cote d'Ivoire	Ordinary	100	100
African Mining Services Ghana Ltd	Ghana	Ordinary	100	100
Ausdrill (Ghana) Pty Ltd	Australia	Ordinary	100	100
ACN 103534087 Pty Ltd *	Australia	Ordinary	100	100
Perenti Group Services Pty Ltd *	Australia	Ordinary	100	100
Perenti International Pty Ltd *	Australia	Ordinary	100	100
Ausdrill Pty Ltd *	Australia	Ordinary	100	100
Perenti Properties Pty Ltd *	Australia	Ordinary	100	100
Perenti Finance Pty Ltd *	Australia	Ordinary	100	100
AMCG Ltd	Ghana	Ordinary	100	100
Ausdrill Tanzania Limited	Tanzania	Ordinary	100	100
Perenti Utilities Pty Ltd *	Australia	Ordinary	100	100
Perenti Holdings Pty Ltd	Australia	Ordinary	100	-
BTP Equipment Pty Ltd *	Australia	Ordinary	100	100
BTP Parts Pty Ltd *	Australia	Ordinary	100	100
Connector Drilling Pty Ltd *	Australia	Ordinary	100	100
Drill Rigs Australia Pty Ltd *	Australia	Ordinary	100	100
Energy Drilling Australia Pty Ltd *	Australia	Ordinary	100	100
Golden Plains Pty Ltd *	Australia	Ordinary	100	100
Logistics Direct Ltd	Ghana	Ordinary	100	100
MinAnalytical Holdings Pty Ltd *	Australia	Ordinary	100	100
MinAnalytical Laboratory Services Australia Pty Ltd *	Australia	Ordinary	100	100
Ausdrill AMS UK Ltd	UK	Ordinary	100	100
Barminco Mining Services Botswana Pty Ltd	Botswana	Ordinary	100	100
Mining Technology and Supplies Ltd	Ghana	Ordinary	100	100
Barminco Mining Services Canada Limited	Canada	Ordinary	100	100
Power Solutions Africa Suarl	Senegal	Ordinary	100	100
Barminco Holdings Pty Ltd	Australia	Ordinary	100	100
Barminco Limited	Australia	Ordinary	100	100
Barminco Finance Pty Ltd	Australia	Ordinary	100	100
Supply Direct Pty Ltd *	Australia	Ordinary	100	100
Supply Direct South Africa Pty Ltd *	Australia	Ordinary	100	100
Synegex Holdings Pty Ltd *	Australia	Ordinary	100	100
Barminco South Africa Pty Ltd	South Africa	Ordinary	100	100
Barholdco (EIS) Pty Ltd	Australia	Ordinary	100	100
Barminco Egypt LLC	Egypt	Ordinary	100	100
West African Mining Services Ltd	Ghana	Ordinary	100	100
Barminco Egypt Underground Mining Services SAE Investment Commercial	Egypt	Ordinary	100	100
SLR Australia Pty Ltd	Australia	Ordinary	100	100
Barminco India Holdings Pty Ltd	Australia	Ordinary	100	100
Barminco India Investments Pty Ltd	Australia	Ordinary	100	100
Barminco AUMS Holding Pty Ltd	Australia	Ordinary	100	100
Barminco Indian Underground MIning Services LLP	India	Ordinary	100	100
African Underground Mining Services Limited	Ghana	Ordinary	100	100
African Underground Mining Services Ltd Mali Sarl	Mali	Ordinary	100	100
African Underground Mining Services Burkina Faso Sarl	Burkina Faso	Ordinary	100	100
AUMS (T) Ltd	Tanzania	Ordinary	100	100
Technology Driven Mining Pty Ltd	Australia	Ordinary	100	-
Underground Mining Alliance Ltd	Ghana	Ordinary	70	70

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For further information refer to note 23.
Underground Mining Alliance (UMA) is a 70/30 operation between AUMS and Rocksure International, a Ghanaian Mining contractor and has been included in subsidiaries above.

Notes to the consolidated financial statements

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:

(a) Unrecognised tax amounts – see note 5

(b) Non-cash investing and financing transactions – see note 9(b).

Notes to the consolidated financial statements

15 CONTINGENCIES

a. Contingent liabilities

In the course of its normal business, the Group occasionally receives claims arising from its operating activities. In the opinion of the directors, all such matters are covered by insurance or, if not covered, are without merit or are of such a kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if settled unfavourably.

For information about guarantees given by entities within the Group, including the parent entity, please refer to note 24.

b. Contingent assets

The Group lodged a claim in relation to a matter which at the date of this report is unresolved and is subject to litigation. The directors are confident that a favourable outcome will be achieved. However, the contingent asset has not been recognised as a receivable at 30 June 2020 as receipt of this amount is dependent on the outcome of the litigation.

16 COMMITMENTS

a. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	20 $'000	19 $'000
Property, plant and equipment		
Payable:		
Within one year	**57,528**	76,200

The capital commitments are to be funded from cash and available finance facilities.

b. Non-cancellable operating leases

The Group leases various offices, warehouses and equipment under non-cancellable lease contracts expiring within one to 17 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 July 2019, the Group has recognised right-of-use assets from these leases, except for short-term and low-value leases, see note 7(d) and note 26 for further information.

	20 $'000	19 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	11,985
Later than one year but not later than five years	-	33,311
Later than five years	-	1,650
	-	46,946

c. Finance leases

The Group leases various plant and equipment with carrying amount of $nil (2019: $48,840,000) under finance leases expiring within one to three years.

From 1 July 2019, the Group has reclassified finance leases (HP liabilities) to lease liabilities, see note 7(d) and note 26 for further information.

	20 $'000	19 $'000
Commitments in relation to finance leases payable are as follows:		
Within one year	-	26,645
Later than two years but no later than five years	-	8,819
Minimum lease payments	-	35,464
Future finance charges	-	(1,680)
Recognised as liability	-	33,784
Representing lease liabilities		
Current	-	25,236
Non-current	-	8,548
	-	33,784

Notes to the consolidated financial statements

17 EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 24 August 2020, the directors determined the payment of a final ordinary dividend of $24,553,000 (3.5 cents per fully paid share) to be paid on 3 November 2020 out of retained profits at 30 June 2020. The financial effect of this transaction has not been brought to account at 30 June 2020.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial years.

Notes to the consolidated financial statements

OTHER DISCLOSURE

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Notes to the consolidated financial statements

18 RELATED PARTY TRANSACTIONS

a. Parent entities

The ultimate parent entity of the Group is Perenti Global Limited.

b. Subsidiaries

Interests in subsidiaries are set out in note 14.

c. Key management personnel compensation

	20 $	19 $
Short-term employee benefits	**4,172,627**	5,439,523
Post-employment benefits	**153,481**	247,247
Long-term benefits	**48,519**	38,618
Termination benefits	**-**	1,366,368
Share-based payments	**1,886,958**	899,260
	6,261,585	7,991,016

Detailed remuneration disclosures are provided in the remuneration report on pages 52 to 65.

d. Transactions with other related parties

The following transactions occurred with related parties:

	20 $	19 $
Sales of goods and services		
Joint ventures	**-**	2,567,618
Entities related to key management personnel	**3,233,476**	1,535,764
Management fee received / receivable		
Joint ventures	**-**	418,393
Purchase of goods and services		
Other property related expenses-electricity	**261,381**	614,166

(i) Purchases from entities associated with key management personnel

The Group acquired the following goods and services from entities that are associated with members of the Group key management personnel:

- provision of exploration drilling services
- mining services
- electricity services

For detailed disclosures please refer to the remuneration report on page 52.

Notes to the consolidated financial statements

18 RELATED PARTY TRANSACTIONS (CONTINUED)

e. Outstanding balances arising from sales / purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	20 $	19 $
Current receivables (sales of goods and services)		
Entities related to key management personnel	**6,792**	-
Current payables (purchases of goods and services)		
Other property related expenses-electricity	**(18,785)**	-

f. Loans to related parties

	20 $	19 $
Loans to key management personnel		
Balance at 1 July	**190,409**	-
Loans on acquisition of Barminco	**-**	192,550
Loans repayments made	**(2,327)**	(2,141)
Interest charged	**9,867**	5,581
Interest received	**(10,437)**	(5,581)
End of period	**187,512**	190,409
Loans from associates		
Balance at 1 July	**2,659,753**	-
Loan from minority interest	**-**	2,659,753
Impact of foreign exchange	**45,502**	-
End of period	**2,705,255**	2,659,753

g. Terms and conditions

All transactions were made on normal commercial terms and conditions. The loans to key management personnel on acquisition of the Barminco group are repayable by 22 October 2022. Interest was payable at the rate of 4.80% and 5.37% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

Notes to the consolidated financial statements

19 SHARE-BASED PAYMENTS

a. Employee Option Plan

The Employee Option Plan is designed to provide long-term incentives for senior managers to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on Perenti Global Limited's total shareholders return (TSR), including share price growth, dividends and capital returns, ranking with a peer group of selected companies that are listed on the ASX over a period of time. Once vested, the options remain exercisable for a period of between 3.6 years and 5 years from their issue date. Options are granted under the plan for nil consideration.

Options granted for nil consideration and settled in shares under the plan carry no dividend or voting rights.

Set out below are summaries of options granted under the plan:

	20		19	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 July		**3,733,354**		7,766,682
Granted during the year	**$0.00**	**-**	$0.17	500,000
Exercised during the year	**$0.17**	**(2,466,680)**	$0.25	(3,333,323)
Forfeited during the year	**$0.17**	**(66,668)**	$0.54	(1,200,005)
As at 30 June		**1,200,006**		3,733,354
Vested and exercisable at 30 June	**$0.27**	**881,488**	$0.17	1,033,328

The weighted average share price at the date of exercise of options during the year ended 30 June 2020 was $1.55 (2019: $1.35).

No options expired unexercised during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 30 JUNE 2020	SHARE OPTIONS 30 JUNE 2019
23/12/2015	23/12/2020	$0.17	**800,005**	3,166,686
20/04/2018	21/11/2021	$1.19	**266,667**	266,667
01/04/2019	23/12/2019	$0.17	**-**	166,667
20/04/2018	12/06/2022	$1.55	**133,334**	133,334
			1,200,006	3,733,354
Weighted average remaining contractual life of options outstanding at end of period			**0.85 years**	1.60 years

There were no options granted during the year ended 30 June 2020 (2019: 500,000).

b. Rights Plan

The Board has established a new Incentive Rights Plan for eligible employees holding senior executive and senior management roles with a focus on delivering outcomes that create value for shareholders. The plan allows for three different types of incentive rights; retention rights, performance rights and short-term incentive rights. Retention rights and performance rights were granted during the year and are treated as in substance options and are accounted for as share based payments. Participation under the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits. Rights granted for nil consideration under the plan carry no dividend or voting rights.

Retention rights

Each retention right issued under the plan converts into one ordinary share of Perenti Global Limited on exercise. The retention rights granted will vest on 31 October 2020; vesting is conditional on continued employment. Retention rights are not subject to performance hurdles.

Notes to the consolidated financial statements

19 SHARE-BASED PAYMENTS (CONTINUED)

b. Rights Plan (continued)

Performance rights

Each performance right issued under the plan converts into one ordinary share of Perenti Global Limited on exercise. Performance rights vest and become exercisable when the applicable performance, service or other vesting conditions specified at the time of grant are satisfied within a predetermined performance period.

The performance period for the rights granted during the period will run from 1 July 2019 until 30 June 2022. In addition to continued service, the Board has set the following performance criteria for rights granted:

- 50% of the performance rights will vest if the total shareholder return (TSR) vesting condition is met; and
- 50% of the performance rights will vest if the return on average capital employed (ROACE) vesting condition is met

Set out below is a summary of rights granted under the above plans.

	20 NUMBER OF RIGHTS	19 NUMBER OF RIGHTS
As at 1 July	**5,661,178**	-
Granted during the year	**4,839,040**	5,661,178
Forfeited during the year	**(856,185)**	-
As at 30 June	**9,644,034**	5,661,178

There were 4,554,513 performance rights, 284,527 Short Term Incentive Rights and nil retention rights granted during the year ended 30 June 2020 (30 June 2019: 4,721,353 performance rights and 939,825 retention rights granted during the year ended 30 June 2019 and nil Short Term Incentive Rights).

Weighted average remaining contractual life of rights outstanding at the end of the year 1.36 years (30 June 2019: 1.89 years). Weighted fair value of rights granted during the year $1.57 (30 June 2019: $1.28).

Valuation model inputs used to determine the fair value of rights at the grant date included:

RIGHT	GRANT DATE	VESTING DATE	SHARE PRICE GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE GRANT DATE
Performance - ROACE	28 Feb 2019	30 Jun 2021	$1.74	54.92%	3.74%	1.67%	$1.60
Performance - TSR	28 Feb 2019	30 Jun 2021	$1.74	54.92%	3.74%	1.67%	$1.22
Retention	28 Feb 2019	31 Oct 2020	$1.74	54.92%	3.74%	1.67%	$1.64
Performance - ROACE	10 Jun 2019	30 Jun 2021	$1.33	52.07%	3.74%	1.07%	$1.23
Performance - TSR	10 Jun 2019	30 Jun 2021	$1.33	52.07%	3.74%	1.07%	$0.82
Performance - ROACE	28 Nov 2019	30 June 2022	$1.95	46.00%	3.60%	0.66%	$1.78
Performance - TSR	28 Nov 2019	30 June 2022	$1.95	46.00%	3.60%	0.66%	$1.33
Short Term Incentive Plan	24 Oct 2019	24 Oct 2020	$1.84	-	3.74%	-	$1.88

c. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as a part of employee benefit expense were as follows:

For further information on the above options and rights, refer the Remuneration Report on pages 52 to 65.

	20 $'000	19 $'000
Options issued under employee option plan	**165**	319
Rights issued under employee rights plan	**4,542**	1,894
	4,707	2,213

The total amount to be expensed for share based payments is determined by reference to the fair value at grant date, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options or rights that are expected to vest. The total expense is recognised over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payments reserve.

Significant judgement is required in determining the achievement of non-market conditions.

Notes to the consolidated financial statements

20 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

a. PricewaterhouseCoopers Australia

	20 $	19 $
(i) Audit and other assurance services		
Audit and review of financial statements	**897,872**	736,226
(ii) Taxation services		
Tax compliance services	**688,392**	548,345
(iii) Other services		
Advisory and accounting consulting services	**1,215,091**	1,552,275
Total remuneration of PricewaterhouseCoopers Australia	**2,801,355**	2,836,846

b. Network firms of PricewaterhouseCoopers Australia

(i) Audit and other assurance services		
Audit and other assurance services	**782,269**	376,935
(ii) Taxation services		
Tax compliance services	**276,334**	189,741
(iii) Other services		
Advisory and accounting consulting services	**42,657**	37,788
Total remuneration of network firms of PricewaterhouseCoopers Australia	**1,101,260**	604,464
Total remuneration of PricewaterhouseCoopers firms	**3,902,615**	3,441,310

c. Non PricewaterhouseCoopers audit firms

(i) Audit and other assurance services		
Audit and review of financial statements	**131,900**	150,143
(ii) Taxation services		
Tax compliance services	**350,513**	11,546
(iii) Other services		
Advisory and accounting consulting services	**677,134**	56,037
Total remuneration of non PricewaterhouseCoopers firms	**1,159,547**	217,726

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis.

Notes to the consolidated financial statements

21 EARNINGS PER SHARE

a. Basic earnings per share

	20 CENTS	19 CENTS
Profit for the year attributable to the ordinary equity holders of the Company	**3.5**	30.0

b. Diluted earnings per share

Profit for the year attributable to the ordinary equity holders of the Company	**3.5**	29.8

c. Reconciliation of earnings used in calculating earnings per share

	20 $'000	19 $'000
Profit for the year attributable to the ordinary equity holders of the Company	**23,837**	181,326

d. Weighted average number of shares used as denominator

	20 NUMBER	19 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**689,198,530**	605,817,725
Adjustments for calculation of diluted earnings per share:		
Effect of share options on issue	**760,273**	3,015,922
Effect of share rights on issue	**503,386**	20,546
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**690,462,189**	608,854,193

e. Information on the classification of securities

(i) Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19.

(ii) Rights

Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19.

Notes to the consolidated financial statements

22 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	20 $'000	19 $'000
Current		
Floating charge		
Cash and cash equivalents	**284,467**	223,524
Receivables	**360,424**	399,354
Inventory	**213,292**	254,871
Total current assets pledged as security	**858,183**	877,749
Non-current		
Floating charge		
Plant and equipment	**699,290**	790,347
Freehold land and buildings	**57,042**	58,344
Receivables	**21,233**	1,047
Investment	**111,278**	17,581
Total non-current assets pledged as security	**888,843**	867,319
Total assets pledged as security	**1,747,026**	1,745,068

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 7(d).

23 DEED OF CROSS GUARANTEE

Perenti Global Limited and the entities noted below are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and a directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The closed group consists of Perenti Global Limited and the following entities:

ACN 103534087 Pty Ltd;
African Mining Services (Ghana) Pty Ltd;
Perenti International Pty Ltd;
Perenti Group Services Pty Ltd;
Perenti Finance Pty Ltd;
Ausdrill Pty Ltd;
Perenti Properties Pty Ltd;
Perenti Utilities Pty Ltd;
BTP Parts Pty Ltd;
BTP Equipment Pty Ltd;
Connector Drilling Pty Ltd;
Drill Rigs Australia Pty Ltd;
Energy Drilling Australia Pty Ltd;
Golden Plains Pty Ltd;
MinAnalytical Holdings Pty Ltd;
MinAnalytical Laboratory Services Australia Pty Ltd;
Supply Direct Pty Ltd;
Supply Direct South Africa Pty Ltd; and
Synegex Holdings Pty Ltd.

a. Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Perenti Global Limited, they also represent the 'extended closed group'.

Set out over page 134 is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the closed group.

Notes to the consolidated financial statements

23 DEED OF CROSS GUARANTEE (CONTINUED)

a. Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	20 $'000	19 $'000
Consolidated statement of profit or loss		
Sales revenue	**338,116**	550,993
Other income	**63,319**	206,735
Materials expense	**(114,287)**	(224,303)
Labour costs	**(154,252)**	(199,319)
Rental and hire expense	**(7,063)**	(15,798)
Depreciation expense	**(36,180)**	(47,457)
Management fee income	**4,468**	5,644
Finance costs	**(14,558)**	(23,999)
Finance income	**14,113**	5,423
Other expenses from ordinary activities	**(49,697)**	(74,022)
Share of net profits of joint ventures accounted for using the equity method	**41,696**	38,062
Impairment of assets	**(25,337)**	(71,461)
Profit before income tax	**60,338**	150,498
Income tax benefit	**5,030**	72,583
Profit for the year	**65,368**	220,470
Consolidated statement of comprehensive income		
Other comprehensive income		
Profit for the year	**65,368**	223,081
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(723)**	(5,952)
Items that will not be reclassified to profit or loss		
Gain on revaluation of financial assets FVOCI, net of tax	**6,133**	3,341
Other comprehensive (loss) for the year, net of tax	**5,410**	(2,611)
Total comprehensive income for the year	**70,778**	220,470
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**253,162**	72,683
Profit for the year	**65,368**	223,081
Retained earnings transfer	**(307)**	-
Dividends paid	**(48,043)**	(42,602)
Retained earnings at the end of the financial year	**271,180**	253,162

Notes to the consolidated financial statements

23 DEED OF CROSS GUARANTEE (CONTINUED)

b. Consolidated statement of financial position

Set out below is the consolidated statement of financial position as at 30 June of the closed group.

	20 $'000	19 $'000
Current assets		
Cash and cash equivalents	**58,590**	58,458
Trade receivables	**147,027**	307,295
Inventories	**59,898**	66,696
Assets classified as held for sale	**-**	13,626
Current tax receivables	**6,871**	8,551
Total current assets	**272,386**	454,626
Non-current assets		
Investments in other Group companies	**666,667**	511,848
Receivables	**168,444**	126,023
Financial assets at fair value through other comprehensive income	**23,632**	17,581
Joint ventures accounted for using the equity method	**365,289**	332,479
Property, plant and equipment	**216,378**	213,893
Deferred tax assets	**121,596**	106,240
Right-of-use assets	**44,158**	-
Total non-current assets	**1,606,164**	1,308,064
Total assets	**1,878,550**	1,762,690
Current liabilities		
Trade and other payables	**65,438**	62,647
Borrowings	**8,843**	529
Current tax liabilities	**7,161**	12,329
Employee benefit obligations	**17,589**	15,004
Total current liabilities	**99,031**	90,509
Non-current liabilities		
Borrowings	**295,654**	225,790
Deferred tax liabilities	**78,384**	78,321
Employee benefit obligations	**845**	836
Total non-current liabilities	**374,883**	304,947
Total liabilities	**473,914**	395,456
Net assets	**1,404,636**	1,367,234
Equity		
Contributed equity	**1,135,323**	1,126,769
Reserves	**(867)**	(12,697)
Retained earnings	**270,180**	253,162
Total equity	**1,404,636**	1,367,234

Notes to the consolidated financial statements

24 PARENT ENTITY FINANCIAL INFORMATION

a. Summary financial information

The individual financial statements for the parent entity, Perenti Global Limited, show the following aggregate amounts:

	20 $'000	19 $'000
Balance sheet		
Current assets	**45,562**	51,955
Non-current assets	**895,349**	890,253
Total assets	**940,911**	942,208
Current liabilities	**38,160**	21,087
Non-current liabilities	**15,188**	6,580
Total liabilities	**53,348**	27,667
Shareholders' equity		
Issued capital	**1,135,323**	1,126,769
Reserves		
Asset revaluation reserve	**909**	909
Share-based payments reserve	**13,064**	8,454
Pre-2015 reserve	**-**	42,446
Accumulated losses - 2015 reserve	**(183,177)**	(183,177)
Retained earnings	**(78,556)**	(80,860)
Total equity	**887,563**	914,541
Profit/(loss) for the period	**7,902**	(45,533)
Total comprehensive income/(loss)	**7,902**	(45,533)

The financial information for the parent entity has been prepared in accordance with the accounting policies below.

b. Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees during the year (2019: nil).

