



ASX RELEASE

Thursday, 21 February 2019

New Contract Awards and Operational Update

Highlights:

- **New contracts awarded**
- **Upgrade in FY19 forecast revenue to \$140M**
- **Tendering pipeline remains strong across Minerals and NPI divisions**
- **Significant key personnel additions**
- **Term sheet received for additional funding facility to support growth**

Primero Group Limited (**Primero**) is pleased to provide a business update including the award of key new contracts resulting in an upgraded revenue forecast for FY2019, along with further general information on the company's business activities, balance sheet strengthening and preferred status for EPC projects.

The cumulative impact of the new contract wins has increased forecast revenue for FY19 to \$140M (previously \$130M) and further improved the pipeline into FY20. Primero expects to release its financial results for the first half of FY19 on 26 February 2019. Accompanying this release will be Primero EBITDA guidance for the FY19 full year.



Minerals Processing

Continued diversification and strengthening of the Minerals Processing Division has resulted in the award of studies, detailed design contracts and operational & maintenance support across multiple commodities with new and existing clients.

Superior Lake Resources – (ASX:SUP): Primero's Perth & Canadian team have been awarded the Processing Engineering and Lead Study Consultant for the Definitive Feasibility Study of the Superior Lake Nickel Project in Ontario. The award of this project fits Primero's strategic objective of assisting Australian companies with projects in North and South America.

Altura Minerals – (ASX:AJM): Primero has been awarded ongoing operational and maintenance support of the Pilgangoora Lithium Project in Western Australia. This includes a master services agreement and ongoing operational improvement projects to assist with the ramp-up to nameplate production of the processing facility.

Pilbara Minerals – (ASX:PLS): Primero has been working alongside Pilbara Minerals throughout the commissioning and ramp-up period of the Stage 1 processing facility and has recently been engaged under a Letter of Intent (LOI) for Stage 2 detailed engineering design works to be completed this financial year.

Core Lithium – (ASX:CXO): As a result of delivering a successful plant optimisation and revised capex study, Primero has been nominated as the preferred EPC contractor for the Finnis Lithium Project. Primero is currently working on the development of the EPC contract in preparation for a targeted final investment decision in the coming months.



Alliance Minerals – (ASX:A40): Continuing on from the Stage 2 Ultra-Fines FEED design contract, Primero has now commenced ordering long lead equipment and has entered into commercial negotiations with Alliance for an Engineering, Procurement and Construction (EPC) contract to deliver the project with estimated commencement this financial quarter, and the contract conclusion in Q2 FY20.



Energy

Primero is pleased to announce that Structural Steel works have commenced at the Barker Inlet Power Station. Installation of the Engine Hall 1 steel is progressing well with the structural frame installation nearing completion. Reaching this milestone has been a significant event for the site team as we continue to close out the below Zero works and move into the next phase of this Project. In addition to reaching this significant milestone, Wartsila and Primero have been recognised by AGL Executive Team for our exemplary Safety Culture and Safety Record on site. The project has a site crew of 200 personnel currently on site, with an expected peak of approximately 250 over the coming months.



Figure 1: Progress of the Barker Inlet Power Station construction works.



Non-Process Infrastructure (NPI)

Primero has secured a contract extension on BHP Billiton's (ASX:BHP) South Flank iron ore project in Western Australia with the addition to the existing sub-contract with Clough's Minerals business unit for the design, procurement, construction and commissioning (EPC) of the South Flank lubrication facilities.

Citic Pacific Mining subsidiary Sino Iron Pty Ltd has awarded Primero an EPC contract for the design and construction of the HME Tyre Changing Facility. The contract award continues the long-standing relationship with Sino Iron and the sustaining works Primero has provided over the past four years under various master services agreements and project specific contracts.

Primero currently has a number of contracts underway and nearing completion with Rio Tinto (ASX:RIO) and also has master services agreements with Newcrest Mining Limited's (ASX:NCM) Telfer mine, plus Independence Group's (ASX:IGO) Nova and Tropicana (joint venture with AngloGold Ashanti) mines sustaining capital divisions which continue to bolster operational teams, maintaining good continuity and recurring revenues in the space.

Operational Outlook & Key Personnel Updates

Tendering activity continues to be strong across the Minerals and NPI divisions. New tendering opportunities are also being progressed in the Energy division. Primero's current focus on the successful delivery of the large Barker Inlet Power Station contract with Wartsila is also expected to open more opportunities in Energy going forward.

Primero has now been shortlisted for several upcoming EPC projects with a combined value of circa \$200M and due for award by the end of FY19. The overall qualified tender pipeline of the business now sits at \$800M, with further opportunities currently being qualified for inclusion.

In order to continue bolstering the strength and capability of the team to deliver larger projects, **Tim Deighton** has been appointed as **Manager Major Projects**. Tim was previously the General Manager of Major Projects for Mineral Resources (ASX:MIN) and was responsible for large scale project delivery with the group, including the Wodgina Lithium Project. He has also delivered major projects Australia-wide for BHP, Rio Tinto and Fortescue Metals Group (ASX:FMG) in both process and non-process infrastructure.

Graham Arvidson has also joined the team as **General Manager of Operations & Maintenance** to further develop Primero's O&M capability. He will assist in Primero's continued push to move further up the value stream by providing complete build, own and operate strategies for clients. Graham was most recently the Maintenance Manager at the Nova nickel mine for Independence Group and has previously held positions in project and operations development roles in precious, ferrous and base metal projects.

Primero Managing Director, Cameron Henry, commented: *"Our continuing works from 2018, and start to 2019, has been very encouraging with the Primero brand and reputation growing stronger with each successful project delivered and new contract awarded. Adding highly skilled and experienced individuals such as Tim and Graham further strengthens the team and delivers Primero increased capability to capitalise on larger project opportunities in the future. These individuals will continue to develop Primero's strategic model with further opportunities developing in all three business divisions."*

"The strategic direction of the business continues to evolve as planned and both our balance sheet strength and highly capable team increasingly allows us to deliver larger projects for our clients. Our number of projects, size and complexity are progressively increasing and within our strong core competencies of multi-discipline turnkey delivery we are now widely recognised as a valued project development partner."

**Additional Funding Facility**

Following a competitive process, Primero has received term sheets for a pre-approved multi-option \$15M finance facility to assist with the funding of future project delivery works. The facility will add to the existing balance sheet strength and available liquidity including current cash at bank of circa \$25M and bonding facility of \$20M.

Primero CFO, Ryan McFarlane, commented: *“The new \$15M multi-option facility reflects the continued maturation of the Primero business and the ability to attract the big 4 banks to fund further growth. This demonstrates further the understanding of our business model and alignment of growth strategies. Our very low gearing and strong liquidity places Primero in an excellent position to capitalise on future growth opportunities.”*

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ABOUT PRIMERO

Primero provides engineering design, construction and operational services to the minerals, energy and infrastructure sectors. Primero has specialist expertise in project implementation and delivery with a complementary service offering comprising civil, structural, mechanical and electrical solutions. Primero provides these services to a diverse client base, ranging from mid-sized companies through to international mining and energy houses.