However, there are cross guarantees given by Perenti Global Limited as described in note 23. Deficiencies exist in some of these companies.

c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019. For information about guarantees given by the parent entity, please see (b) above.

d. Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2020, the parent entity had contractual commitments for the acquisition of property, plant and equipment totalling $7,356,000 (30 June 2019: $426,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

e. Pre-2015 Reserve

Each reserve of the parent entity has the same nature and purpose as described for the consolidated Group (in note 8(b)). In addition, the parent entity on 30 June 2016 and 30 June 2015 established separate reserves for the purpose of paying future dividends. The reserves are referred to as the "Pre-2015 reserve" and the "Accumulated losses - 2015 reserve". On the date of establishment, the "Pre-2015 reserve" had an amount of $114,273,000 transferred to it from retained earnings and the "Accumulated losses - 2015 reserve" had an amount of ($183,177,000) transferred to it from retained earnings.

Notes to the consolidated financial statements

24 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

f. Parent entity financial information

The financial information for the parent entity, Perenti Global Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Perenti Global Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Perenti Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Perenti Global Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Perenti Global Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Perenti Global Limited for any current tax payable assumed and are compensated by Perenti Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Perenti Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of those guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share-based payments

The grant by the Company of options and rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Perenti Global Limited and its subsidiaries.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and Interpretations issued by the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. Perenti Global Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Perenti Global Limited and its subsidiaries also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New or amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

- AASB 16 Leases
- AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures
- AASB 2019-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle
- AASB 2019-2 Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments.

The group had to change its accounting policies as a result of adopting AASB 16. The group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 26. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iii) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been early adopted by the Group. The Group is assessing impact of the new standards, however does not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(iv) Historical cost convention

These financial statements have been prepared on a historical cost basis except for the following:

- certain classes of property, plant and equipment measured at fair value,
- assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and
- certain financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

b. Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations by the Group (refer to note 25(i)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Principles of consolidation (continued)

(ii) Joint arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Perenti Global Limited has only joint ventures.

Joint ventures
Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated statement of financial position.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in 25(j).

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Perenti Global Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced, but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

d. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Perenti Global Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Foreign currency translation (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at end of the reporting period;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

e. Revenue recognition

The Group recognises revenue when the Group satisfies performance obligations by transferring a promised good or service to a customer. An asset is transferred when or as the customer obtains control of that asset. The concept of control under the new standard replaces the previous requirements to consider when the 'risks and rewards' pass to the customer as the trigger point to recognise revenue. For variable consideration, revenue was previously recognised when it was probable that work performed will result in revenue, whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur.

Contract assets and liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Accrued revenue represents receivables for unbilled completed services where the Group's right to consideration is unconditional subject to only the passage of time. Deferred revenue arises where payment is received prior to work being performed and is allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Variable consideration

The new standard provides new requirements for variable considerations such as claims, variations and contract modifications. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved. The estimate is based on all available information including historic performance.

Contract fulfilment costs

Costs generally incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs as these costs are incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year and/or which contain other material financing components. Therefore, the Group does not adjust any of the transaction prices for the time value of money or other financing components.

Warranties and defect periods

Contracts for sale of goods and services may include defect and warranty periods following completion of the sale or project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Other income

Dividends

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Rental income

Rental income is recognised on either a straight-line or machine hours basis over the term of the operating lease.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 6(a). Any other interest income is included in other income.

g. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Perenti Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set-off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Leases

As explained in note 25(a) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note and the impact of the change in note 26.

Until 30 June 2019 leases of property, plant and equipment where the group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

i. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurements are recognised in profit or loss.

Under the acquisition method, the Group has up to 12 months post the acquisition date to finalise the fair values of identifiable assets and liabilities.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting period. See note 3 and note 7(e).

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

l. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and loss allowance. See note 6(b) for further information about the Group's accounting for trade receivables and note 11(b) for a description of the Group's impairment policies.

m. Inventories

Consumables and store items, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Investments and other financial assets

Classification

The Group classifies its investments in the following categories:

- loans and receivables measured at amortised cost, and
- financial assets at fair value through other comprehensive income (FVOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 6(f).

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after statement of financial position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 6(b)).

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, refer to note 11 for further detail.

p. Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 7(c). All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the Group are disclosed in note 7(c).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 25(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Maintenance and repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred. Significant costs incurred in overhauling plant and equipment are capitalised and depreciated over the remaining useful life of the asset or the component in accordance with note 26(p).

r. Intangible assets

(i) Goodwill

Goodwill is measured as described in note 26(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 1).

(ii) Customer related intangibles

Customer related intangibles acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer related intangibles are amortised over the life of contract.

(iii) IT development and software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method over estimated useful lives.

(iv) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit.

s. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

t. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

u. Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

v. Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

w. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Equity settled share-based compensation benefits are provided to employees via the Ausdrill Limited Employee Option Plan, an employee share scheme and Perenti Global Limited Incentive Rights Plan. Information relating to these schemes is set out in note 19. Equity settled share-based payments are measured at the fair value of the equity instruments at grant date.

The fair value at grant date is independently determined using a Monte Carlo simulation or an amended Black Scholes Merton methodology valuation model.

The fair value at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payments reserve.

x. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

z. Earnings per share

(i) Basic earnings per share

Basic earnings per share, see note 21, is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share, see note 21, adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

aa. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

ab. Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in this report and the accompanying financial report. Amounts in this report and the accompanying financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

26 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements.

As indicated in note 25(a) above, the Group has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard.
The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 7(d).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 7.06%.

For leases previously classified as finance leases and HP liabilities the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. No remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- right-of-use assets have been recognised equal to the net present value of the lease liabilities, adjusted for the amount of any prepaid or accrued lease payment
- the Group has chosen not to separate contracts into lease and non lease components
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or
- terminate the lease.

Notes to the consolidated financial statements

26 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) Practical expedients applied (continued)

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of lease liabilities

A reconciliation of operating lease commitments disclosed at 30 June 2019 to additional lease liabilities as at 1 July 2019 is provided in the table below:

	20 $'000
Operating lease commitments disclosed as at 30 June 2019 under AASB 17	**46,946**
(Less): short-term leases not recognised as a liability	**(654)**
(Less): low-value leases not recognised as a liability	**(369)**
(Less): contracts reassessed as lease contracts (undiscounted)	**(987)**
(Less): committed leases not commenced (undiscounted)	**(9,305)**
Add: cost of reasonably certain extensions (undiscounted)	**19,037**
	54,668
Effect of discounting on payments included in the calculation of the lease liability (excluding finance lease balance)	**(11,430)**
Contracts commenced 1st July 2019 (discounted)	**3,246**
Existing finance lease liabilities recognised as at 30 June 2019	**24,133**
Lease liability recognised as at 1 July 2019	**70,617**
Of which are:	
Current lease liabilities	**26,356**
Non-current lease liabilities	**44,261**
	70,617

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2019.

(iv) Adjustments recognised in the consolidated statement of financial position on 1 July 2019

The recognised right-of-use assets relate to the following types of assets:

	30 JUNE 2020 $'000	1 JULY 2019 $'000
Properties	**26,067**	28,030
Equipment	**84,639**	59,794
Motor Vehicles	**32**	242
Total right-of-use assets	**110,738**	88,066

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 July 2019:

- property, plant and equipment - decrease by $41.2 million
- right-of-use assets - increase by $88.1 million
- hire purchase liabilities - decreased by $26.2 million
- lease liabilities - increase by $70.6 million
- prepayments - decrease by $0.3 million

There was no impact on retained earnings on 1 July 2019.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16 Leases.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 71 to 148 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

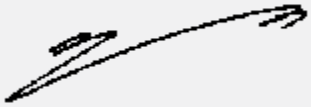
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 23.

Note 25(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Mark Alexander John Norwell
Managing Director and Chief Executive Officer
Director

Perth
24 August 2020

Independent auditor's report to the members

Independent auditor's report

To the members of Perenti Global Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Perenti Global Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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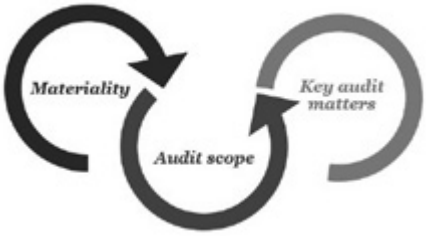
Independent auditor's report to the members

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $5.3 million, which represents approximately 5% of the Group's profit before tax, after adjusting for impairment ("adjusted PBT"). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for impairment as it represents an unusual or infrequently occurring item impacting	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by component auditors in Africa operating under instruction. • The group engagement team performed audit procedures on the financial information of Perenti Group Services, Perenti International, Perenti Finance, Ausdrill, BTP Parts, BTP Equipment, and Barminco, Barminco Finance businesses because these were financially significant or contained financially	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Valuation of Goodwill – Valuation of non-current assets (excluding Goodwill) – Calculation of current and deferred tax balances • These are further described in the *Key audit matters* section of our report.

Independent auditor's report to the members

profit and loss.

- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

significant balances.

- Component auditors performed audit procedures on the financial information of AMS (African Mining Services) Burkina Faso, Mali, Ghana and Senegal, AUMS (African Underground Mining Services) Burkina Faso, Ghana and Tanzania, Underground Mining Alliance, Barminco Mining Services Botswana and Barminco Egypt Underground Mining Services.
- The Group engagement team and component auditors actively communicated throughout the year through discussions, written instructions and reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of Goodwill *(Refer to note 7(e))* At 30 June 2020, the Group has $449.8m of goodwill recognised on the statement of financial position. Under Australian Accounting Standards, the Group is required to test the goodwill annually for impairment. The Group has performed an impairment test as at 30 June 2020 to assess the recoverable amount through 'value in use' (VIU), using a discounted cashflow model. Significant judgement is required by the Group to estimate the key assumptions in the model to determine the recoverable amount of the goodwill and the amount of any impairment. The most significant areas of judgment relate to: • The level at which the Goodwill is assessed • cash flow forecasts, including the terminal	Our audit procedures, amongst others, included the following: • Assessing whether the Group's identification of the group of CGUs was consistent with the level at which goodwill is allocated, based on our knowledge of the operations and internal monitoring and reporting. • Considering if the impairment model used to estimate the recoverable amount of the Goodwill was consistent with the requirements of Australian Accounting Standards. • Assessing the Group's forecast future cash flows over the relevant period and evaluating whether the forecasts were consistent with the approved budget. • Assessing the Group's ability to forecast future cash flows for the business by comparing historical

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*
value forecast; • short-term and future growth rates in revenue and EBITDA margin; and • the discount rate used to discount the estimated cash flows rate adopted in the model This was a key audit matter given the level of judgement required by the Group in determining the assumptions used to perform the impairment testing and the significance of Goodwill to the Statement of Financial Position.	budgets with reported actual results. • Assessing whether the terminal growth rate used in the model was consistent with the long term average growth rates of the industry sector in which the Group operates. • With the assistance of PwC valuations experts, evaluating the appropriateness of the discount rate by assessing the reasonableness of the relevant inputs to the calculation against industry and market factors. • Agreeing the mathematical accuracy, on a sample basis, of the impairment models calculations. • Evaluating the adequacy of the disclosures made in note 7(e), including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

Valuation of non-current assets (excluding Goodwill)
(Refer to note 3)
 	
As required by Australian Accounting Standards, the Group performed an assessment of impairment of non-current assets (excluding Goodwill).
 	
The assessment first focussed on considering whether any specific assets were impaired due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe.
 	
This exercise resulted in an impairment of $34.3 million relating to specific assets within the Surface Mining Africa CGU.
 	
The Group then considered whether there were any overall indicators of impairment in any of its cash generating units (CGU).
 	
The Group performed an impairment assessment where a CGU was performing below its forecast cash flows, had high underutilisation of property, plant and equipment, or other economic and market conditions existed that indicated the asset value may not be recoverable, or the Group considered that there was another impairment indicator.
	Our audit procedures included, amongst others, the following:
	
	• We assessed the Group's evaluation of impairment indicators.
	
	For the Surface Mining Australia and BTP Group CGUs, we:
	• Considered if the discounted cash flow models used to estimate the recoverable amount of these CGUs on a VIU basis ('the impairment models') were consistent with Australian Accounting Standards requirements.
	• Compared the forecast cash flows used in the impairment models to the most recent budgets and business plans approved by the Board.
	• Considered whether the forecast cash flows in the impairment models were reasonable and based upon supportable assumptions, by:
	  ○ Comparing the forecast cash flows to actual cash flows for previous years to assess the accuracy of the Group's forecasting.
	  ○ Considering future revenue growth in comparison to historical trends, contracted work and historical pipeline conversion success.

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*
Management concluded indicators of possible impairment existed in the Surface Mining Australia, BTP Group and Surface Mining Africa CGUs. The Group used value in use (VIU) methodology to assess the recoverable amount for the Surface Mining Australia and BTP Group CGUs. The assessment resulted in an impairment of $25.3m million for the BTP Group CGU and no impairment for the Surface Mining Australia CGU. The Group engaged an external valuer to assist in assessing the recoverable amount of the Surface Mining Africa CGU using a fair value less cost of disposal (FVLCoD) methodology. The FVLCoD assessment indicated no further impairments in this CGU. The Group also considered whether any reversal of prior period impairment was necessary at 30 June 2020 and concluded it was not. The assessment of impairment was a key audit matter because of the significant judgement involved in considering the existence of impairment indicators, estimating the recoverable amount of the assets and the material impact on the financial report.	○ Assessing whether the terminal growth rate used in the models was consistent with the long term average growth rates of the industry sector in which the Group operates. ○ With the assistance of PwC Valuations experts, assessing the Group's discount rate calculations, including having regard to the inputs utilised in the Group's weighted average cost of capital. • Agreed the mathematical accuracy, on a sample basis, of the impairment models calculations. • Considered the method of allocating the BTP Group impairment across assets within the CGU. • Considered whether the Surface Mining Australia model indicated a reversal of previously booked impairment. • Considered the adequacy of the disclosures made in note 3 of the financial statements, including key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards. For the Surface Mining Africa CGU, we: • Examined the external valuation report obtained by the Group to assist their estimation of the recoverable value. • Considered the potential impact of current economic factors and conditions on the conclusion of the external valuation • Assessed the competency, qualifications, experience and objectivity of the Group's external valuer, which included considering their experience and qualifications in assessing similar types of assets. • Considered the completeness of the assets included in the external valuation report. • Utilised PwC valuations experts to consider the methodologies and key assumptions adopted by the external valuer.

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*

Calculation of current and deferred tax balances
(Refer to note 7(f))
 	
The calculation of taxation balances was a key audit matter because the Group operates in several jurisdictions with different laws, regulations and authorities resulting in complex tax calculations and judgements.
 	
In particular, judgement is required in assessing the recoverability of the $109.5 million of tax losses recognised as assets at 30 June 2020 and the appropriateness of $34.3 million of provisions for uncertain tax positions across Africa.
	Our procedures included, amongst others:
	
	• Assessing with the support of PwC tax specialists the rationale on which current tax was calculated and deferred tax assets and liabilities were recognised.
	• Assessing whether deferred tax assets had been appropriately recognised in the financial report as at 30 June 2020 based on the extent to which they can be recovered by forecast taxable profits including performing the following:
	  ○ Obtaining calculations of forecast taxable income for the next five years and agreeing these to the latest Board approved budget and forecast.
	  ○ Comparing the latest Board approved budget to historical performance to assess the consistency and accuracy of the Group's approach to budgeting.
	  ○ Assessing the Group's key assumptions in the cash flow budget and taxable income forecasts.
	  ○ Evaluating whether the cash flows in the taxable income forecasts had been appropriately adjusted for the differences between accounting profits, as presented in the approved Board budget and forecast, to taxable profits.
	• We also considered the assumptions made by the Group in making judgemental tax provisions for uncertain tax positions. We utilised the expertise of a PwC tax specialist who liaised directly with local PwC tax specialists in the relevant territories.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

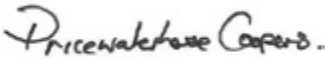
We have audited the remuneration report included in pages 52 to 65 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Perenti Global Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Independent auditor's report to the members

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers

Craig Heatley
Partner

Perth
24 August 2020

Consolidated statement of profit or loss

	NOTES	19 $'000	18 $'000
Revenue from continuing operations	2	**1,638,392**	866,281
Other income	4(a)	**208,124**	20,285
Materials expense		**(595,385)**	(346,490)
Labour costs		**(556,288)**	(285,090)
Rental and hire expense	4(b)	**(24,907)**	(14,778)
Depreciation and amortisation expense	4(b)	**(193,891)**	(74,528)
Finance costs	4(b)	**(55,382)**	(31,626)
Finance income		**3,143**	2,983
Other expenses from ordinary activities	4(b)	**(165,961)**	(85,302)
Impairment of assets	4(b)	**(113,635)**	-
Share of net profit of joint ventures accounted for using the equity method	15(b)	**10,709**	22,344
Profit before income tax		**154,919**	74,079
Income tax benefit/(expense)	5	**27,362**	(14,730)
Profit from continuing operations		**182,281**	59,349
Profit from discontinued operations (attributable to equity holders of the Company)	14	**-**	1,701
Profit for the year		**182,281**	61,050
Profit is attributable to:			
Equity holders of the Company		**181,326**	61,050
Non-controlling interests		**955**	-
Profit for the year		**182,281**	61,050
		CENTS	CENTS
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	22	**30.1**	16.9
Diluted earnings per share	22	**29.9**	16.6
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	22	**30.1**	17.4
Diluted earnings per share	22	**29.9**	17.1

Note: 2018 revenue from continuing operations and materials expense were restated due to intra-group eliminations.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

	NOTES	19 $'000	18 $'000
Profit for the year		**182,281**	61,050
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Exchange (losses)/gains on translation of foreign operations	8(b)	**(4,216)**	(1,371)
Exchange gains/(losses) on translation of joint ventures accounted for using the equity method	8(b)	**-**	3,671
Exchange (losses)/gains on translation of foreign operations - non-controlling interest		**21**	-
Items that will not be reclassified to profit or loss			
Gain/(loss) on revaluation of land and buildings, net of tax	8(b)	**490**	4,443
(Loss)/gain on revaluation of FVOCI financial assets, net of tax	8(b)	**3,341**	(1,664)
Other comprehensive (loss)/income for the year, net of tax		**(364)**	5,079
Total comprehensive income for the year		**181,917**	66,129
Total comprehensive income for the year is attributable to:			
Equity holders of the Company		**180,941**	66,129
Non-controlling interests		**976**	-
Total comprehensive income for the year		**181,917**	66,129
Total comprehensive income for the period attributable to owners of Ausdrill Limited arises from:			
Continuing operations		**181,917**	64,428
Discontinued operations		**-**	1,701
		181,917	66,129

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	NOTES	19 $'000	18 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	**223,524**	137,258
Trade and other receivables	6(b)	**399,354**	230,464
Inventories	7(a)	**251,110**	212,600
Assets classified as held for sale	7(b)	**13,626**	-
Current tax receivables		**10,902**	964
Total current assets		**898,516**	581,286
Non-current assets			
Receivables	6(b)	**2,038**	3,314
Joint ventures accounted for using the equity method	15(b)	**-**	71,266
Financial assets at fair value through other comprehensive income	6(c)	**17,581**	11,999
Property, plant and equipment	7(c)	**887,666**	664,347
Intangible assets	7(d)	**743,569**	-
Deferred tax assets	7(e)	**117,396**	35,549
Total non-current assets		**1,768,250**	786,475
Total assets		**2,666,766**	1,367,761
LIABILITIES			
Current liabilities			
Trade and other payables	6(d)	**268,525**	122,770
Borrowings	6(e)	**25,762**	3,334
Current tax liabilities		**18,578**	1,196
Employee benefit obligations	7(f)	**65,043**	39,061
Total current liabilities		**377,908**	166,361
Non-current liabilities			
Borrowings	6(e)	**731,681**	401,216
Deferred tax liabilities	7(e)	**143,948**	24,947
Employee benefit obligations	7(f)	**1,617**	486
Total non-current liabilities		**877,246**	426,649
Total liabilities		**1,255,154**	593,010
Net assets		**1,411,612**	774,751
EQUITY			
Contributed equity	8(a)	**1,126,769**	624,571
Other reserves	8(b)	**(10,835)**	(12,459)
Retained earnings	8(c)	**293,836**	162,639
Capital and reserves attributable to owners of the Company		**1,409,770**	774,751
Non-controlling interests		**1,842**	-
Total equity		**1,411,612**	774,751

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	NOTES	ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		CONTRIBUTED EQUITY $'000	OTHER RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2017		**526,447**	**(17,777)**	**121,444**	**630,114**	**-**	**630,114**
Profit for the year		-	-	61,050	61,050	-	61,050
Other comprehensive (loss)/income		-	5,079	-	5,079	-	5,079
Total comprehensive income/(loss) for the year		**-**	**5,079**	**61,050**	**66,129**	**-**	**66,129**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax		97,516	-	-	97,516	-	97,516
Shares issued on conversion of employee share options		608	(517)	-	91	-	91
Dividends paid	12(b)	-	-	(19,855)	(19,855)	-	(19,855)
Employee share options - value of employee services	8(b)	-	756	-	756	-	756
		98,124	239	(19,855)	78,508	-	78,508
Balance at 30 June 2018		**624,571**	**(12,459)**	**162,639**	**774,751**	**-**	**774,751**
Balance at 1 July 2018		**624,571**	**(12,459)**	**162,639**	**774,751**	**-**	**774,751**
Change in accounting policy on adoption of AASB 15		-	-	(7,527)	(7,527)	-	(7,527)
Restated total equity at 1 July 2018		**624,571**	**(12,459)**	**155,112**	**767,224**	**-**	**767,224**
Profit for the year		-	-	181,326	181,326	955	182,281
Other comprehensive (loss)/ income		-	(385)	-	(385)	21	(364)
Total comprehensive income/(loss) for the year		**-**	**(385)**	**181,326**	**180,941**	**976**	**181,917**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	8(a)	243,537	-	-	243,537	-	243,537
Non-controlling interests on acquisition of subsidiary		-	-	-	-	866	866
Shares issued on conversion of employee share options	8(a)	268	(204)	-	64	-	64
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	13	258,393	-	-	258,393	-	258,393
Employee share options - value of employee services	8(b)	-	2,213	-	2,213	-	2,213
Dividends paid	12(b)	-	-	(42,602)	(42,602)	-	(42,602)
		502,198	2,009	(42,602)	461,605	866	462,471
Balance at 30 June 2019		**1,126,769**	**(10,835)**	**293,836**	**1,409,770**	**1,842**	**1,411,612**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	NOTES	19 $'000	18 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,683,000**	892,394
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,385,320)**	(802,239)
		297,680	90,155
Interest received		**3,143**	2,990
Interest and other costs of finance paid		**(61,035)**	(28,982)
Income taxes (paid)/refunded		**(33,432)**	(12,312)
Management fee received from joint ventures		**556**	742
Net cash inflow from operating activities	9(a)	**206,912**	52,593
Cash flows from investing activities			
Payments for purchase of subsidiaries	13	**(17,205)**	-
Payments for property, plant and equipment	7(c)	**(206,013)**	(173,280)
Payments for intangibles		**(55)**	-
Proceeds from sale of property, plant and equipment		**11,170**	3,319
Payments for assets at FVOCI/available-for-sale financial assets		**(809)**	(9,187)
Proceeds from sale of business	14	**1,565**	4,600
Cash removed on disposal of subsidiary		**-**	(602)
Distribution received from associates		**-**	13,633
Cash acquired on acquisition of subsidiary	13	**100,544**	-
Capital contribution by minority interest on start-up of operation		**866**	-
Net cash outflow from investing activities		**(109,937)**	(161,517)
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs		**242,338**	97,606
Proceeds from secured borrowings		**232,350**	-
Repayment of unsecured borrowings		**(421,293)**	(3,458)
Repayment of secured borrowings		**(15,762)**	-
Proceeds from unsecured borrowings		**5,072**	3,991
Repayment of hire purchase and lease liabilities		**(21,677)**	-
Dividends paid to Company's shareholders	12(b)	**(42,602)**	(19,855)
Proceeds from hire purchase and lease liabilities		**12**	-
Proceeds from Cross Currency Interest Rate Swaps close-out		**8,421**	-
Net cash (outflow)/inflow from financing activities		**(13,141)**	78,284
Net increase/(decrease) increase in cash and cash equivalents		**83,834**	(30,640)
Cash and cash equivalents at the beginning of the financial year		**137,258**	166,710
Effects of exchange rate changes on cash and cash equivalents		**2,432**	1,188
Cash and cash equivalents at end of year	6(a)	**223,524**	137,258

- Non-cash investing and financing activities (refer note 9(b))
- Cash flows from discontinued operations (refer note 14(b))

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Notes to the consolidated financial statements

HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

(a) Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction

(b) Analysis and sub-totals, including segment information

(c) Information about estimates and judgements made in relation to particular items.

Notes to the consolidated financial statements

1 SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the internal reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director assesses the performance of the operating segments based on revenue, EBIT and profit or loss before tax.

The operating segments are identified by the Managing Director based on the nature of the services provided. The Managing Director considers the business from a geographic perspective, similarity of the services provided and the nature of risks and returns associated with each business.

Reportable segments are:

Surface Mining:

The provision of mining services including drilling and blasting, in-pit grade-control, logistics, exploration drilling, earthmoving and hydrological well drilling in Australia and Africa.

Underground Mining:

The provision of underground mining services in Australia, Africa and India.

Investments:

Operating segments which do not meet the aggregation criteria for the current segments. This includes the provision of mining supplies, products and services including equipment rental, equipment parts and sales, the provision of energy drilling and mineral analysis.

Group Functions:

This segment includes Group central functions including treasury, accounting, human resources, information technology, procurement, financing and administration.

Intersegment eliminations:

Represents transactions which are eliminated on consolidation.

Restatement of prior year comparable:

The Company undertook an internal reorganisation of its businesses with effect from 1 November 2018.

With effect from that date, Drilling Services Australia and Contract Mining Services Africa were combined to form Surface Mining. Equipment Services & Supplies and all other segments were combined to form Investments. An entity has also been included in the Investments segment (previously included in the Contract Mining Services Africa). A new segment was also created for Underground Mining.

The new definition has been applied to the year ended 30 June 2018 as if the changes in structures had been effective from 1 July 2017. This has been done to facilitate comparability over multiple reporting periods.

Notes to the consolidated financial statements

1 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2019 is as follows:

19	SURFACE MINING $'000	UNDERGROUND MINING $'000	INVESTMENTS $'000	GROUP FUNCTIONS $'000	INTER- SEGMENT ELIMINATIONS $'000	TOTAL CONTINUING OPERATIONS $'000	DISCONTINUED OPERATIONS $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Segment revenue									
Sales to external customers	746,193	747,156	145,043	-	-	1,638,392	-	-	1,638,392
Intersegment sales	3,907	-	17,706	-	(21,613)	-	-	-	-
Total sales revenue	**750,100**	**747,156**	**162,749**	**-**	**(21,613)**	**1,638,392**	**-**	**-**	**1,638,392**
Timing of revenue recognition									
- At a point in time	11,388	-	21,800	-	-	33,188	-	-	33,188
- Over time	738,712	747,156	140,949	-	(21,613)	1,605,204	-	-	1,605,204
	750,100	747,156	162,749	-	(21,613)	1,638,392	-	-	1,638,392
Underlying segment EBIT(A)	**56,803**	**129,215**	**23,636**	**(27,977)**	**-**	**181,677**	**-**	**-**	**181,677**
Transaction, restructuring costs and other	(668)	(6,697)	-	(22,868)	-	(30,233)	-	-	(30,233)
Amortisation expense - customer relationship intangibles & software	-	(29,062)	-	-	-	(29,062)	-	-	(29,062)
Impairment of assets	(57,068)	-	(56,567)	-	-	(113,635)	-	-	(113,635)
Fair value gain on AUMS	-	180,248	-	-	-	180,248	-	-	180,248
Foreign currency translation reserve derecognition on AUMS	-	18,163	-	-	-	18,163	-	-	18,163
Reported segment EBIT	**(933)**	**291,867**	**(32,931)**	**(50,845)**	**-**	**207,158**	**-**	**-**	**207,158**
Interest income									3,143
Interest expense									(55,382)
Profit before tax									**154,919**
Income tax (expense)/benefit									27,362
Profit for the year									**182,281**
Minority interest									(955)
Profit for the year attributable to members									**181,326**
Segment assets	**1,747,048**	**1,393,038**	**231,879**	**744,288**	**(1,449,487)**	**2,666,766**	**-**	**-**	**2,666,766**
Segment liabilities	**353,535**	**847,945**	**215,695**	**975,262**	**(1,137,283)**	**1,255,154**	**-**	**-**	**1,255,154**
Other segment information									
Depreciation and amortisation expenses	(80,571)	(101,739)	(11,207)	(374)	-	(193,891)	-	-	(193,891)
Acquisition of property, plant and equipment, intangibles and other non-current assets	59,733	119,180	26,579	1,385	-	206,877	-	-	206,877
Share of net profits from joint ventures	-	10,709	-	-	-	10,709	-	-	10,709

Notes to the consolidated financial statements

1 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2019 is as follows:

18 (restated)	SURFACE MINING $'000	UNDERGROUND MINING $'000	INVESTMENTS $'000	GROUP FUNCTIONS $'000	INTER- SEGMENT ELIMINATIONS $'000	TOTAL CONTINUING OPERATIONS $'000	DISCONTINUED OPERATIONS $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Segment revenue									
Sales to external customers	725,825	-	140,456	-	-	866,281	17,924	-	884,205
Intersegment sales	3,301	-	15,532	-	(18,833)	-	-	-	-
Total sales revenue	**729,126**	**-**	**155,988**	**-**	**(18,833)**	**866,281**	**17,924**	**-**	**884,205**
Timing of revenue recognition									
- At a point in time	7,489	-	25,413	-	-	32,902	-	-	32,902
- Over time	721,637	-	130,575	-	(18,833)	833,379	17,924	-	851,303
	729,126	-	155,988	-	(18,833)	866,281	17,924	-	884,205
Underlying segment EBIT(A)	**70,734**	**22,344**	**18,041**	**(13,646)**	**127**	**97,600**	**2,317**	**(127)**	**99,790**
Settlement of claim	-	-	5,250	-	-	5,250	-	-	5,250
Reported segment EBIT	**70,734**	**22,344**	**23,291**	**(13,646)**	**127**	**102,850**	**2,317**	**(127)**	**105,040**
Interest income						2,982	8	-	2,990
Interest expense						(31,753)	(127)	127	(31,753)
Profit before tax						**74,079**	**2,198**	**-**	**76,277**
Income tax (expense)/benefit						(14,730)	(497)	-	(15,227)
Profit for the year attributable to members						**59,349**	**1,701**	**-**	**61,050**
Segment assets	**1,498,540**	**71,266**	**254,358**	**730,019**	**(1,186,422)**	**1,367,761**	**-**	**-**	**1,367,761**
Segment liabilities	**335,496**	**-**	**200,999**	**1,000,818**	**(944,303)**	**593,010**	**-**	**-**	**593,010**
Other segment information									
Depreciation and amortisation expenses	(63,268)	-	(10,977)	(283)	-	(74,528)	(247)	-	(74,775)
Acquisition of property, plant and equipment, intangibles and other non-current assets	159,126	-	13,240	9,363	-	181,729	738	-	182,467
Share of net profits from joint ventures	-	22,344	-	-	-	22,344	-	-	22,344
Investments in joint ventures	-	71,266	-	-	-	71,266	-	-	71,266

Note: 2018 segment revenue restated due to intra-group eliminations.

Notes to the consolidated financial statements

1 SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

(i) *Segment revenue*

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the consolidated income statement.

Total revenue from continuing operations by geographical location is as follows:

	CONSOLIDATED ENTITY					
	30 JUNE 2019			30 JUNE 2018		
	TOTAL SEGMENT REVENUE $'000	INTER-SEGMENT REVENUE $'000	REVENUE FROM EXTERNAL CUSTOMERS $'000	TOTAL SEGMENT REVENUE $'000	INTER-SEGMENT REVENUE $'000	REVENUE FROM EXTERNAL CUSTOMERS $'000
Surface Mining						
- Australia	**212,795**	**(3,541)**	**209,254**	218,221	(3,295)	214,926
- Ghana	**212,978**	**(365)**	**212,613**	256,645	(6)	256,639
- Mali	**159,396**	**-**	**159,396**	117,963	-	117,963
- Burkina Faso	**101,181**	**-**	**101,181**	72,914	-	72,914
- Senegal	**60,839**	**-**	**60,839**	38,716	-	38,716
- Guinea	**988**	**-**	**988**	24,501	-	24,501
- Other foreign countries	**1,928**	**-**	**1,928**	166	-	166
Underground Mining						
- Australia	**355,415**	**-**	**355,415**	-	-	-
- Ghana	**115,594**	**-**	**115,594**	-	-	-
- Burkina Faso	**109,403**	**-**	**109,403**	-	-	-
- Tanzania	**95,572**	**-**	**95,572**	-	-	-
- Egypt	**58,218**	**-**	**58,218**	-	-	-
- India	**12,954**	**-**	**12,954**	-	-	-
Investments						
- Australia	**135,125**	**(3,369)**	**131,756**	131,192	(6,892)	124,300
- Africa	**22,387**	**(10,292)**	**12,095**	18,933	(4,121)	14,812
- Other foreign countries	**5,232**	**(4,046)**	**1,186**	5,863	(4,519)	1,344
Total segment revenue	**1,660,005**	**(21,613)**	**1,638,392**	885,114	(18,833)	866,281

Notes to the consolidated financial statements

1 SEGMENT INFORMATION (CONTINUED)

(d) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Total of non-current assets other than deferred tax assets, broken down by location of the assets, is shown in the table below.

	19 NON-CURRENT SEGMENT ASSETS $'000	18 NON CURRENT SEGMENT ASSETS $'000
Surface Mining		
- Australia	**97,629**	115,844
- Ghana	**174,418**	171,630
- Mali	**73,587**	88,333
- Burkina Faso	**80,529**	88,345
- Senegal	**60,600**	54,940
- Guinea	**-**	819
- Other foreign countries	**135**	625
Underground Mining		
- Australia	**481,604**	-
- Ghana	**179,231**	20,094
- Burkina Faso	**220,082**	24,622
- Mali	**20,797**	10,700
- Tanzania	**110,208**	15,851
- Egypt	**14,206**	-
- India	**294**	-
Investments		
- Australia	**117,971**	141,945
- Africa	**118**	75
Group Functions		
- Australia	**19,446**	17,103
Total non-current segment assets	**1,650,855**	750,926

Notes to the consolidated financial statements

2 REVENUE

	19 $'000	18 $'000
From continuing operations		
Sales revenue		
Services	**1,605,204**	833,379
Sale of goods	**33,188**	32,902
	1,638,392	866,281

(a) Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

(i) Contract services

Contracts for services includes contract mining (both underground and surface mining), drill and blast, in-pit grade-control, exploration drilling, earthmoving, hydrological well drilling, rental of equipment and mineral assays and analysis. The performance obligation is fulfilled over time as the Group enhances assets which the customer controls, for which the Group does not have an alternative use and for which the Group has a right to payment for performance to date and as such revenue is recognised over time. Revenue is recognised monthly based on units of production at agreed contract rates that is aligned with the stand-alone selling prices for each performance obligation. Majority of the Group's revenue is paid one month in arrears and therefore gives rise to an accrued revenue. For rental of equipment, as the customer simultaneously receives and consumes the benefits, the entity has an enforceable right to payment and as such the performance obligation is fulfilled overtime. The total transaction price for contract services may include variable consideration.

(ii) Mining supplies and manufactured goods

Revenue is recorded at a point in time when control has been transferred to the customer, generally being when the goods have been despatched to a customer pursuant to the sales order.

See note 26(e) for the recognition and measurement of revenue. Amounts disclosed as revenue are net of returns, trade allowances, duties and other taxes paid. Refer note 6(b) for accrued revenue.

(b) Revenue recognised in relation to contract liabilities

On adoption of AASB 15, the Group recognised revenue from the amortisation of deferred revenue liabilities relating to mining services contracts as follows:

	19 $'000	18 $'000
Revenue recognised in relation to contract liabilities	**2,404**	-

Notes to the consolidated financial statements

3 INDIVIDUALLY SIGNIFICANT ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	NOTES	19 $'000	18 $'000
Step acquisition gain on ASL's existing 50% share of AUMS	13	**180,248**	**-**
Foreign currency translation reserves derecognised on step acquisition of AUMS	13	**18,163**	**-**
Impairment of property, plant and equipment		**(49,320)**	**-**
Impairment of inventory		**(54,416)**	**-**
Impairment other		**(9,899)**	**-**
Income tax net benefit - transactional and other		**60,632**	**-**
		145,408	**-**

(a) Impairment of assets

For the year ended 30 June 2019, the Company assessed whether there were any indicators of impairment. The Company's market capitalisation throughout the year was above its net assets, however, as at 30 June 2019 it was below its net assets. Based on the thorough and systematic impairment analysis conducted, management remains of the view that the recoverable amounts of the Company's non-current assets are not sensitive to this factor.

Assets are firstly considered individually to determine whether there is any impairment related to specific assets due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe. For the year ended 30 June 2019, this resulted in inventory impairments of $54,416,000 across the Surface and Investments segments (note 7(a)) and $11,083,000 of property, plant and equipment impairments (note 7(c)) across the Surface and Investments segments.

The Company then proceeded to consider the profitability of the Cash Generating Units (CGUs) against their budgets. Where a business was performing below its forecast and had high underutilisation of PPE, management considered that there was an impairment indicator and performed an impairment assessment for those CGUs. This was the case for the Energy Drilling Australia, Kalgoorlie / Synegex and Contract Mining Services Africa CGUs. For these CGUs, management has made estimates associated with the recoverable amount of the relevant CGU to determine whether there was any impairment or reversal of previous impairment in relation to its carrying value. Determining a CGUs recoverable amount was completed via the following methods:

(a) for certain CGUs, the recoverability of its assets is completed via a fair value less costs of disposal methodology (FVLCD); and

(b) for certain CGUs, the recoverability of its assets is completed via a value in use methodology (VIU).

The recoverable amount of a CGU is calculated as the higher of its FVLCD or its VIU. The Company has sourced an external valuation along with its own internal valuation where a fair value less costs of disposal has been used. In the instances where this has been adopted, the valuation technique and fair value hierarchy is noted below.

The recoverable amount of a CGU determined by a VIU calculation requires the use of assumptions. Cash flow projections are calculated using budgeted EBITDA, changes in working capital and capital expenditure to determine a "free cash flow" estimate. These projections are based on actual operating results, a Board approved business plan and subsequent financial forecasts prepared by management. Future cash flows are extrapolated by applying conservative growth rates for each segment and terminal growth rates not exceeding 3%. This methodology is consistently applied in reporting periods.

For the CGUs which had impairment triggers at 30 June 2019, some were assessed by a FVLCD method and some were assessed via the VIU method and resulted in an impairment charge of $48,136,000 for the year ended 30 June 2019. There was no reversal of previous impairments recorded. For the year ended 30 June 2018 some of the CGUs were assessed by a FVLCD method and some were assessed via the VIU method and resulted in no impairment charge being booked in the prior year. Please see the table below for the information on which method was applied to each CGU and a comparison between 30 June 2019 and 30 June 2018.

Notes to the consolidated financial statements

3 INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

(a) Impairment of assets (continued)

Summary of the impairment taken, and method used to assess the impairment

A summary of the Company's assessment of any indicators of impairment testing for material CGUs, the valuation method used and impairment expense/(reversal) is as follows.

CGU	TRIGGER FOR IMPAIRMENT TESTING		VALUATION METHOD USED		IMPAIRMENT EXPENSE/(REVERSAL) OF PPE	
	19	18	19	18	19	18
Contract Mining Services Africa (CMSA) CGU	**Y**	Y	**VIU**	VIU	**$16.9m**	-
Energy Drilling Australia (EDA) CGU	**Y**	Y	**FVLCD**	FVLCD	**$31.2m**	-
Kalgoorlie / Synegex CGU	**Y**	Y	**VIU**	VIU	**-**	-
BTP Equipment (BTPE) CGU	**N**	N	**-**	-	**-**	-
Ausdrill Northwest (ANW) CGU	**N**	Y	**-**	FVLCD	**-**	-
Barminco CGU	**N**	N/A	**-**	N/A	**-**	N/A
AUMS CGU	**N**	N/A	**-**	N/A	**-**	N/A

Key assumptions used for value in use calculations

For certain CGUs the recoverability of its assets is completed via a VIU methodology. The calculation of VIU for the CGUs is most sensitive to the following assumptions:

(a) EBITDA/sales margins

(b) Discount rates and growth rates used to extrapolate cash flows beyond the forecast period

EBITDA margin

EBITDA margin is based on management's best estimate of the CGU's performance, taking into account past performance with changes where appropriate for expected market conditions and efficiency improvements.

Working capital has been adjusted, in particular inventory levels, to return to and reflect what would be considered a normal operating level to support the underlying business.

Growth rate estimates and discount rates

Future cash flows are extrapolated by applying conservative growth rates for each segment, terminal rates not exceeding 3% and appropriate discount rates to the CGU. This methodology is consistently applied in reporting periods.

Kalgoorlie / Synegex CGU

This CGU is included in the Surface Mining operating segment. At 30 June 2019, this CGU had triggers for impairment testing, and a VIU methodology was adopted. Based on the impairment testing performed, no impairment expense has been recognised at the CGU level at 30 June 2019. At 30 June 2018, this CGU had triggers for impairment testing, and a VIU methodology was adopted. Based on the impairment testing performed, no impairment expense was recognised at the CGU level at 30 June 2018.

Contract Mining Services Africa (CMSA) CGU

This CGU is included in the Surface Mining operating segment. At 30 June 2019, this CGU had triggers for impairment testing, and a VIU methodology was adopted. Based on the impairment testing performed, an impairment expense of $16,936,000 has been recognised at the CGU level at 30 June 2019. Of this, $7,037,000 related to property, plant and equipment and $9,899,000 related to other assets. At 30 June 2018, this CGU had triggers for impairment testing, and a VIU methodology was adopted. Based on the impairment testing performed, no impairment expense has been recognised at the CGU level at 30 June 2018.

Energy Drilling Australia (EDA) CGU

This CGU is included in the Investments operating segment. As reported at 31 December 2018, this CGU had triggers for impairment testing. To determine the recoverable amount of this CGU, the valuation approach was adopted. The valuation approach, was a combination of Level 1, Level 2, and predominately Level 3 inputs in the fair value hierarchy. The directors assessed the fair value of each asset, taking into account the independent valuation and determined the assets' fair value within a range of reasonable fair value estimates. As Energy Drilling Australia assets have been in care and maintenance for a number of years with no prospective buyers, a valuation this year was undertaken on the basis of 'fire sale' and 'scrap value'. As a result, an impairment expense of $31,200,000 has been recognised at the Energy Drilling Australia CGU level.

(b) Income tax net benefit

A net income tax benefit of $60,632,000 arose during the year predominantly relating to the following items: previously unrecognised deferred tax assets for the carry forward of unused tax losses and tax credits $43,156,000, uplift in the tax carrying value of depreciating assets upon the acquisition of the Barminco Group $8,733,000, tax effect of impairment, transaction costs and other amounting to $36,036,000, offset by uncertain tax positions in Africa of $27,293,000.

Notes to the consolidated financial statements

4 OTHER INCOME AND EXPENSE ITEMS

This note provides a breakdown of the items included in "other income" and an analysis of expenses by nature.

(a) Other income

	NOTES	19 $'000	18 $'000
Step acquisition gain on ASL's existing 50% share of AUMS	13	**180,248**	-
Foreign currency transaction reserve derecognised on step acquisition of AUMS	13	**18,163**	-
Insurance proceeds		**1,259**	1,544
Foreign exchange gain (net)		**971**	11,249
Management fee received		**556**	1,047
Gain/(loss) on disposal of non-current assets		**3,918**	(1,635)
Other [(i)]		**3,009**	8,080
		208,124	20,285

(i) The Group settled a claim and received $5.3 million net of GST during the prior period.

(b) Breakdown of expenses by nature

	19 $'000	18 $'000
Depreciation and amortisation expense		
Plant and equipment depreciation	**163,108**	72,825
Buildings depreciation	**1,721**	1,703
Customer relationships intangibles amortisation	**28,770**	-
Software amortisation	**292**	-
Total depreciation and amortisation expense	**193,891**	74,528
Rental and hire expenses		
Rental expense relating to operating leases for equipment	**16,846**	8,514
Rental expense relating to operating leases for properties	**8,061**	6,264
Total rental and hire expenses	**24,907**	14,778
Finance costs		
Hire purchase interest	**2,374**	-
Interest paid	**41,688**	28,856
Derivative fair value and settlement	**5,703**	-
Amortised borrowing cost	**5,617**	2,770
Total finance costs	**55,382**	31,626
Other expenses from ordinary activities		
Staffing, safety and training	**24,502**	11,376
Consultants	**23,410**	15,802
Travel and accommodation	**22,105**	9,581
Freight	**19,181**	18,737
IT and communications	**14,114**	6,927
Insurance	**13,751**	6,645
Other property related expenses	**9,961**	6,734
Witholding tax general, duties and taxes	**6,861**	3,915
Inventory adjustments	**3,402**	1,817
Trade receivable provisions and bad debts	**(50)**	(425)
All other expenses *	**28,724**	4,193
Total other expenses from ordinary activities	**165,961**	85,302

*All other expenses include an amount of $7.2 million in relation to fraudulent payments to invalid suppliers, of which approximately $3.2 million related to payments made in 2018 and $1.0 million to payments prior to 2018.

Notes to the consolidated financial statements

4 OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

(b) Breakdown of expenses by nature (continued)

	19 $'000	18 $'000
Impairment of assets		
Impairment of property, plant and equipment	**49,320**	-
Impairment of inventory	**54,416**	-
Impairment other	**9,899**	-
Total impairment of assets	**113,635**	-

5 INCOME TAX (BENEFIT)/EXPENSE

This note provides an analysis of the Group's income tax (benefit)/expense, shows what tax amounts are recognised directly in equity and how the tax (benefit)/expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

(a) Income tax (benefit)/expense

	NOTES	19 $'000	18 $'000
Current tax on profits for the year		**42,409**	10,823
Deferred tax		**(70,247)**	3,547
Adjustments for current tax of prior periods		**476**	857
		(27,362)	15,227
Income tax (benefit)/expense is attributable to:			
Profit/(loss) from continuing operations		**(27,362)**	14,730
Profit/(loss) from discontinued operations		**-**	497
Aggregate income tax expense/(benefit)		**(27,362)**	15,227
Deferred income tax (benefit)/expense included in income tax expense comprises:			
(Increase)/decrease in deferred tax assets	7(e)(i)	**(97,694)**	3,962
Increase/(decrease) in deferred tax liabilities	7(e)(ii)	**27,447**	(415)
		(70,247)	3,547

(b) Numerical reconciliation of accounting profit to income tax (benefit)/expense

	19 $'000	18 $'000
Profit/(loss) from continuing operations before income tax expense	**154,919**	74,079
Profit/(loss) from discontinuing operations before income tax expense	**-**	2,198
	154,919	76,277
Tax at the Australian tax rate of 30% (Jun 2018 - 30%)	**46,476**	22,883
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net (profit) of joint ventures	**(3,213)**	(6,703)
Share-based payments	**664**	227
Other foreign permanent differences	**2,037**	(192)
Withholding tax	**7,470**	1,233
Other (non-assessable)/non-deductible items	**4,350**	1,121
Step acquisition gain on the Company's existing 50% share of AUMS	**(59,523)**	-

Notes to the consolidated financial statements

5 INCOME TAX (BENEFIT)/EXPENSE (CONTINUED)

(b) Numerical reconciliation of accounting profit to income tax (benefit)/expense (continued)

	NOTES	19 $'000	18 $'000
Difference in overseas tax rates		**(4,195)**	3,004
Under provision in prior years		**476**	857
Current year tax losses not recognised		**1,417**	2,566
Prior year unrecognised deferred tax assets now recognised*		**(44,822)**	(7,378)
Effect of currency translation on tax base		**(2,462)**	(2,935)
Deferred tax recognised on undistributed profits for foreign subsidiaries and joint ventures		**5,007**	544
Uplift in the tax carrying value of depreciating assets upon acquisition of Barminco group		**(8,337)**	-
Uncertain tax positions in Africa	7(e)(ii)	**27,293**	-
Income tax (benefit)/expense		**(27,362)**	15,227

* In 2019 the Group recognised a deferred tax asset for the carry forward of unused tax losses, unused tax credits and other previously unrecognised deductible temporary differences on the basis that it is probable that future taxable profits will be available against which the unused tax losses, unused tax credits and other previously unrecognised other deductible temporary differences can be utilised.

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax - debited directly to equity	**1,188**	146

(d) Unrecognised temporary differences

(i) Temporary differences for which deferred tax assets have not been recognised:

Unused tax losses for which no deferred tax asset has been recognised	**1,388**	134,640
Other temporary differences	**-**	16,837
	1,388	151,477
Unrecognised deferred tax assets relating to the above temporary differences	**416**	45,443

Management is investigating whether Barminco's existing tax losses at the date of acquisition can be transferred to Perenti's income tax consolidated group

(ii) Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:

Undistributed earnings	**121,941**	61,059
Unrecognised deferred tax liabilities relating to the above temporary differences	**11,546**	5,804

The Company has undistributed earnings of $121,941,092 (2018: $61,059,261) in some of it's African subsidiaries which, if paid out as dividends, would attract dividend witholding tax in Africa. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from the subsidiary.

(e) Effective tax rates for the year ended 30 June 2019 for Australian and Global operations in terms of the Board of Taxation's Voluntary Tax Transparency Code:

(i) Australian operations

The accounting effective company tax rate for the year ended 30 June 2019 is (111.0%) (30 June 2018: 0%). This effective tax rate is lower than the Australian company tax rate due to the impact of functional currencies, items of income/expenditure which are not assessable/deductible, recognition of previously unrecognised tax losses/tax offsets, the inclusion of equity accounted profits in profit before tax and the acquisition of the Barminco Group. The effective tax rate excluding the impact of these items is 30.0% (30 June 2018: 30.0%)

(ii) Global operations

The accounting effective company tax rate for the year ended 30 June 2019 is (17.7%) (30 June 2018: 20.0%). This effective tax rate is lower than the Australian company tax rate due to the impact of different company tax rates in other countries, functional currencies, items of income/expenditure which are not assessable/deductible, recognition of previously unrecognised tax losses/tax offsets, the acquisition of the Barminco Group, step acquisition of AUMS and the recognition of uncertain tax positions in Africa. The effective tax rate excluding the impact of these items is 29.3% (30 June 2018: 30.2%)

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

	NOTES	ASSETS AT FVOCI** $' 000	FINANCIAL ASSETS AT AMORTISED COST $'000	TOTAL $'000
Financial assets 2019				
Cash and cash equivalents	6(a)	**-**	**223,524**	**223,524**
Trade and other receivables*	6(b)	**-**	**386,782**	**386,782**
Financial assets FVOCI	6(c)	**17,581**	**-**	**17,581**
		17,581	**610,306**	**627,887**
2018				
Cash and cash equivalents	6(a)	-	137,258	137,258
Trade and other receivables*	6(b)	-	213,727	213,727
Available-for-sale financial assets**	6(c)	11,999	-	11,999
		11,999	350,985	362,984

* Excluding prepayments

** Financial assets at fair value through other comprehensive income were classified as available-for-sale financial assets at 30 June 2018.

	NOTES	LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
Financial liabilities 2019			
Trade and other payables	6(d)	**268,525**	**268,525**
Borrowings	6(e)	**757,443**	**757,443**
		1,025,968	**1,025,968**
2018			
Trade and other payables	6(d)	122,770	122,770
Borrowings	6(e)	404,550	404,550
		527,320	527,320

The Group's exposure to various risks associated with financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(a) Cash and cash equivalents

	19 $'000	18 $'000
Current assets		
Cash at bank and in hand	**223,524**	137,258

(i) Reconciliation to cash at the end of the year

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

Balance as above	**223,524**	137,258
Balances per consolidated statement of cash flows	**223,524**	137,258

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Trade and other receivables

	2019 CURRENT $'000	2019 NON- CURRENT $'000	2019 TOTAL $'000	CURRENT $'000	2019 NON- CURRENT $'000	TOTAL $'000
Trade receivables (i)	**195,363**	**-**	**195,363**	141,917	-	141,917
Provision for impairment (see note 11(b))	**(10,827)**	**-**	**(10,827)**	(11,421)	-	(11,421)
	184,536	**-**	**184,536**	130,496	-	130,496
Accrued revenue	**164,064**	**-**	**164,064**	50,973	-	50,973
Net GST / VAT receivables	**17,517**	**-**	**17,517**	12,654	-	12,654
Other receivables (ii)	**19,618**	**1,047**	**20,665**	16,290	3,314	19,604
Prepayments	**13,619**	**991**	**14,610**	20,051	-	20,051
	399,354	**2,038**	**401,392**	230,464	3,314	233,778

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement not more than 90 days from the date of recognition and therefore are all classified as current. The Group's impairment loss allowance and other accounting policies for trade and other receivables are outlined in notes 11(b) and 26(l) respectively.

(ii) Other receivables

This amount includes operating expense rebates and other receivables. If collection of other receivables is expected in one year or less they are classified as current assets.

(iii) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 11.

(iv) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(v) Impairment and risk exposure

Prepayments of $8,206,000 and other non-current receivables of $1,693,000 were impaired during the year, refer note 3. Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11(a) and 11(b).

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the following classes of financial assets:

	19 $'000	18 $'000
Non-current assets		
Listed securities		
Equity securities	**5,971**	6,336
Unlisted securities		
Equity securities	**11,610**	5,663
	17,581	11,999

These securities were classified as available-for sale as at 30 June 2018.

Refer note 26(a)(ii) for the impact of the change in accounting policy following adoption of AASB 9 on the classification of financial assets and note 26(o)(ii) for the accounting policy.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(c) Financial assets at fair value through other comprehensive income (continued)

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

On disposal of these equity investments, any related balance within the fair value reserve is reclassified to retained earnings.

(ii) Amounts recognised in other comprehensive income

During the year, the following (losses)/gains were recognised in other comprehensive income.

	NOTES	19 $'000	18 $'000
Gains/(losses) recognised in other comprehensive income	8(b)	**4,773**	(2,377)

(iii) Non-current assets pledged as security

Refer to note 23 for information on non-current assets pledged as security by the Group.

(iv) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 6(f) below.

All of the financial assets at FVOCI are denominated in either Australian Dollars, Great British Pound or Canadian Dollars. For an analysis of the sensitivity of the assets to price and interest rate risk refer to note 11(a).

(d) Trade and other payables

	19 $'000	18 $'000
Current liabilities		
Trade payables	**130,734**	59,957
Accrued expenses	**92,037**	46,481
Payroll accruals	**25,236**	10,619
Net GST / VAT payables	**10,003**	3,979
Deferred revenue	**5,115**	-
Other creditors and accruals	**5,400**	1,734
	268,525	122,770

Trade payables are unsecured and are usually paid within 45 to 60 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(i) Deferred revenue

Movements in deferred revenue for liabilities relating to revenue contracts are as follows:

	19 $'000	18 $'000
Opening balance	**-**	-
Adjustment on adoption of AASB 15	**7,527**	-
Revenue recognised	**(2,404)**	-
Exchange differences	**(8)**	-
Closing balance	**5,115**	-

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(e) Borrowings

	19			18		
	CURRENT $'000	NON- CURRENT $'000	TOTAL $'000	CURRENT $'000	NON- CURRENT $'000	TOTAL $'000
Secured						
USD notes	**-**	**497,386**	**497,386**	-	-	-
Bank loans	**-**	**225,119**	**225,119**	-	-	-
Prepaid borrowing costs	**-**	**(2,032)**	**(2,032)**	-	(1,235)	(1,235)
Hire purchase liabilities	**25,236**	**8,548**	**33,784**	-	-	-
Total secured borrowings	**25,236**	**729,021**	**754,257**	-	(1,235)	(1,235)
Unsecured						
USD notes	**-**	**-**	**-**	-	404,998	404,998
Loan from minority interest	**-**	**2,660**	**2,660**	-	-	-
Prepaid borrowing costs	**-**	**-**	**-**	-	(2,547)	(2,547)
Insurance premium funding	**526**	**-**	**526**	3,334	-	3,334
Total unsecured borrowings	**526**	**2,660**	**3,186**	3,334	402,451	405,785
Total borrowings	**25,762**	**731,681**	**757,443**	3,334	401,216	404,550

In FY19 the Group capitalised $2.1 million of borrowing costs in relation to secured bank loans.

(i) Secured liabilities

At 30 June 2019, the Group had the following facilities that were not drawn at balance date:

	19 $'000	18 $'000
Total unutilised facilities - bank loans	**158,343**	199,433

Bank loans

In April 2019, the Company refinanced its A$300 million revolving credit facilities. The facilities are dual currency, revolving, mature on 1 July 2023 and has been provided by a number of leading lending institutions in the Australian banking market. As at 30 June 2019, approximately 75% of this facility was drawn down. Drawdown of this facility was to assist in the partial redemption of the US$300 million unsecured notes and ongoing working capital.

In November 2018, following a review of the future liquidity requirements of Barminco and to reduce holding costs, Barminco negotiated a reduction in the their revolving credit facility from A$75 million to A$45 million. Barminco's revolving credit facility matures in October 2020.

USD notes - secured

On 26 April 2017 Barminco issued 6.625% Senior Secured Notes due for repayment 15 May 2022 with a US$350 million principal amount. The notes were issued by Barminco Finance Pty Ltd and are secured and have been guaranteed by Barminco Holdings Pty Limited, Barminco Finance Pty Limited, Barminco Limited, Barminco AUMS Holdings Pty Limited, Barminco India Investments Pty Limited and Barminco India Holdings Pty Limited.The interest on the high yield bond is payable semi-annually on 15 May and 15 November. The High Yield Bonds are quoted on the Singapore Stock Exchange.

Hire purchase and lease facilities

Hire purchases and lease facilities are secured by the specific assets financed.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(e) Borrowings (continued)

(ii) *Unsecured liabilities*

USD notes - unsecured

In September 2018, the Company completed the A$250 million equity raising facilitating the repayment of the 6.875% Guaranteed Senior Unsecured Notes due November 2019, to maintain prudent leverage across the group.

Loan from minority interest - unsecured

The loan relates to Underground Mining Alliance Limited, refer note 15(b).

Covenants on financing facilities

The Group's financing facilities contain undertakings including an obligation to comply at all times with certain financial covenants which require the Group to operate within certain financing ratio threshold levels as well as ensuring that subsidiaries that contribute minimum threshold amounts of Group EBITDA and Group Total Assets are guarantors under various facilities. All banking covenants have been complied with at reporting date.

All banking covenants have been complied with at reporting date.

Refinancing requirements

Where existing facilities approach maturity, the Group will seek to renegotiate with existing and new financers to extend the maturity date of those facilities. The Group's earnings profile, credit rating, state of the economy, conditions in financial markets and other factors may influence the outcome of those negotiations.

Credit ratings

The Group currently has a credit rating of Ba2 (Outlook Stable) from Moody's and a credit rating of BB (Outlook Stable) from Standard & Poor's. Where a credit rating is reduced or placed on negative watch, customers and suppliers may be less willing to contract with the Group. Banks and other lending institutions may demand more stringent terms (including increased pricing) on debt facilities to reflect the higher credit risk profile.

(iii) *Fair value*

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Material differences are identified only for the following borrowings:

	19			18		
	CARRYING AMOUNT $'000	FAIR VALUE $'000	DISCOUNT RATE %	CARRYING AMOUNT $'000	FAIR VALUE $'000	DISCOUNT RATE %
On-balance sheet						
Non-traded financial liabilities						
USD notes - secured	**497,386**	**516,542**	**5.45**	-	-	
USD notes - unsecured	**-**	**-**		404,998	411,468	6.22

The fair values of non-current borrowings are based on discounted cash flows using the rates disclosed in the table above.

(iv) *Risk exposures*

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 11.

(f) Recognised fair value measurements

(i) *Fair value hierarchy*

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(f) Recognised fair value measurements (continued)

(i) *Fair value hierarchy (continued)*

AT 30 JUNE 2019	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financial assets				
Financial assets FVOCI*				
Australian listed equity securities	**5,059**	**-**	**-**	**5,059**
Australian unlisted equity securities	**-**	**-**	**11,610**	**11,610**
CAD listed equity securities	**463**	**-**	**-**	**463**
GBP listed equity securities	**449**	**-**	**-**	**449**
Total financial assets	**5,971**	**-**	**11,610**	**17,581**

AT 30 JUNE 2018	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financial assets				
Financial assets FVOCI*				
Australian listed equity securities	5,093	-	-	5,093
Australian unlisted equity securities	-	-	5,663	5,663
CAD listed equity securities	514	-	-	514
GBP listed equity securities	729	-	-	729
Total financial assets	6,336	-	5,663	11,999

* Financial assets at fair value through other comprehensive income (FVOCI) were classified as available-for-sale financial assets as at 30 June 2018.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) *Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

(iii) *Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 items for the period ended 30 June 2019:

Consolidated entity	UNLISTED EQUITY SECURITIES $'000	TOTAL $'000
Opening balance 1 July 2018	**5,663**	**5,663**
Gains/(losses) recognised in other comprehensive income	**5,700**	**5,700**
Transfers between levels	**247**	**247**
Closing balance 30 June 2019	**11,610**	**11,610**

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(f) Recognised fair value measurements (continued)

(iv) Valuation inputs and relationships to fair value

Changes in the fair value of unlisted equity securities are analysed at least each reporting period by discussion with the Chief Financial Officer and valuation team in the Group finance department. As part of this discussion the team presents a report that explains the reason for any fair value movements based on recent transactions and financial information.

7 NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - inventories (note 7(a))
  - assets classified as held for sale (note 7(b))
  - property, plant and equipment (note 7(c))
  - intangible assets (note 7(d))
  - deferred tax balances (note 7(e))
  - employee benefit obligations (note 7(f))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

(a) Inventories

	19 $'000	18 $'000
Work in progress	**18,064**	12,558
Finished goods	**15,322**	9,208
Consumables and store items	**217,724**	190,834
	251,110	212,600

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 26(m) for the Group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to $56,109,000 (2018: $2,096,000). These were recognised as an expense during the year ended 30 June 2019, $54,416,000 was included within impairment of assets expense, refer to note 3 for detail, and $1,693,000 which was in the ordinary course of business, was included in materials expense in the consolidated statement of profit or loss.

(b) Assets held for sale

	19 $'000	18 $'000
Current assets		
Property, plant and equipment	**9,866**	-
Inventories	**3,760**	-
	13,626	-

As announced to the ASX on 10 April 2019 the Group has entered into a binding agreement with Pentium Hydro Pty Ltd and Vysarn Limited to sell the Company's hydrological drilling assets which historically operated as "Connector Drilling" for cash consideration of $16 million. The Assets Sale Agreement includes various waterwell drilling assets and associated inventory currently used by the Company's waterwell business. Completion of the Asset Sale Agreement is subject to the satisfaction of various conditions precedent.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Property, plant and equipment

Non-current	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	PLANT AND EQUIPMENT UNDER FINANCE $'000	TOTAL $'000
At 1 July 2017				
Cost or fair value	56,717	1,229,684	-	1,286,401
Accumulated depreciation	(2,833)	(723,104)	-	(725,937)
Net book amount	53,884	506,580	-	560,464
Year ended 30 June 2018				
Opening net book amount	53,884	506,580	-	560,464
Exchange differences	739	12,406	-	13,145
Revaluation of land and buildings	5,717	-	-	5,717
Additions	17	173,264	-	173,281
Assets included in a disposal group classified as held for sale and other disposals	-	(1,476)	-	(1,476)
Transfers to inventory	-	(7,064)	-	(7,064)
Depreciation charge	(1,703)	(73,072)	-	(74,775)
Disposals	-	(4,945)	-	(4,945)
Transfers between classes	(46)	46	-	-
Closing net book amount	58,608	605,739	-	664,347
At 30 June 2018				
Cost or fair value	61,489	1,353,925	-	1,415,414
Accumulated depreciation	(2,881)	(748,186)	-	(751,067)
Net book amount	58,608	605,739	-	664,347
Year ended 30 June 2019				
Opening net book amount	**58,608**	**605,739**	**-**	**664,347**
Exchange differences	**866**	**13,301**	**109**	**14,276**
Acquisition of subsidiary	**1,001**	**168,458**	**68,813**	**238,272**
Additions	**88**	**205,908**	**17**	**206,013**
Transfers to inventory	**-**	**(3,926)**	**-**	**(3,926)**
Depreciation charge	**(1,721)**	**(143,009)**	**(20,099)**	**(164,829)**
Impairment expense *(iv)*	**-**	**(49,320)**	**-**	**(49,320)**
Disposals	**-**	**(7,301)**	**-**	**(7,301)**
Transfers between classes	**(498)**	**498**	**-**	**-**
Transfers to assets held for sale	**-**	**(9,866)**	**-**	**(9,866)**
Closing net book amount	**58,344**	**780,482**	**48,840**	**887,666**
At 30 June 2019				
Cost or fair value	**60,378**	**1,667,904**	**125,261**	**1,853,543**
Accumulated depreciation and impairment	**(2,034)**	**(887,422)**	**(76,421)**	**(965,877)**
Net book amount	**58,344**	**780,482**	**48,840**	**887,666**

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Property, plant and equipment (continued)

(i) Non-current assets pledged as security

Refer to note 23 for information on non-current assets pledged as security by the Group.

(ii) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	19 $'000	18 $'000
Buildings		
Cost	**40,761**	40,566
Accumulated depreciation	**(16,648)**	(14,734)
Net book amount	**24,113**	25,832

(iii) Revaluation, depreciation methods and useful lives

Land is not depreciated. Depreciation on major plant and equipment and components is calculated on machine hours worked over their estimated useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 5 - 25 years
- Plant and equipment 2 - 15 years
- Power station assets 3 - 20 years

See note 26(q) for the other accounting policies relevant to property, plant and equipment.

(iv) Impairment expense

Impairment expense of $11,083,000 related to individual assets and $38,237,000 related to individual assets tested at the cash generating unit level for property, plant and equipment. Refer to note 3 for details.

(v) Significant estimates - valuations of land and buildings

Information about the valuation of land and buildings is provided in note 7(g).

(d) Intangible assets

YEAR ENDED 30 JUNE 2019	NOTES	GOODWILL $'000	SOFTWARE $'000	CUSTOMER RELATED INTANGIBLES $'000	TOTAL $'000
Opening net book amount		-	-	-	-
Acquisition of subsidiary	13	449,769	1,349	321,458	772,576
Additions internal development		-	55	-	55
Exchange differences		-	-	-	-
Amortisation charge		-	(292)	(28,770)	(29,062)
Closing net book amount		449,769	1,112	292,688	743,569
AT 30 JUNE 2019					
Cost		449,769	2,487	321,458	773,714
Accumulated amortisation and impairment and impairment		-	(1,375)	(28,770)	(30,145)
Net book amount		449,769	1,112	292,688	743,569

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Intangible assets (continued)

(i) *Amortisation methods and useful lives*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5-6 years
- Customer related intangibles 2-13 years

See note 26(q) for the other accounting policies relevant to intangible assets, and note 26(j) for the Group's policy regarding impairments.

(ii) *Customer contracts*

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

(iii) *Impairment tests for goodwill*

On 31 October 2018 the Company acquired Barminco Holdings Pty Limited (Barminco), a specialist underground hard-rock mining contractor with operations predominantly in Australia as well as in Africa and India. The acquisition of Barminco increased the Group's ownership of the AUMS entities from 50% to 100%. At 30 June 2019, the recoverable amount of the assets have been determined based on fair value less costs of disposal, with reference to the recent purchase price of the acquired interest. There are no indicators to suggest that the fair value of Barminco and AUMS has significantly changed since acquisition.

(e) Deferred tax balances

(i) *Deferred tax assets*

	NOTES	19 $'000	18 $'000
The balance comprises temporary differences attributable to:			
Employee benefits		**19,810**	11,352
Accruals		**4,055**	1,339
Provision for obsolete stock		**2,632**	2,837
Doubtful debts		**2,656**	3,658
Depreciation		**16,526**	29,611
		45,679	48,797
Other			
Borrowing and business expenses		**4,293**	1,089
Inventory		**2,489**	2,395
Unrealised foreign exchange		**5,392**	-
Current/prior year tax losses recognised		**88,728**	1,361
R&D tax offset recognised		**4,999**	-
Financial assets at fair value through other comprehensive income		**340**	1,772
		106,241	6,617
Total deferred tax assets		**151,920**	55,414
Set off deferred tax liabilities pursuant to set-off provisions	7(e)(ii)	**(34,524)**	(19,865)
Net deferred tax assets		**117,396**	35,549
Deferred tax assets expected to be recovered within 12 months		**55,571**	28,929
Deferred tax assets expected to be recovered after more than 12 months		**96,349**	26,485
		151,920	55,414

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Deferred tax balances (continued)

(i) *Deferred tax assets* (continued)

	EMPLOYEE BENEFITS $'000	DEPRECIATION $'000	ACCRUALS $'000	DOUBTFUL DEBTS $'000	INVENTORY $'000	TAX LOSSES / OFFSETS $'000	OTHER $'000	TOTAL $'000
At 1 July 2017	12,677	7,194	825	4,591	-	-	4,277	29,564
(Charged)/credited to profit or loss	(1,325)	(3,285)	514	(933)	-	-	1,067	(3,962)
(Charged)/credited directly to equity	-	-	-	-	-	-	1,715	1,715
Reclassification between deferred tax balances *	-	25,702	-	-	2,395	-	-	28,097
At 30 June 2018	11,352	29,611	1,339	3,658	2,395	-	7,059	55,414
(Charged)/credited to profit or loss	**8,458**	**(13,085)**	**2,716**	**(1,002)**	**94**	**93,727**	**6,786**	**97,694**
(Charged)/credited directly to equity	**-**	**-**	**-**	**-**	**-**	**-**	**(1,188)**	**(1,188)**
At 30 June 2019	**19,810**	**16,526**	**4,055**	**2,656**	**2,489**	**93,727**	**12,657**	**151,920**

* 28,097,000 reclassification between deferred tax balances due to deferred tax assets and deferred tax liabilities not being able to be offset across different tax jurisdictions.

(ii) *Deferred tax liabilities*

	NOTES	19 $'000	18 $'000
The balance comprises temporary differences attributable to:			
Foreign entities distributable profits		**14,199**	9,191
Depreciation		**23,712**	25,702
Intangibles - customer relationships		**88,164**	-
Revaluation of land and buildings		**9,174**	9,330
		135,249	44,223
Other			
Receivables		**22**	437
Unrealised foreign exchange		**-**	43
Prepayments		**908**	109
Uncertain tax positions in Africa		**42,293**	-
		43,223	589
Total deferred tax liabilities		**178,472**	44,812
Set off of deferred tax liabilities pursuant to set-off provisions	7(e)(i)	**(34,524)**	(19,865)
Net deferred tax liabilities		**143,948**	24,947
Deferred tax liabilities expected to be settled within 12 months		**13,938**	5,728
Deferred tax liabilities expected to be settled after more than 12 months		**164,534**	39,084
		178,472	44,812

The Group is subject to income taxes in many jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts provided, such differences will impact the current and deferred tax provisions in the period in which such outcome is obtained. In addition, the Company regularly assesses the recognition and recoverability of deferred tax assets. This requires judgements about the application of income tax legislation in jurisdictions in which the Company operates. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Deferred tax balances (continued)

(ii) *Deferred tax liabilities* (continued)

	FOREIGN ENTITIES DISTRIBUTABLE PROFITS $'000	INVENTORIES $'000	INTANGIBLES CUSTOMER RELATIONSHIP $'000	REVALUATION OF LAND & BUILDINGS $'000	DEPRECIATION $'000	UNCERTAIN TAX POSITIONS IN AFRICA $'000	OTHER $'000	TOTAL $'000
At 1 July 2017	9,735	(2,461)	-	7,469	-	-	526	**15,269**
(Credited)/charged to profit or loss	(544)	66	-	-	-	-	63	**(415)**
Charged/(credited) directly to equity	-	-	-	1,861	-	-	-	**1,861**
Reclassification between deferred tax balances *	-	2,395	-	-	25,702	-	-	**28,097**
At 30 June 2018	9,191	-	-	9,330	25,702	-	589	**44,812**
(Credited)/charged to profit or loss	**5,008**	**-**	**(8,273)**	**-**	**(1,990)**	**27,293**	**5,409**	**27,447**
Charged/(credited) directly to equity	**-**	**-**	**-**	**(156)**	**-**	**-**	**-**	**(156)**
Charged/(credited) from acquisition of subsidiary	**-**	**-**	**96,437**	**-**	**-**	**15,000**	**(5,068)**	**106,369**
At 30 June 2019	**14,199**	**-**	**88,164**	**9,174**	**23,712**	**42,293**	**930**	**178,472**

* 28,097,000 reclassification between deferred tax balances due to deferred tax assets and deferred tax liabilities not being able to be offset across different tax jurisdictions.

(f) Employee benefit obligations

	19 CURRENT $'000	19 NON- CURRENT $'000	19 TOTAL $'000	18 CURRENT $'000	18 NON- CURRENT $'000	18 TOTAL $'000
Leave obligations	**65,043**	**1,617**	**66,660**	39,061	486	39,547

(i) *Leave obligations*

Leave obligations cover the Group's liabilities for long service leave, annual leave and other employee benefit obligation.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The total amount of the current provision of $65,043,000 (2018: $39,061,000) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	19 $'000	18 $'000
Current leave obligations expected to be settled after 12 months	**28,919**	23,379

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(g) Recognised fair value measurements

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 6(f) and 7(g)(ii)-(v).

At 30 June 2019	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Assets				
Land and buildings				
Office buildings	**-**	**-**	**7,512**	**7,512**
Industrial sites	**-**	**-**	**50,832**	**50,832**
Total non-financial assets	**-**	**-**	**58,344**	**58,344**

At 30 June 2018				
Assets				
Land and buildings				
Office buildings	-	-	7,695	7,695
Industrial sites	-	-	50,912	50,912
Total non-financial assets	-	-	58,607	58,607

There were no transfers between any levels for recurring fair value measurements during the current or prior period.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(g) Recognised fair value measurements (continued)

(ii) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its freehold land and buildings (classified within property, plant and equipment) at least every three years, see note 7(g)(v) for details.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources including:

- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.
- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 30 June 2018 and 30 June 2019 for recurring fair value measurements:

Consolidated entity	OFFICE BUILDINGS $'000	INDUSTRIAL SITES $'000	TOTAL $'000
Opening balance 1 July 2017	8,366	45,518	53,884
Acquisitions	-	17	17
Depreciation and impairment	(660)	(928)	(1,588)
Revaluation	(320)	6,037	5,717
Transfers between classes	-	(46)	(46)
Gains/(losses) recognised in other comprehensive income	309	314	623
Closing balance 30 June 2018	7,695	50,912	58,607
Acquisitions	**-**	**88**	**88**
Acquisition of subsidiary	**-**	**1,001**	**1,001**
Depreciation and impairment	**(699)**	**(1,280)**	**(1,979)**
Transfers between classes	**(653)**	**155**	**(498)**
Gains/(losses) recognised in other comprehensive income	**1,169**	**(44)**	**1,125**
Closing balance 30 June 2019	**7,512**	**50,832**	**58,344**

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(g) Recognised fair value measurements (continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

	FAIR VALUE AT				RANGE OF INPUTS (PROBABILITY-WEIGHTED AVERAGE)		
DESCRIPTION	30 JUNE 2019 $'000	30 JUNE 2018 $'000	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS*	2019	2018	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Industrial Sites - Australia	**38,160**	38,140	Income capitalisation	Capitalisation rate	**7.25-11.75% (7.77%)**	7.25-11.75% (7.77%)	The higher the capitalisation rate, the lower the fair value
				Market rental value per (m^2)	**$18-104 per m^2 ($48)**	$18-104 per m^2 ($48)	The higher the market rate, the higher the fair value
Industrial Sites - Ghana	**12,672**	12,772	Direct comparison m^2	Selection of industrial sites with similar approximate utility	**$24-1,284 per m^2 ($335)**	$24-1,284 per m^2 ($335)	The higher the rate per square metre, the higher the fair value
Office Buildings-Ghana	**7,512**	7,695	Direct comparison m^2	Selection of industrial sites with similar approximate utility	**$1,850 per m^2 ($1,850)**	$1,850 per m^2 ($1,850)	The higher the rate per square metre, the higher the fair value

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(v) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings every three years. The fair values of the industrial sites properties have been determined by members of the Australian Property Institute, and the Ghana Institute of Surveyors in the prior year excluding acquisitions.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Industrial sites - discount rates, terminal yields, expected vacancy rates and values per square metre are estimated by members of the Australian Property Institute, and the Ghana Institute of Surveyors based on comparable transactions and industry data;
- Historical cost for recently completed buildings.

Notes to the consolidated financial statements

8 EQUITY

(a) Contributed equity

	19 SHARES	18 SHARES	19 $'000	18 $'000
Fully paid ordinary shares	**685,706,153**	362,197,492	**1,126,769**	624,571

(i) Movements in ordinary share capital:

Details	NUMBER OF SHARES (THOUSANDS)	TOTAL $'000
Opening balance 1 July 2018	362,197,492	624,571
Contribution of equity, net of transaction costs and tax	170,048,778	243,537
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	150,666,463	258,393
Exercise of options under the Employee Option Plan	2,793,420	268
Balance 30 June 2019	685,706,153	1,126,769

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(iii) Dividend reinvestment plan

The Company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. The Board has determined that the dividend reinvestment plan will be suspended until further notice and that all dividends, if any, be paid in cash.

(iv) Options

Information relating to the Company Employee Option Plan, including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the financial year, is set out in note 20.

(v) Rights

Information relating to the Company Incentive Rights Plan, including details of rights issued, vested and forfeited during the financial year and rights outstanding at the end of the financial year, is set out in note 20.

Notes to the consolidated financial statements

8 EQUITY (CONTINUED)

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below:

CONSOLIDATED ENTITY	NOTES	REVALUATION SURPLUS $'000	AVAILABLE- FOR-SALE FINANCIAL ASSETS $'000	FINANCIAL ASSETS AT FVOCI $'000	SHARE- BASED PAYMENTS $'000	TRANSACTIONS WITH NCI $'000	FOREIGN CURRENCY TRANSLATION $'000	TOTAL $'000
Balance at 1 July 2017		19,518	(1,431)	-	6,207	(2,664)	(39,407)	(17,777)
Revaluation - gross	7(c), 6(c)	5,717	(2,377)	-	-	-	-	3,340
Deferred tax		(1,524)	713	-	-	-	(195)	(1,006)
Currency translation differences		250	-	-	-	-	(1,176)	(926)
Currency translation joint ventures		-	-	-	-	-	3,671	3,671
Other comprehensive income		**4,443**	**(1,664)**	**-**	**-**	**-**	**2,300**	**5,079**
Transactions with owners in their capacity as owners								
Share-based payments expense	20	-	-	-	756	-	-	756
Shares issued on conversion of employee share options		-	-	-	(517)	-	-	(517)
At 30 June 2018		**23,961**	**(3,095)**	**-**	**6,446**	**(2,664)**	**(37,107)**	**(12,459)**

CONSOLIDATED ENTITY	NOTES	REVALUATION SURPLUS $'000	AVAILABLE- FOR-SALE FINANCIAL ASSETS $'000	FINANCIAL ASSETS AT FVOCI $'000	SHARE- BASED PAYMENTS $'000	TRANSACTIONS WITH NCI $'000	FOREIGN CURRENCY TRANSLATION $'000	TOTAL $'000
Balance at 1 July 2018		23,961	(3,095)	-	6,446	(2,664)	(37,107)	(12,459)
Reclassification on adoption of AASB 9		-	3,095	(3,095)	-	-	-	-
Revaluation - gross	6(c)	-	-	4,773	-	-	-	4,773
Deferred tax		-	-	(1,432)	-	-	(1,018)	(2,450)
Foreign currency translation reserves derecognised on step acquisition of AUMS	3	-	-	-	-	-	(18,163)	(18,163)
Currency translation differences		490	-	-	-	-	14,965	15,455
Other comprehensive income		**490**	**3,095**	**246**	**-**	**-**	**(4,216)**	**(385)**
Transactions with owners in their capacity as owners								
Share-based payments expense	20	-	-	-	2,213	-	-	2,213
Shares issued on conversion of employee share options		-	-	-	(204)	-	-	(204)
At 30 June 2019		**24,451**	**-**	**246**	**8,455**	**(2,664)**	**(41,323)**	**(10,835)**

(i) Nature and purpose of other reserves

Revaluation surplus - property, plant and equipment

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy note 26(p) for details.

Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 6(c). These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the consolidated financial statements

8 EQUITY (CONTINUED)

(b) Other reserves (continued)

(i) *Nature and purpose of other reserves (continued)*

Available-for-sale financial assets - until 30 June 2018

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (e.g. equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired. On adoption of AASB 9 on 1 July 2018, the balance of this reserve was transferred to financial assets at FVOCI reserve.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights issued to employees that are expensed in the statement of comprehensive income each year and conversion of options/rights.

Transactions with non-controlling interests (NCI)

This reserve is used to record the differences described in note 26(b)(iv) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

The Group's share of exchange differences arising on translation of foreign joint ventures are recognised in other comprehensive income and are accumulated in this reserve.

(c) Retained earnings

Movements in retained profits were as follows:

	NOTE	19 $'000	18 $'000
Balance 1 July		**162,639**	121,444
Adoption of new accounting standard	6(d), 26(a)	**(7,527)**	-
Dividends paid	12(b)	**(42,602)**	(19,855)
Net profit for the year		**181,326**	61,050
Balance 30 June		**293,836**	162,639

Notes to the consolidated financial statements

9 CASH FLOW INFORMATION

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	19 $'000	18 $'000
Profit for the year	**182,281**	61,050
Depreciation and amortisation expense	**193,891**	74,775
Impairment of property, plant and equipment	**49,320**	-
Impairment of inventory	**54,416**	-
Impairment of other	**9,899**	-
(Gain)/loss on sale of non-current assets	**(3,918)**	1,626
Net (gain)/loss on sale of businesses	**-**	(390)
Net exchange differences	**(495)**	(961)
Trade receivable provisions and bad debts	**(50)**	(588)
Share of profits of joint ventures	**(10,709)**	(22,344)
Non-cash employee benefits expense - share-based payments	**2,213**	756
Borrowing costs	**4,768**	-
Derivative fair value and settlement	**5,703**	-
Step acquisition gain on ASL's existing 50% share of AUMS	**(180,248)**	-
FCTR derecognised on step acquisition	**(18,163)**	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	**(28,184)**	(53,540)
(Increase)/decrease in inventories	**(4,774)**	(20,074)
(Increase)/decrease in deferred tax assets	**(69,247)**	2,065
(Increase)/decrease in other operating assets	**12,187**	(6,883)
(Decrease)/increase in trade creditors	**458**	20,215
(Decrease)/increase in provision for income taxes payable	**4,204**	(1,108)
(Decrease)/increase in deferred tax liabilities	**8,304**	883
(Decrease)/increase in other provisions	**(4,944)**	(2,889)
Net cash inflow from operating activities	**206,912**	52,593

(b) Non-cash investing and financing activities

	NOTE		
Acquisition of plant and equipment by means of finance leases or hire purchases		**13**	-
Issue of shares for Barminco acquisition	13	**(258,393)**	-
		(258,380)	-

Notes to the consolidated financial statements

9 CASH FLOW INFORMATION (CONTINUED)

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	19 $'000	18 $'000
Net debt		
Cash and cash equivalents	**223,524**	137,258
Borrowings - repayable within one year	**(25,762)**	(831)
Borrowings - repayable after one year	**(731,681)**	(403,719)
Net debt	**(533,919)**	(267,292)
Cash and cash equivalents	**223,524**	137,258
Gross debt - fixed interest rates	**(757,443)**	(404,550)
Net debt	**(533,919)**	(267,292)

	CASH $'000	FINANCE LEASES DUE WITHIN 1 YEAR $'000	FINANCE LEASES DUE AFTER 1 YEAR $'000	BORROWINGS DUE WITHIN 1 YEAR $'000	BORROWINGS DUE AFTER 1 YEAR $'000	TOTAL $'000
Net debt as at 1 July 2018	**137,258**	**-**	**-**	**(831)**	**(403,719)**	**(267,292)**
Cash flows	83,829	7,465	14,200	2,809	196,825	305,128
Business combination	-	(32,491)	(22,633)	-	(487,642)	(542,766)
Foreign exchange adjustments	2,437	(210)	(115)	47	(26,345)	(24,186)
Other non-cash movements	-	-	-	(2,551)	(2,252)	(4,803)
Net debt as at 30 June 2019	**223,524**	**(25,236)**	**(8,548)**	**(526)**	**(723,133)**	**(533,919)**

Notes to the consolidated financial statements

RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Notes to the consolidated financial statements

10 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements is included in notes 2 to 26 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and judgements

- Recognition of revenue - note 2 and note 26(c)
- Impairment of assets - note 3
- Estimated fair value of financial assets at fair value through other comprehensive income - note 6(c)
- Estimation of fair values of land and buildings - note 7(g)
- Estimation of useful life of property, plant and equipment - note 7(c)
- Estimated goodwill impairment - note 7(d)
- Estimated useful life of intangible assets - note 7(d)
- Recognition of deferred tax asset for carried forward tax losses - note 7(e)
- Acquisition of Barminco purchase price allocation - note 13 and 26(i)
- Assets held for sale classification - note 7(b)
- Share based payments - note 20
- Uncertain tax positions in Africa - note 7(e)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

11 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in AUD	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments and debt instruments, investments and contract assets	Aging analysis Credit rating	Diversification of bank deposits, credit limits, retention of title over goods sold, letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's key management personnel report to the Audit and Risk Committee and Board regularly on the progress and objectives of the risks and the associated corporate governance policy objectives.

The Group's financial risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

The Group hedges large capital expenditure items acquired in foreign currency. There are no hedges currently in place.

In respect of other monetary assets and liabilities held in currencies other than the AUD, the Group ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with matching financial liabilities and vice versa.

(i) Foreign exchange risk

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 JUNE 2019									
	USD $'000	GHS $'000	GBP $'000	EUR $'000	INR $'000	EGP $'000	TZS $'000	ZMW $'000	ZAR $'000	XOF $'000
Cash	**15,893**	**7,824**	**-**	**6,169**	**5,016**	**228**	**2,513**	**-**	**-**	**-**
Trade and other assets	**24,200**	**1,142**	**-**	**19,179**	**3,380**	**1,568**	**-**	**-**	**-**	**481**
Other non-current receivables	**3,742**	**-**	**-**	**60,120**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets FVOCI	**-**	**-**	**449**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade payables	**(21,801)**	**(7,650)**	**(53)**	**(33,546)**	**-**	**-**	**-**	**-**	**(170)**	**(117)**
Borrowings	**(10,910)**	**-**	**-**	**(60,120)**	**-**	**-**	**-**	**-**	**-**	**-**

	30 JUNE 2018									
	USD $'000	GHS $'000	GBP $'000	EUR $'000	INR $'000	EGP $'000	TZS $'000	ZMW $'000	ZAR $'000	XOF $'000
Cash	4,203	262	1	382	-	-	9	1	-	-
Trade and other assets	10,802	44	-	45,289	-	-	2	-	-	19
Available-for-sale financial assets	-	-	729	-	-	-	-	-	514	-
Trade payables	(13,339)	(5,487)	(72)	(11,080)	-	-	-	(71)	-	(83)
Borrowings	(3,721)	-	-	(31,301)	-	-	-	-	-	-

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss and other comprehensive income:

	19 $'000	18 $'000
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in other income/other expenses	**971**	11,249
Total net foreign exchange gain/(loss) recognised in profit or loss before income tax for the year	**971**	11,249

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) *Foreign exchange risk (continued)*

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	PROFIT OR (LOSS) A$'000
30 June 2019	
USD	**(1,011)**
GHS	**(120)**
GBP	**(36)**
EUR	**760**
TZS	**(228)**
XOF	**(33)**
INR	**(763)**
EGP	**(163)**
	(1,594)

30 June 2018	
USD	186
GHS	471
GBP	(59)
EUR	(299)
TZS	(2)
ZAR	6
CAD	(47)
XOF	99
	355

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. The Group's exposure to other foreign exchange movements is not material.

(ii) *Cash flow and fair value interest rate risk*

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's main interest rate risks arise from cash, cash equivalents and long-term borrowings. Cash, cash equivalents and borrowings issued at variable rates expose the Group to cash flow interest rate risk. As at the end of the reporting period, the Group had no variable interest rate borrowings.

Refer to note 11(c) Liquidity risk for cash, cash equivalents and variable rate exposure.

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet as at fair value through other comprehensive income (FVOCI).

34% (2018: 53%) of the Group's investments in equity securities are publicly traded on the Australian Securities Exchange, the London Stock Exchange and the Canadian Stock Exchange.

Sensitivity analysis

The table below summarises the impact of an increase/(decrease) of the financial assets FVOCI on the Group's equity for the year after tax. The analysis is based on the assumption that the FVOCI financial assets had increased by 10% or decreased by 10% with all other variables held constant.

CONSOLIDATED ENTITY	IMPACT ON OTHER COMPONENTS OF EQUITY	
	19	18
	$'000	$'000
FVOCI - increase 10%	**1,231**	840
FVOCI - decrease 10%	**(1,231)**	(840)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Amounts recognised in profit or loss and other comprehensive income

The amounts recognised in other comprehensive income in relation to the various investments held by the Group are disclosed in note 6(c).

(b) Credit risk

(i) Risk management

Credit risk is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk also arises from cash and cash equivalents. The Group limits its exposure to credit risk from cash and cash equivalents by only investing in counterparties that have an acceptable credit rating.

(ii) Credit quality

The Group's maximum exposure to credit risk for receivables at the reporting date by geographic region was:

	19	18
	$'000	$'000
(AUD)		
Australia	**127,784**	73,902
Africa	**243,202**	139,392
Asia	**11,766**	263
India	**3,336**	-
Europe	**694**	170
	386,782	213,727

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) *Credit quality (continued)*

	19 $'000	18 $'000
Trade and other receivables		
Counterparties with external credit rating (Moody's)		
A2	**12,137**	212
A3	**-**	11,941
Ba1	**187**	77
Ba2	**154**	-
Ba3	**15,273**	7,773
Baa1	**71**	-
Baa2	**17,206**	9,502
Baa3	**65,706**	2,377
B2	**75**	-
B3	**-**	331
	110,809	32,213
Counterparties without external credit rating		
Group 1	**20,184**	13,893
Group 2	**255,789**	167,621
Group 3	**-**	-
	275,973	181,514
Total trade and other receivables *	**386,782**	213,727
The Group's maximum exposure to credit risk for cash at bank and short term deposits was:		
Cash at bank and short-term bank deposits (AUD)		
AA	**-**	100
AA-	**113,897**	107,149
A+	**-**	1,114
A	**30,403**	4
BBB+	**-**	1,474
BBB-	**-**	874
BB+	**3,333**	-
B	**75,530**	26,422
Other	**361**	121
	223,524	137,258

* Total trade and other receivables above exclude prepayments.

Group 1 - new customers (less than 6 months)
Group 2 - existing customers (more than 6 months) with no defaults in the past
Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

(iii) *Trade receivable provisions*

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively for expected credit losses.

Receivables for which an impairment/expected credit loss provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

The creation and release of the provision for impaired and expected credit loss receivables has been included in other expenses in the consolidated statement of profit or loss.

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iii) Trade receivable provisions (continued)

As at 30 June 2019, current trade receivables of $195,363,000 were assessed for expected credit losses. Of this $93,166,000 were past due. The amount of the provision for impaired and expected credit loss receivables was $10,827,000 (2018: $11,420,000). The Group expects that a portion of the receivables is to be recovered.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables and accrued revenue.

Expected credit losses are based on a review of payment profiles over 12 months, historical credit loss experience in this period and financial information affecting the ability of the customers to settle the receivable. Historical loss rates are adjusted to reflect balances receivable or otherwise provided for. Accrued revenue relates to unbilled completed services and has substantially the same characteristics as the trade receivables for the same type of contracts.

The aging of these receivables greater than 90 days past due is as follows:

	19 $'000	18 $'000
3 to 6 months	**7,735**	422
Over 6 months	**15,552**	12,826
	23,287	13,248

Movements in the provision for impairment and expected credit losses of trade receivables that are assessed collectively are as follows:

	$'000	$'000
At 1 July	**11,421**	14,361
Provision (reversed)/recognised during the year	**(654)**	(2,901)
Receivables written off during the year as uncollectible	**(55)**	43
Discontinued operations removed	**-**	(163)
Unused amounts reversed (including currency impact)	**115**	81
At 30 June	**10,827**	11,421

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

(i) Financing arrangements

The Group had access to the following undrawn debt facilities at the end of the reporting period:

	19 $'000	18 $'000
Floating rate		
- Bank loans	**158,343**	199,433
	158,343	199,433

In November 2018, the Company increased its revolving credit facility from A$200 million to A$300 million. Refer note 6(e).

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	LESS THAN 6 MONTHS	6 - 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group - at 30 June 2019							
Trade payables	**268,524**	**-**	**-**	**-**	**-**	**268,524**	**268,524**
Fixed rate borrowings	**28,709**	**30,989**	**41,345**	**761,121**	**-**	**862,164**	**757,443**
Total	**297,233**	**30,989**	**41,345**	**761,121**	**-**	**1,130,688**	**1,025,967**
Group - at 30 June 2018							
Trade payables	122,770	-	-	-	-	122,770	122,770
Fixed rate borrowings	15,037	13,685	417,640	-	-	446,362	404,550
Total	137,807	13,685	417,640	-	-	569,132	527,320

Details about the financial guarantee contracts are provided in note 25. The amounts disclosed in the table are the maximum amounts allocated to the earliest period in which the guarantee could be called. The parent entity does not expect these payments to eventuate.

12 CAPITAL MANAGEMENT

(a) Risk management

The Group's objectives when managing its capital is to safeguard its ability to continue as a going concern, so it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, as shown in the statement of financial position, less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2019 and 30 June 2018 were as follows:

	19 $'000	18 $'000
Total borrowings	**757,443**	404,550
Less: cash and cash equivalents	**(223,524)**	(137,258)
Net debt	**533,919**	267,292
Total equity	**1,411,612**	774,751
Total capital	**1,945,531**	1,042,043
Gearing ratio	**27%**	26%

See note 6(e) for information on financial covenants on borrowings.

Notes to the consolidated financial statements

12 CAPITAL MANAGEMENT (CONTINUED)

(b) Dividends

(i) Ordinary shares

	19 $'000	18 $'000
Final ordinary fully franked dividend for the year ended 30 June 2018 of 1.5 cents (2017: 2.0 cents) per fully paid ordinary share and a special dividend of 2.0 cents (2017: nil) per fully paid ordinary share paid on 18 October 2018 (18 October 2017).	**18,629**	7,188
Interim ordinary fully franked dividend for the year ended 30 June 2019 of 3.5 cents (2018: 3.5 cents) per fully paid share paid on 27 March 2019 (30 March 2018)	**23,973**	12,667
Total dividends provided for or paid	**42,602**	19,855
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2019 and 2018 were as follows:		
Paid in cash	**42,602**	19,855

(ii) Dividends not recognised at the end of the reporting period

	19 $'000	18 $'000
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3.5 cents per fully paid ordinary share (2018: 1.5 cents and 2.0 cents special dividend). The aggregate amount of the proposed dividend expected to be paid on 23 October 2019 out of retained earnings at 30 June 2019, but not recognised as a liability at year end.	**24,000**	12,677

(iii) Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2018 - 30%)	**31,065**	26,501

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

Notes to the consolidated financial statements

GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of discontinued operations;
- transactions with non-controlling interests; and
- interests in joint operations.

A list of significant subsidiaries is provided in note 15. This note also discloses details about the Group's equity accounted investments.

Notes to the consolidated financial statements

13 BUSINESS COMBINATION

(a) Summary of acquisition

On 31 October 2018 the Company acquired Barminco Holdings Pty Limited (Barminco), a specialist underground hard-rock mining contractor with operations predominantly in Australia as well as in Africa and India. The acquisition of Barminco increased the Group's ownership of the AUMS entities from 50% to 100%. The Company acquired all of the equity and equity-like instruments in Barminco in exchange for 150.7 million fully paid ordinary ex-dividend shares and $17.2 million in cash. All of the consideration shares issued are escrowed until the release of FY19 results in late August 2019.

Details of the purchase consideration and the net assets and liabilities acquired on acquisition are as follows:

	$'000
Purchase consideration	
Ordinary shares issued	258,393
Cash paid	17,205
Total purchase consideration	**275,598**

The assets and liabilities recognised as a result of the acquisition are as follows:

	FAIR VALUE $'000
Cash and cash equivalents	61,391
Receivables	91,970
Inventories	22,893
Current tax asset	364
Property plant and equipment	140,797
Intangible assets	1,349
Investment in AUMS	84,116
Deferred tax asset (net)	9,221
Other non-current assets	1,353
Payables	(82,934)
Employee benefit liabilities	(28,857)
Borrowings	(505,422)
Other fair value adjustments to liabilities	(15,185)
Net identifiable assets/(liabilities) acquired	**(218,944)**
Goodwill on acquisition (Barminco and 50% AUMS)	351,116
Customer related intangibles (Barminco and 50% AUMS)	204,894
Deferred tax liability on customer related intangibles	(61,468)
Net assets acquired	**275,598**

The goodwill is attributable to Barminco's strong position and performance as a specialist underground hard-rock mining contractor, Barminco's 50% share of the AUMS entities and synergies that are expected to arise. It has been allocated to the Underground Mining segment. None of the goodwill recognised is expected to be deductible for tax purposes.

The fair value of the Barminco and 50% share of the AUMS customer related intangibles has been allocated to the Underground Mining segment. Deferred tax of $61,468,000 has been provided in relation to these fair value adjustments.

Notes to the consolidated financial statements

13 BUSINESS COMBINATION (CONTINUED)

(a) Summary of acquisition (continued)

(i) Acquired receivables

The fair value of receivables was $91,970,000. This includes trade receivables with a fair value of $25,166,000. The gross contractual amount for trade receivables due was $25,166,000 of which $Nil is expected to be uncollectable. Receivables also include accrued revenue of $55,274,000 and other receivables of $11,530,000.

(ii) Acquisition related costs

Acquisition related costs of $20,860,000 are included in the consolidated statement of profit or loss, in other expenses from ordinary activities and labour costs.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $426,587,000 and net profit of $15,084,000 to the group from the period for 1 November 2018 to 30 June 2019.

If the acquisition had occurred on 1 July 2018, consolidated revenue and consolidated profit for the acquired group for the period ended 30 June 2019 would have been $634,949,000 and $20,909,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for any transaction costs.

(iv) Step acquisition of the Company's exisiting 50% share of AUMS

As a result of the acquisition of Barminco, the Company increased it's investment in the Africa Underground Mining Services (AUMS) entities (refer note 15) from 50% to 100%. As at 31 October 2018 the Group ceased equity accounting and has fully consolidated the AUMS entities.

	$'000
Acquisition date fair value of previously held equity interest	264,364
Less investment in AUMS	(84,116)
Step acquisition gain on the Company's existing 50% share of AUMS	180,248
Foreign currency translation reserves decreognised on step acquisition of AUMS	18,163
Total gain	198,411
Goodwill on acquisition	98,653
Customer related intangibles	116,564
Deferred tax liability on customer related intangibles	(34,969)
Step acquisition gain on the Company's existing 50% share of AUMS	180,248

The gain on the step acquisition of AUMS has been recorded in other income in the statement of comprehensive income.

The assets and liabilities recognised as a result of the step acquisition are as follows:

Cash and cash equivalents	39,153
Receivables	58,898
Inventories	56,858
Property, plant and equipment	96,255
Deferred tax asset	4,409
Payables	(46,116)
Current tax liabilities	(1,899)
Borrowings	(37,344)
Employee benefit liabilities	(1,982)
Net indentifiable assets/(liabilities) acquired	**168,232**

The goodwill is attributable to AUMS's strong position and performance as a specialist underground hard-rock mining contractor and synergies that are expected to arise. It has been allocated to the Underground Mining segment. None of the goodwill recognised is expected to be deductible for tax purposes.

The fair value of the AUMS customer related intangibles has been allocated to the Underground Mining segment. Deferred tax has been provided in relation to these fair value adjustments.

Notes to the consolidated financial statements

13 BUSINESS COMBINATION (CONTINUED)

(a) Summary of acquisition (continued)

(v) Purchase consideration - net cash inflow

	$'000
Net inflow of cash from acquisition of subsidiaries	
Cash consideration	(17,205)
Add: cash acquired	
Cash - Barminco	61,391
Cash - AUMS	39,153
Net inflow of cash - investing activities	83,339

14 DISCONTINUED OPERATIONS

Diamond Communications

(a) Description

The Group entered into a sale agreement to sell the Diamond Communications business for $6.2 million which was completed on 1 May 2018. The sale includes all of the operational assets of the Diamond Communications business. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the twelve months ended 30 June 2018.

	19 $'000	18 $'000
Revenue	-	17,931
Expenses	-	(16,123)
Profit before income tax	-	1,808
Income tax (expense)/benefit	-	(497)
Profit after income tax of discontinued operation	-	1,311
Gain on sale of the subsidiary after income tax	-	390
Profit from discontinued operation	-	1,701
Other comprehensive income/(loss) from discontinued operation	-	1,701
Net cash inflow/(outflow) from operating activities	-	524
Net cash (outflow)/inflow from investing activities	-	(746)
Net cash (outflow)/inflow from financing activities	-	(805)
Net (decrease)/increase in cash generated by the subsidiary	-	(1,027)

Notes to the consolidated financial statements

14 DISCONTINUED OPERATIONS (CONTINUED)

Diamond Communications (continued)

(c) Details of the sale of the subsidiary

	19 $'000	18 $'000
Consideration received or receivable:		
Cash	-	4,600
Deferred consideration *	-	1,565
Carrying amount of net assets sold	-	(5,775)
Gain on sale before income tax	-	(390)
Income tax expense on gain	-	(117)
Capital losses applied	-	-
Tax losses applied	-	117
Gain on sale after income tax	-	390

* An amount of $1,565,000 was settled in 2019.

The carrying amounts of assets and liabilities as at the date of sale, 1 May 2018, were:

Property, plant and equipment	-	1,899
Cash	-	602
Trade and other receivables	-	4,811
Inventories	-	164
Total assets	-	7,476
Trade and other creditors	-	1,140
Employee benefits obligations	-	561
Total liabilities	-	1,701
Net assets	-	5,775

Notes to the consolidated financial statements

15 INTERESTS IN OTHER ENTITIES

(a) Material subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 26(b):

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			2019 %	2018 %
African Mining Services Burkina Faso Sarl	Burkina Faso	Ordinary	**100**	100
African Mining Services (Ghana) Pty Ltd *	Australia	Ordinary	**100**	100
African Mining Services Guinee Sarl	Guinea	Ordinary	**100**	100
African Mining Services Mali Sarl	Mali	Ordinary	**100**	100
African Mining Services Senegal Suarl	Senegal	Ordinary	**100**	100
Ausdrill (Ghana) Pty Ltd	Australia	Ordinary	**100**	100
ACN 103534087 Pty Ltd *	Australia	Ordinary	**100**	100
Ausdrill International & Management Services Pty Ltd *	Australia	Ordinary	**100**	100
Ausdrill International Pty Ltd *	Australia	Ordinary	**100**	100
Ausdrill Northwest Pty Ltd *	Australia	Ordinary	**100**	100
Ausdrill Properties Pty Ltd *	Australia	Ordinary	**100**	100
Ausdrill Finance Pty Ltd *	Australia	Ordinary	**100**	100
AMCG Ltd	Ghana	Ordinary	**100**	100
Ausdrill Tanzania Limited	Tanzania	Ordinary	**100**	100
Ausdrill Utilities Pty Ltd *	Australia	Ordinary	**100**	100
BTP Equipment Pty Ltd *	Australia	Ordinary	**100**	100
BTP Parts Pty Ltd *	Australia	Ordinary	**100**	100
Connector Drilling Pty Ltd *	Australia	Ordinary	**100**	100
Drill Rigs Australia Pty Ltd *	Australia	Ordinary	**100**	100
Energy Drilling Australia Pty Ltd *	Australia	Ordinary	**100**	100
Golden Plains Pty Ltd *	Australia	Ordinary	**100**	100
Logistics Direct Ltd	Ghana	Ordinary	**100**	100
MinAnalytical Holdings Pty Ltd *	Australia	Ordinary	**100**	100
MinAnalytical Laboratory Services Australia Pty Ltd *	Australia	Ordinary	**100**	100
Mining Technology and Supplies Ltd	Ghana	Ordinary	**100**	100
Power Solutions Africa Suarl	Senegal	Ordinary	**100**	100
Supply Direct Pty Ltd *	Australia	Ordinary	**100**	100
Supply Direct South Africa Pty Ltd *	Australia	Ordinary	**100**	100
Synegex Holdings Pty Ltd *	Australia	Ordinary	**100**	100
West African Mining Services Ltd	Ghana	Ordinary	**100**	100
African Mining Services Cote D'Ivoire Sarl	Cote d'Ivoire	Ordinary	**100**	100
African Mining Services Ghana Ltd	Ghana	Ordinary	**100**	-
Ausdrill AMS UK Ltd	UK	Ordinary	**100**	-
Barminco Mining Services Botswana Pty Ltd	Botswana	Ordinary	**100**	-
Barminco Mining Services Canada Limited	Canada	Ordinary	**100**	-
Barminco Holdings Pty Ltd	Australia	Ordinary	**100**	-
Barminco Finance Pty Ltd	Australia	Ordinary	**100**	-
Barminco Limited	Australia	Ordinary	**100**	-
Barminco South Africa Pty Ltd	South Africa	Ordinary	**100**	-
Barholdco (EIS) Pty Ltd	Australia	Ordinary	**100**	-
Barminco Egypt LLC	Egypt	Ordinary	**100**	-
Barminco Egypt Underground Mining Services SAE Investment Commercial	Egypt	Ordinary	**100**	-
SLR Australia Pty Ltd	Australia	Ordinary	**100**	-
Barminco India Holdings Pty Ltd	Australia	Ordinary	**100**	-
Barminco India Investments Pty Ltd	Australia	Ordinary	**100**	-

Notes to the consolidated financial statements

15 INTERESTS IN OTHER ENTITIES (CONTINUED)

(a) Material subsidiaries (continued)

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING 2019 %	EQUITY HOLDING 2018 %
Barminco AUMS Holding Pty Ltd	Australia	Ordinary	**100**	-
Barminco Indian Underground MIning Services LLP	India	Ordinary	**100**	-
African Underground Mining Services Ghana	Ghana	Ordinary	**100**	-
African Underground Mining Services Ltd Mali Sarl	Mali	Ordinary	**100**	-
African Underground Mining Services Burkina Faso Sarl	Burkina Faso	Ordinary	**100**	-
AUMS (T) Ltd	Tanzania	Ordinary	**100**	-
Underground Mining Alliance Ltd	Ghana	Ordinary	**70**	-

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC instrument 2016/785. For further information refer to note 24.

Underground Mining Alliance (UMA) is a 70/30 operation between AUMS and Rocksure International, a Ghanaian Mining contractor and has been included in material subsidiaries above.

(b) Interests in joint ventures

Set out below are the joint ventures of the Group as at 30 June 2019 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	% OF OWNERSHIP INTEREST 2019 %	% OF OWNERSHIP INTEREST 2018 %	NATURE OF RELATIONSHIP	MEASUREMENT METHOD	CARRYING AMOUNT 2019 $'000	CARRYING AMOUNT 2018 $'000
African Underground Mining Services (AUMS)	Ghana, Mali, Burkina Faso and Tanzania	**100**	50	Joint ventures	Equity method	**-**	71,266

Refer to note 13 for information about the Group's step acquisition of African Underground Mining Services (AUMS). African Underground Mining Services was not a consolidated entity of the Company in the prior year because the Group was not able to govern the activities of this entity so as to obtain benefits from it.

(i) Commitments and contingent liabilities in respect of joint ventures

Commitments - joint ventures

	19 $'000	18 $'000
Share of African Underground Mining Services capital commitments	**-**	9,604

Contingent liabilities - joint ventures

African Underground Mining Services did not have any contingent liabilities as at 30 June 2019 (30 June 2018: nil).

Notes to the consolidated financial statements

15 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Interests in joint ventures (continued)

(ii) Summarised financial information for joint ventures (continued)

Financial information for those joint ventures that were material to the Group is provided below. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	AFRICAN UNDERGROUND MINING SERVICES	
	19	18
	$'000	$'000
Summarised balance sheet		
Current assets		
Cash and other cash equivalents	-	33,272
Other current assets	-	98,420
Total current assets	-	131,692
Non-current assets	-	90,588
Current liabilities		
Financial liabilities (excluding trade payables)	-	17,992
Other current liabilities	-	40,440
Total current liabilities	-	58,432
Non-current liabilities	-	21,316
Net assets	-	142,532
Reconciliation to carrying amounts:		
Opening net assets 1 July	**142,532**	117,768
Profit for the year	**21,419**	44,688
Other comprehensive income/(loss)	**4,281**	7,342
Dividends paid	-	(27,266)
Step acquisition of existing 50% share of AUMS	**(168,232)**	-
Closing net assets at 30 June	-	142,532
Group share in %	**100.0%**	50.0%
Group share in $	-	71,266
Carrying amount	-	71,266

Notes to the consolidated financial statements

15 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Interests in joint ventures (continued)

(ii) Summarised financial information for joint ventures (continued)

	AFRICAN UNDERGROUND MINING SERVICES	
	19	18
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	**125,656**	290,434
Interest income	**465**	1,874
Depreciation and amortisation expense	**(14,812)**	(37,070)
Interest expense	**(1,559)**	(4,338)
Income tax expense	**(6,745)**	(14,762)
Profit from continuing operations	**21,419**	44,688
Profit for the year	**21,419**	44,688
Other comprehensive income/(loss)	**4,281**	7,342
Total comprehensive income	**25,700**	52,030

Summarised financial information in 2019 is presented for the period to step acquisition being 31 October 2018.

Notes to the consolidated financial statements

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:

(a) Unrecognised tax amounts – see note 5

(b) Non-cash investing and financing transactions – see note 9(b).

Notes to the consolidated financial statements

16 CONTINGENCIES

(a) Contingent liabilities

In the course of its normal business, the Group occasionally receives claims arising from its operating activities. In the opinion of the directors, all such matters are covered by insurance or, if not covered, are without merit or are of such a kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if settled unfavourably.

For information about guarantees given by entities within the Group, including the parent entity, please refer to note 25.

(b) Contingent assets

The Group lodged a claim in relation to a matter which at the date of this report is unresolved and is subject to litigation. The directors are confident that a favourable outcome will be achieved. However, the contingent asset has not been recognised as a receivable at 30 June 2019 as receipt of this amount is dependent on the outcome of the litigation.

17 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	19 $'000	18 $'000
Property, plant and equipment		
Payable:		
Within one year	**76,200**	10,393

The capital commitments are to be funded from cash and available finance facilities.

(b) Non-cancellable operating leases

The Group leases various offices, warehouses and equipment under non-cancellable operating leases expiring within one to 17 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	19 $'000	18 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**11,985**	3,476
Later than one year but not later than five years	**33,311**	2,642
Later than five years	**1,650**	15
	46,946	6,133

Notes to the consolidated financial statements

17 COMMITMENTS (CONTINUED)

(c) Finance leases

The Group leases various plant and equipment with carrying amount of $48,840,000 (2018: Nil) under finance leases expiring within one to three years.

	19 $'000	18 $'000
Commitments in relation to finance leases payable are as follows:		
Within one year	**26,645**	-
Later than two years but no later than five years	**8,819**	-
Minimum lease payments	**35,464**	-
Future finance charges	**(1,680)**	-
Recognised as liability	**33,784**	-
Representing lease liabilities		
Current	**25,236**	-
Non-current	**8,548**	-
	33,784	-

18 EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 28 August 2019, the directors declared the payment of a final ordinary dividend of $23,999,715 (3.5 cents per fully paid share) to be paid on 23 October 2019 out of retained profits at 30 June 2019. The financial effect of this transaction has not been brought to account at 30 June 2019.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial years.

Notes to the consolidated financial statements

OTHER DISCLOSURE

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Notes to the consolidated financial statements

19 RELATED PARTY TRANSACTIONS

(a) Parent entities

The ultimate parent entity of the Group is Ausdrill Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 15(a).

(c) Key management personnel compensation

	19 $	18 $
Short-term employee benefits	**5,439,523**	4,025,797
Post-employment benefits	**247,247**	168,791
Long-term benefits	**38,618**	108,070
Termination benefits	**1,366,368**	-
Share-based payments	**899,260**	64,797
	7,991,016	4,367,455

Detailed remuneration disclosures are provided in the remuneration report on pages 45 to 62.

(d) Transactions with other related parties

The following transactions occurred with related parties:

	19 $	18 $
Sales of goods and services		
Joint ventures	**2,567,618**	11,606,354
Entities related to key management personnel	**1,535,764**	42,675,518
	-	-
Management fee received / receivable		
Joint ventures	**418,393**	651,001
Purchase of goods and services		
Rental office buildings	**-**	89,508
Other property related expenses-electricity	**614,166**	-

(i) Purchases from entities controlled by key management personnel

The Group acquired the following goods and services from entities that are controlled by members of the Group key management personnel:

- rental of an office building
- provision of exploration drilling services
- mining services
- electricity services

For detailed disclosures please refer to the remuneration report on page 61.

Notes to the consolidated financial statements

19 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Outstanding balances arising from sales / purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	19 $	18 $
Current receivables (sales of goods and services)		
Joint ventures	-	6,560,666
Entities related to key management personnel	-	10,786,785
Current payables (purchases of goods and services)		
Entities related to key management personnel	-	-

(f) Loans to/from related parties

	19 $	18 $
Loans to key management personnel		
Balance at 1 July	-	-
Loans on acquisition of Barminco	192,550	-
Loans repayments made	(2,141)	-
Interest charged	5,581	-
Interest received	(5,581)	-
End of period	190,409	-

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions. The loans on acquisition of the Barminco group are repayable by 22 October 2022. Interest was payable at the rate of 5.20% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

20 SHARE-BASED PAYMENTS

(a) Employee Option Plan

The Employee Option Plan is designed to provide long-term incentives for senior managers (excluding executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on the Company's total shareholders return (TSR), including share price growth, dividends and capital returns, ranking with a peer group of selected companies that are listed on the ASX over a period of time. Once vested, the options remain exercisable for a period of between 3.6 years and 5 years from their issue date. Options are granted under the plan for nil consideration.

Options granted for nil consideration and settled in shares under the plan carry no dividend or voting rights.

Notes to the consolidated financial statements

20 SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee Option Plan (continued)

Set out below are summaries of options granted under the plan:

	19		18	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 July	**$0.39**	**7,766,682**	$0.66	13,833,346
Granted during the year	**$0.17**	**500,000**	$1.37	800,000
Exercised during the year	**$0.25**	**(3,333,323)**	$1.09	(5,733,329)
Forfeited during the year	**$0.54**	**(1,200,005)**	$0.85	(1,133,335)
As at 30 June	**$0.00**	**3,733,354**	$0.39	7,766,682
Vested and exercisable at 30 June	**$0.17**	**1,033,328**	$0.52	899,999

The weighted average share price at the date of exercise of options during the year ended 30 June 2019 was $1.35 (2018: $2.35).

No options expired unexercised during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 30 JUNE 2019	SHARE OPTIONS 30 JUNE 2018
07/10/2013	07/10/2018	$1.63	**-**	166,668
23/12/2015	23/12/2020	$0.17	**3,166,686**	6,800,014
20/04/2018	21/11/2021	$1.19	**266,667**	400,000
20/04/2018	22/05/2022	$1.25	**-**	200,000
20/04/2018	12/06/2022	$1.55	**133,334**	200,000
01/04/2019	23/12/2019	$0.17	**166,667**	-
			3,733,354	7,766,682

Following the equity raising in August and September 2018 the exercise prices of unquoted options over fully paid shares were recalculated.

Weighted average remaining contractual life of options outstanding at end of period	**1.60 years**	2.56 years

(i) Fair value of options granted

There were 500,000 options granted during the year ended 30 June 2019 (2018: 800,000).

The assessed weighted average fair value at grant date of options granted during the year ended 30 June 2019 was $0.07 per option.

The options granted during the year was a one-off offer to rectify an administrative oversight which meant that one of the executives who participated in the offer of options under the Company Executive Share Option Plan announced to the ASX on 21 December 2015 was inadvertently issued fewer options under the 2015 ESOP. The first and second tranche of the options were exercisable immediately given performance hurdles had been met.

The fair value at the original grant date of 23 December 2015 was independently determined using a Monte Carlo simulation valuation model.

The model inputs for the options granted during the year ended 30 June 2019 are the same as the original grant except for the recalculation of the exercise price as mentioned above.

Notes to the consolidated financial statements

20 SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee Option Plan (continued)

The model inputs for options granted during the year ended 30 June 2019 included:

(a) Options are granted for no consideration and vest based on the Company's TSR rating with a peer group of selected companies for the vesting periods below:

(b)	vesting period - tranche 1 - 1/3 of options	1 April 2019
(c)	vesting period - tranche 2 - 1/3 of options	1 April 2019
(d)	vesting period - tranche 3 - 1/3 of options	23 December 2019
(e)	exercise price	$0.17
(f)	grant date	1 April 2019
(g)	expiry date	23 December 2020
(h)	share price at original grant date	$0.23
(i)	expected price volatility of company shares	60.0%
(j)	expected dividend yield	4.3%
(k)	risk free interest rate	2.0%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Rights Plan

The Board has established a new Incentive Rights Plan for eligible employees holding senior executive and senior management roles with a focus on delivering outcomes that create value for shareholders. The plan allows for three different types of incentive rights; retention rights, performance rights and short-term incentive rights. Retention rights and performance rights were granted during the year and are treated as in substance options and are accounted for as share based payments. Participation under the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits. Rights granted for nil consideration under the plan carry no dividend or voting rights.

Retention rights

Each retention right issued under the plan converts into one ordinary share of the Company on exercise. The retention rights granted will vest on 31 October 2020; vesting is conditional on continued employment. Retention rights are not subject to performance hurdles.

Performance rights

Each performance right issued under the plan converts into one ordinary share of the Company on exercise. Performance rights vest and become exercisable when the applicable performance, service or other vesting conditions specified at the time of grant are satisfied within a predetermined performance period.

The performance period for the rights granted during the period will run from 1 November 2018 until 30 June 2021. In addition to continued service, the Board has set the following performance criteria for rights granted:

- 50% of the performance rights will vest if the total shareholder return (TSR) vesting condition is met; and
- 50% of the performance rights will vest if the return on average capital employed (ROACE) vesting condition is met

Set out below is a summary of rights granted under the above plans.

	19 NUMBER OF RIGHTS
As at 1 July	-
Granted during the year	**5,661,178**
Vested during the year	-
Forfeited during the year	-
As at 30 June	**5,661,178**

Notes to the consolidated financial statements

20 SHARE-BASED PAYMENTS (CONTINUED)

(b) Rights Plan (continued)

There were 4,721,353 performance rights and 939,825 retention rights granted during the year ended 30 June 2019. The above number of rights includes 3,193,801 performance rights granted but not yet issued as at 30 June 2019.

Weighted average remaining contractual life of rights outstanding at the end of the year 1.89 years.
Weighted fair value of rights granted during the year $1.28.

Valuation model inputs used to determine the fair value of rights at the grant date included:

RIGHT	GRANT DATE	31 OCT VESTING DATE	SHARE PRICE GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE GRANT DATE
Performance - ROACE	28 Feb 2019	30 Jun 2021	$1.74	54.92%	3.74%	1.67%	$1.60
Performance - TSR	28 Feb 2019	30 Jun 2021	$1.74	54.92%	3.74%	1.67%	$1.22
Retention	28 Feb 2019	31 Oct 2020	$1.74	54.92%	3.74%	1.67%	$1.64
Performance - ROACE	10 Jun 2019	30 Jun 2021	$1.33	52.07%	3.74%	1.07%	$1.23
Performance - TSR	10 Jun 2019	30 Jun 2021	$1.33	52.07%	3.74%	1.07%	$0.82

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as a part of employee benefit expense were as follows:

	19 $'000	18 $'000
Options issued under employee option plan	**319**	756
Rights issued under employee rights plan	**1,894**	-
	2,213	756

For further information on the above options and rights, refer the Remuneration Report on pages 45 to 62.

The total amount to be expensed for share based payments is determined by reference to the fair value at grant date, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options or rights that are expected to vest. The total expense is recognised over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payments reserve.

Significant judgement is required in determining the achievement of non-market conditions.

Notes to the consolidated financial statements

21 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

		19 $	18 $
(a)	**PricewaterhouseCoopers Australia**		
(i)	**Audit and other assurance services**		
	Audit and review of financial statements	**736,226**	449,286
(ii)	**Taxation services**		
	Tax compliance services	**548,345**	64,229
(iii)	**Other services**		
	Advisory and accounting consulting services *	**1,552,275**	198,401
	Total remuneration of PricewaterhouseCoopers Australia	**2,836,846**	711,916
(b)	**Network firms of PricewaterhouseCoopers Australia**		
(i)	**Audit and other assurance services**		
	Audit and other assurance services	**376,935**	257,582
(ii)	**Taxation services**		
	Tax compliance services	**189,741**	55,625
(iii)	**Other services**		
	Advisory and accounting consulting services	**37,788**	19,854
	Total remuneration of network firms of PricewaterhouseCoopers Australia	**604,464**	333,061
(c)	**Non PricewaterhouseCoopers audit firms**		
(i)	**Audit and other assurance services**		
	Audit and review of financial statements	**150,143**	46,677
(ii)	**Taxation services**		
	Tax compliance services	**11,546**	-
(iii)	**Other services**		
	Advisory and accounting consulting services	**56,037**	-
	Total remuneration of non PricewaterhouseCoopers audit firms	**217,726**	46,677
	Total auditors' remuneration	**3,659,036**	1,091,654

* $961,777 relates to fees for services provided in relation to the Barminco acquisition.

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Notes to the consolidated financial statements

22 EARNINGS PER SHARE

(a) Basic earnings per share

	19 CENTS	18 CENTS
From continuing operations attributable to the ordinary equity holders of the Company	**30.1**	16.9
From discontinued operations	**-**	0.5
Total basic earnings per share attributable to the ordinary equity holders of the Company	**30.1**	17.4

(b) Diluted earnings per share

From continuing operations attributable to the ordinary equity holders of the Company	**29.9**	16.6
From discontinued operations	**-**	0.5
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**29.9**	17.1

(c) Reconciliation of earnings used in calculating earnings per share

	19 $'000	18 $'000
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:		
From continuing operations	**182,281**	59,349
From discontinued operations	**-**	1,701
	182,281	61,050

(d) Weighted average number of shares used as denominator

	19 NUMBER	18 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**605,817,725**	351,782,137
Adjustments for calculation of diluted earnings per share:		
Effect of share options on issue	**3,015,922**	5,932,674
Effect of share rights on issue	**20,546**	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**608,854,193**	357,714,811

(e) Information on the classification of securities

(i) Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 20.

(ii) Rights

Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 20.

Notes to the consolidated financial statements

23 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	19 $'000	18 $'000
Current		
Floating charge		
Cash and cash equivalents	**223,524**	133,294
Receivables	**399,354**	204,448
Inventory	**254,871**	198,440
Total current assets pledged as security	**877,749**	536,182
Non-current		
Floating charge		
Plant and equipment	**790,347**	544,807
Freehold land and buildings	**58,344**	58,607
Receivables	**1,047**	3,314
Investment	**17,581**	83,265
Total non-current assets pledged as security	**867,319**	689,993
Total assets pledged as security	**1,745,068**	1,226,175

24 DEED OF CROSS GUARANTEE

Ausdrill Limited and the entities noted below are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and a directors' report under Australian Securities and Investments Commission Instrument 2016/785 (as amended).

The closed group consists of Ausdrill Limited and the following entities:
ACN 103534087 Pty Ltd;
African Mining Services (Ghana) Pty Ltd;
Ausdrill International Pty Ltd;
Ausdrill International & Management Services Pty Ltd;
Ausdrill Finance Pty Ltd;
Ausdrill Northwest Pty Ltd;
Ausdrill Properties Pty Ltd;
Ausdrill Utilities Pty Ltd;
BTP Parts Pty Ltd;
BTP Equipment Pty Ltd;
Connector Drilling Pty Ltd;
Drill Rigs Australia Pty Ltd;
Energy Drilling Australia Pty Ltd;
Golden Plains Pty Ltd;
MinAnalytical Holdings Pty Ltd;
MinAnalytical Laboratory Services Australia Pty Ltd;
Supply Direct Pty Ltd;
Supply Direct South Africa Pty Ltd; and
Synegex Holdings Pty Ltd.

(a) Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by the Group, they also represent the 'extended closed group'.

Set out over page is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the closed group.

Notes to the consolidated financial statements

24 DEED OF CROSS GUARANTEE (CONTINUED)

(a) Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	19 $'000	18 $'000
Consolidated statement of profit or loss		
Revenue from continuing operations	**550,993**	632,219
Other income	**206,735**	20,463
Materials expense	**(224,303)**	(290,441)
Labour costs	**(199,319)**	(200,111)
Rental and hire expense	**(15,798)**	(12,587)
Depreciation and amortisation expense	**(47,457)**	(49,222)
Management fee income/(expense)	**5,644**	5,473
Finance costs	**(23,999)**	(31,724)
Finance income	**5,423**	9,384
Other expenses from ordinary activities	**(74,022)**	(47,166)
Share of net profits of joint ventures accounted for using the equity method	**38,062**	22,344
Profit from discontinued operations	**-**	1,701
Impairment of assets	**(71,461)**	-
Profit/(loss) before income tax	**150,498**	60,333
Income tax (expense)/benefit	**72,583**	(6,919)
Profit/(loss) for the year	**223,081**	53,414
Consolidated statement of comprehensive income		
Other comprehensive income		
Profit/(loss) for the year	**223,081**	53,414
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(5,952)**	4,404
Items that will not be reclassified to profit or loss		
Gain/(loss) on revaluation of land and buildings	**-**	4,443
(Loss)/gain on revaluation of financial assets FVOCI, net of tax	**3,341**	(1,664)
Other comprehensive income/(loss) for the year, net of tax	**(2,611)**	7,183
Total comprehensive income/(loss) for the year	**220,470**	60,597
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**72,683**	39,124
Profit/(loss) for the year	**223,081**	53,414
Dividends paid	**(42,602)**	(19,855)
Retained earnings at the end of the financial year	**253,162**	72,683

Notes to the consolidated financial statements

24 DEED OF CROSS GUARANTEE (CONTINUED)

(b) Consolidated statement of financial position

Set out below is the consolidated statement of financial position as at 30 June of the closed group.

	19 $'000	18 $'000
Current assets		
Cash and cash equivalents	**58,458**	113,000
Trade and other receivables	**307,295**	164,846
Inventories	**66,696**	153,868
Assets classified as held for sale	**13,626**	-
Current tax receivables	**8,551**	186
Total current assets	**454,626**	431,900
Non-current assets		
Receivables	**126,023**	31,202
Joint ventures accounted for using the equity method	**332,479**	71,266
Investments in other Perenti Group companies	**511,848**	224,942
Financial assets at fair value through other comprehensive income	**17,581**	11,999
Property, plant and equipment	**213,893**	430,175
Deferred tax assets	**106,240**	49,928
Total non-current assets	**1,308,064**	819,512
Total assets	**1,762,690**	1,251,412
Current liabilities		
Trade and other payables	**62,647**	91,426
Borrowings	**529**	3,334
Current tax liabilities	**12,329**	228
Employee benefit obligations	**15,004**	31,564
Total current liabilities	**90,509**	126,552
Non-current liabilities		
Borrowings	**225,790**	403,770
Deferred tax liabilities	**78,321**	35,820
Employee benefit obligations	**836**	486
Total non-current liabilities	**304,947**	440,076
Total liabilities	**395,456**	566,628
Net assets	**1,367,234**	684,784
Equity		
Contributed equity	**1,126,769**	624,571
Reserves	**(12,697)**	(12,470)
Retained earnings	**253,162**	72,683
Total equity	**1,367,234**	684,784

Notes to the consolidated financial statements

25 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	19 $'000	18 $'000
Balance sheet		
Current assets	**51,955**	65,511
Non-current assets	**890,253**	465,422
Total assets	**942,208**	530,933
Current liabilities	**21,087**	26,072
Non-current liabilities	**6,580**	6,392
Total liabilities	**27,667**	32,464
Shareholders' equity		
Issued capital	**1,126,769**	624,571
Reserves		
Asset revaluation reserve	**909**	909
Share-based payments reserve	**8,454**	6,446
Pre-2015 reserve	**42,446**	85,048
Accumulated losses - 2015 reserve	**(183,177)**	(183,177)
Retained earnings	**(80,860)**	(35,328)
Total equity	**914,541**	498,469
(Loss)/profit for the period	**(45,533)**	(92,879)
Total comprehensive (loss)/income	**(45,533)**	(92,674)

The financial information for the parent entity has been prepared in accordance with note 26(ac).

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees (2018: nil).

However, there are cross guarantees given by the Company as described in note 24. Deficiencies exist in some of these companies.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018. For information about guarantees given by the parent entity, please see (b) above.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2019, the parent entity had contractual commitments for the acquisition of property, plant and equipment totalling $426,000 (30 June 2018: $4,829,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

(e) Pre-2015 Reserve

Each reserve of the parent entity has the same nature and purpose as described for the consolidated Group (in note 8(b)). In addition, the parent entity on 30 June 2016 and 30 June 2015 established separate reserves for the purpose of paying future dividends. The reserves are referred to as the "Pre-2015 reserve" and the "Accumulated losses - 2015 reserve". On the date of establishment, the "Pre-2015 reserve" had an amount of $114,273,000 transferred to it from retained earnings and the "Accumulated losses - 2015 reserve" had an amount of ($183,177,000) transferred to it from retained earnings.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Ausdrill Limited trading as Perenti Global ("Perenti" or "the Company") and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, and Interpretations issued by the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Perenti is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Perenti and its subsidiaries also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New or amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year ended 30 June 2019.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Adoption of AASB 9

The Group has adopted AASB 9 Financial Instruments as issued in December 2014 from 1 July 2018. In accordance with the transitional provisions, comparative figures have not been restated.

AASB 9 replaces the provisions of AASB 139 Financial Instruments that relate to the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. AASB 9 also amends other standards dealing with financial instruments such as AASB 7 Financial Instruments : Disclosures.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. In determining the recoverability of trade receivables using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment. The Group has assessed the impact of the adoption of an ECL model under AASB 9 for trade receivables and contract assets and identified that the impairment loss provision was immaterial.

As disclosed in note 6(c), the Group holds equity securities which represent investments that the Group intends to hold for the long term for strategic purposes which were previously classified as available-for-sale. As permitted by AASB 9, the Group has designated these investments as measured at fair value through other comprehensive income (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit and loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

The new standard also introduces expanded disclosure requirements and changes from AASB 7 Financial Instruments : Disclosures which have been presented in the annual financial report.

The adoption of AASB 9 did not result in a significant change to the recognition or measurement of financial instruments for the Group as presented in the interim financial report.

Adoption of AASB 15

The Group has adopted AASB 15 Revenue from contracts with customers from 1 July 2018. AASB 15 supersedes AASB 118 Revenue.

In accordance with the transition provisions in the standard, the Group has adopted AASB 15 using the modified retrospective approach. Under this approach, comparatives are not restated, instead, the cumulative impact of the adoption will be recognised in opening retained earnings as of 1 July 2018. The new standard is only applied to contracts that remain in force at the date of adoption.

Costs incurred prior to the commencement of a contract may arise due to set-up and mobilisation as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue in trade and other payables and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Management has assessed the effect of the new standard and on subsequent review, there was an impact on adoption in opening retained earnings (refer notes 6(d) and 8(c)) and in disclosure in the Group's financial statements.

The new revenue accounting policies have been reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019, note 26(e).

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases

AASB 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $46,900,000. Of these commitments, approximately $1,000,000 relate to short-term and low value leases which will be recognized on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects to recognize lease liabilities and associated right-of-use assets of approximately $42,900,000 on 1 July 2019. All future cash flows in respect of lease payments, except short-term and low value leases, will be treated as operating activities. There will be no overall cash flow impact from the adoption of AASB 16.

Mandatory for financial years commencing on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property and equipment leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Other amendments to existing standards that are not yet effective are not expected to result in significant changes to the Group's accounting policies.

(iv) Historical cost convention

These financial statements have been prepared on a historical cost basis except for the following:

- certain classes of property, plant and equipment measured at fair value,
- assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and
- certain financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations by the Group (refer to note 26(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

(ii) Joint arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated statement of financial position.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in 26(j).

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced, but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at end of the reporting period
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Policies applied from 1 July 2018.

The Group recognises revenue when the Group satisfies performance obligations by transferring a promised good or service to a customer. An asset is transferred when or as the customer obtains control of that asset. The concept of control under the new standard replaces the previous requirements to consider when the 'risks and rewards' pass to the customer as the trigger point to recognise revenue. For variable consideration, revenue was previously recognised when it was probable that work performed will result in revenue, whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur.

Contract assets and liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Accrued revenue represents receivables for unbilled completed services where the Group's right to consideration is unconditional subject to only the passage of time. Deferred revenue arises where payment is received prior to work being performed and is allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Variable consideration

The new standard provides new requirements for variable considerations such as claims, variations and contract modifications. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved. The estimate is based on all available information including historic performance.

Contract fulfilment costs

Costs generally incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs as these costs are incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year and/or which contain other material financing components. Therefore, the Group does not adjust any of the transaction prices for the time value of money or other financing components.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition (continued)

Warranties and defect periods

Contracts for sale of goods and services may include defect and warranty periods following completion of the sale or project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Other income

(i) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 26(o).

(ii) Rental income

Rental income is recognised on either a straight-line or machine hours basis over the term of the operating lease.

(f) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets after deduction of the loss allowance.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set-off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (continued)

(i) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 7(c)). Finance leases are capitalised at lease inception at the fair value of the leased property, plant and equipment or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other current and non-current payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 4(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a either straight-line or machine hours basis over the lease term.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurements are recognised in profit or loss.

Under the acquisition method, the Group has up to 12 months post the acquisition date to finalise the fair values of identifiable assets and liabilities.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and loss allowance. See note 6(b) for further information about the Group's accounting for trade receivables and note 11(b) for a description of the Group's impairment policies.

(m) Inventories

(i) Consumables and store items, work in progress and finished goods

Consumables and store items, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets

Classification

The Group classifies its investments in the following categories:

- loans and receivables measured at amortised cost, and
- financial assets at fair value through other comprehensive income (FVOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 6(f).

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after statement of financial position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 6(b)).

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(p) Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 7(c). All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Property, plant and equipment (continued)

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the Group are disclosed in note 7(c).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 26(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(q) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 26(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 1).

(ii) Customer related intangibles

Customer related intangibles acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer related intangibles are amortised over the life of contract.

(iii) IT development and software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method over estimated useful lives.

(iv) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Intangible assets (continued)

(v) Designs and drawings

Designs and drawings acquired as part of a business combination are recognised separately from goodwill. The designs and drawings are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the projected technical life of the design and drawings, which is expected to be five years.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income and other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(u) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(v) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Equity settled share-based compensation benefits are provided to employees via the Employee Option Plan, an employee share scheme and Incentive Rights Plan. Information relating to these schemes is set out in note 20. Equity settled share-based payments are measured at the fair value of the equity instruments at grant date.

The fair value at grant date is independently determined using a Monte Carlo simulation or an amended Black Scholes Merton methodology valuation model.

The fair value at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payments reserve.

(w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(x) Maintenance and repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred. Significant costs incurred in overhauling plant and equipment are capitalised and depreciated over the remaining useful life of the asset or the component in accordance with note 26(p).

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Earnings per share (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ab) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in this report and the accompanying financial report. Amounts in this report and the accompanying financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) Parent entity financial information

The financial information for the parent entity, Ausdrill Limited, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the Group. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Perenti and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Ausdrill Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Group under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Notes to the consolidated financial statements

26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Parent entity financial information (continued)

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of those guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share-based payments

The grant by the Company of options and rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 67 to 150 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24.

Note 26(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

Mark Alexander John Norwell
Group Managing Director and Chief Executive Officer

Perth
28 August 2019

Independent auditor's report to the members

Independent auditor's report

To the members of Ausdrill Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Ausdrill Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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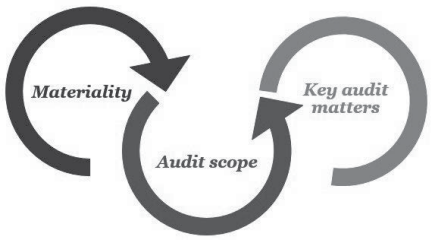
Independent auditor's report to the members

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $5.4 million, which represents approximately 5% of the Group's profit before tax adjusted for significant unusual or infrequently occurring items including the impairment expense and the gain on the 50% step up acquisition. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the group engagement team and by component auditors in Africa operating under instruction. • The group engagement team performed audit procedures on the financial information of the Ausdrill, Ausdrill International, Ausdrill International & Management Services, Ausdrill Northwest, BTP Parts, BTP Equipment, and Barminco businesses because these were	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Impairment of assets – Accounting for the acquisition of the Barminco group – Payments to invalid suppliers – Inventory existence – Calculation of current and deferred tax balances • These are further described in the *Key audit matters* section of our report.

Independent auditor's report to the members

- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

financially significant or contained financially significant balances.

- Component auditors performed audit procedures on the financial information of AMS Burkina Faso, AUMS Burkina Faso, AMS Ghana, AUMS Ghana, AMS Mali, AMS Senegal, and AUMS Tanzania.
- The Group engagement team and component auditors had active dialogue throughout the year through discussions and written instructions and reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of assets *(Refer to note 3)* As required by Australian Accounting Standards, the Group performed an assessment of impairment of assets. The assessment first focussed on considering whether any specific assets were impaired due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe. This exercise resulted in an impairment charge of $54.4 million relating to specific items of inventory and $11.1 million relating to specific items of property, plant and equipment (PP&E). The Group then considered whether there were any overall indicators of impairment in any of its cash generating units (CGU).	We considered the results of the Group's specific asset impairment exercise by: • Assessing the strategic rationale driving the determination that the inventory and PP&E items identified for impairment were no longer planned to be used in the normal course of operations and instead should be valued on a scrap or fair value basis. • Agreeing the pre-impairment balances of all the identified assets back to underlying books and records. • Examining the external expert's report obtained by the Group, which was used by the Group to assist in determining a revised fair value for the identified inventory items. • Recalculating the impairment charge based on the revised fair values.

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*

Where a CGU was performing below its forecast cash flows and had high underutilisation of property, plant and equipment, the Group considered that there was an impairment indicator and performed an impairment assessment.
 	
Indicators of possible impairment were identified by the group in the Ausdrill Kalgoorlie & Synegex and Contract Mining Services Africa CGUs.
 	
Following the identification of possible indicators of impairment, the Group used value in use (VIU) methodology to assess the recoverable amount for each CGU. The assessment resulted in an impairment charge of $16.9 million for the Contract Mining Services Africa CGU and no charge for the Ausdrill Kalgoorlie & Synegex CGU.
 	
The Group also considered whether any reversal of prior period impairment charges was necessary at 30 June 2019 and concluded it was not.
 	
In addition, as reported at 31 December 2018, an impairment assessment was performed by the Group over the Energy Drilling Australia (EDA) CGU. This was driven by the existence of indicators of impairment as a result of the assets being in care and maintenance and being actively prepared for a 'fire sale'. The Group engaged an external valuer to assist in assessing the recoverable amount of this CGU using a fair value less cost of disposal (FVLCoD) methodology. The assessment resulted in an impairment of $31.2 million in the EDA CGU.
 	
The assessment of impairment was a key audit matter because of the significant judgement involved in considering the existence of impairment indicators, estimating the recoverable amount of the assets and the material impact on the financial report.
	We also assessed the Group's evaluation of impairment indicators.
	
	For Ausdrill Kalgoorlie & Synegex and Contract Mining Services Africa CGUs, we:
	
	• Considered if the discounted cash flow models used to estimate the recoverable amount of these CGUs on a VIU basis (the impairment models) were consistent with Australian Accounting Standards requirements.
	• Compared the forecast cash flows used in the impairment models to the most recent budgets and business plans approved by the Board.
	• Considered whether the forecast cash flows in the impairment models were reasonable and based upon supportable assumptions, by:
	  ○ Comparing future revenue growth and contract growth to market expectations and known contract wins and losses.
	  ○ Comparing the forecast cash flows to actual cash flows for previous years to assess the accuracy of the Group's forecasting.
	  ○ Comparing inflation rate assumptions in the impairment models to economic forecasts.
	  ○ Assessing the Group's discount rate calculations, including having regard to the inputs utilised in the Group's weighted average cost of capital.
	• Performed sensitivity analysis on the key assumptions used in the impairment models.
	• Performed tests of the mathematical accuracy of the impairment models' calculations.
	• Considered the method of allocating the Contract Mining Services Africa impairment across assets within the CGU.
	• Considered whether the Ausdrill Kalgoorlie & Synegex model indicated a reversal of previously booked impairment charges.
	• Considered the adequacy of the disclosures made in note 3 of the financial statements, including key assumptions and sensitivities to changes in such

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*
	assumptions, in light of the requirements of Australian Accounting Standards. For the Energy Drilling Australia CGU, we: • Examined the external valuation report obtained by the Group to assist their estimation of the recoverable value. • Assessed the competency of the valuers, which included considering their experience and qualifications in assessing similar types of assets. • Agreed the listings of all assets included in the valuations to the underlying assets included in the CGU to test completeness of the valuation. • Utilised PwC valuation experts to consider the methodologies and key assumptions adopted in the valuations obtained.
Accounting for the acquisition of the Barminco Limited Group *(Refer to note 13)* The Group completed the acquisition of the Barminco Limited Group during the year ended 30 June 2019 for total consideration of $275.6 million. The acquisition increased the Group's ownership of their previously equity accounted joint venture African Underground Mining Services (AUMS) from 50% to 100%. A step acquisition gain of $198.4 million was recognised on revaluation of the Group's prior interest. The accounting for the acquisition and step acquisition gain was a key audit matter due to the magnitude of the acquired assets and liabilities, the quantum of the step gain and the judgement involved. The key areas of judgement by the Group included assessing: • The fair value of the acquired assets and liabilities recognised at acquisition date.	Our procedures in relation to the accounting for the acquisition included, amongst others: • Testing of the initial consideration paid to bank statements and the purchase agreement. • Obtaining and considering the purchase agreement to assess whether any consideration is contingent on future events. • Agreeing the acquisition date assets and liabilities of the Barminco Group to an audited completion statement. • Assessing with the support of PwC valuation experts, the Group's valuation methodology for the recognition of customer relationship and customer contract intangible assets and the key assumptions therein, including forecast future financial performance and discount rates. • Assessing the mathematical accuracy of the Group's calculation of goodwill arising on acquisition. • Considering the appropriate accounting treatment for the step acquisition of AUMS.

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*
• The valuation of customer relationship and customer contract intangible assets at acquisition date. • The valuation ascribed to AUMS and the resultant impact on the revaluation of the Group's prior equity accounted interest.	• Assessing the accuracy and completeness of business combination disclosures in the financial statements.
Payments to invalid suppliers *(Refer to note 4)* As announced to the market on 17 April 2019, through routine checks of compliance with the Group's policies and procedures, a number of payments to invalid suppliers were identified. The Group engaged an external expert to assist in analysing the financial records and quantifying the extent of the matter. As a result, it was identified that approximately $11 million of fraudulent payments had been made to invalid suppliers over a period of eight years. An expense of $7.2 million has been recorded in the year to 30 June 2019 in respect of this matter, of which an amount of approximately $4.2 million relates to payments made in prior years. This was a key audit matter due to its nature.	Our procedures included, amongst others: • Obtaining an understanding of the matter and the response by management since identifying the matter. • Considering the expert's methods, competency objectivity and results of their investigation. • Obtaining and testing the listing of invalid payments to bank statement to corroborate the timing. • Performing manual journals testing to assess accounting entries that could be indicative of further fraudulent activity. • Considering the judgements applied by the Group in assessing the impact on the financial statements.
Inventory existence *(Refer to note 7(a))* The Group recognised inventory of $251.1 million at 30 June 2019. Inventory is held by 29 entities across the Group in various countries including Australia, Burkina Faso, Ghana, Guinee, Mali, Tanzania, Senegal, South Africa, Zambia, Egypt, India and the United Kingdom. Within each country, inventory is stored in warehouses, sheds, containers and yards, attached to drill rigs and at	We attended inventory counts at locations, which we selected based on financial significance and risk. Where locations were not attended we tested a selection of controls over inventory existence across the Group. For locations attended in Australia, Burkina Faso, Ghana, Mali, Senegal and Tanzania, we performed the following procedures at each site: • Selected a sample of inventory items and compared the quantities we counted to the quantities recorded.

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*
mine sites, often situated in very remote locations due to the nature of the mining services industry. This was a key audit matter because of the: • Significance of the inventory balance to the statement of financial position. • Complexity involved in determining inventory quantities on hand due to the number, location and diversity of inventory storage locations. The Group has increased the number of locations of inventory during the year with the acquisition of Barminco Limited and its subsidiaries but there is a similar mix of inventory held from the prior year.	• Observed a sample of management's inventory count procedures to assess compliance with Group policy. • Made enquiries regarding obsolete inventory items and inspected the condition of items counted. We have also evaluated a selection of controls over inventory existence across the Group.

Calculation of current and deferred taxation balances
(Refer to note 7(e))
The calculation of taxation balances was a key audit matter because the Group operates in a number of jurisdictions with different laws, regulations and authorities resulting in complex tax calculations.
In particular, judgement is required in assessing the recoverability of the $93.7 million deferred tax asset in respect of tax losses at 30 June 2019 and the appropriateness of $42.3 million of provisions for uncertain tax positions across Africa.
	Our procedures included, amongst others:
	• Assessing with the support of PwC tax specialists the rationale on which current tax was calculated and deferred tax assets and liabilities were recognised.
	• Assessing whether deferred tax assets had been appropriately recognised in the financial report as at 30 June 2019 based on the extent to which they can be recovered by forecast taxable profits. Including performing the following:
	  ○ Obtaining calculations of forecast taxable income for the next five years and agreeing these to the latest Board approved budget and forecast.
	  ○ Comparing the latest Board approved budget to historical performance to assess the consistency and accuracy of the Group's approach to budgeting.
	  ○ Challenging the Group's key assumptions in the cash flow budget and taxable income forecasts.

Independent auditor's report to the members

Key audit matter	*How our audit addressed the key audit matter*
	○ Evaluating whether the cash flows in the taxable income forecasts had been appropriately adjusted for the differences between accounting profits, as presented in the approved Board budget and forecast, to taxable profits. • We also considered and challenged the assumptions made by the Group in making judgemental tax provisions. We utilised the expertise of a PwC tax specialist who liaised directly with local PwC tax specialists in the relevant territories.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 45 to 62 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Ausdrill Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley
Partner

Perth
28 August 2019

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USA

INDEPENDENT AUDITORS

For Perenti Global Limited:
PricewaterhouseCoopers
Level 15, 125 St Georges Terrace
Perth, WA 6000
Australia

US$450,000,000

PERENTI FINANCE PTY LTD

6.50% Guaranteed Senior Notes due 2025

Offering Memorandum

HSBC **Standard Chartered Bank**

September 23, 2020