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Ghana Manganese Company Contract and Guidance Update

Diversified mining services company Perenti (ASX: PRN) wishes to advise that Ghana Manganese Company (GMC) has terminated its equipment hire contract with African Mining Services (AMS) at its Nsuta manganese mine in Ghana. The termination follows the temporary suspension of the contract that was announced to the market by Perenti on 2 December 2019. The termination is not related to AMS' performance, with GMC advising that the termination is due to the Ghanaian government directing GMC to cap its production at the mine and thanking AMS for the 'outstanding services' AMS provided at Nsuta.

While the financial effects of recent developments at Bounboua and Bissa remain unchanged and are, in isolation, not material, when combined with this contract termination Perenti now expects its FY20 underlying NPAT will reduce from its previous guidance of \$140 million to approximately \$115 - \$120 million. AMS is continuing to engage with GMC in relation to payment of all amounts owing under the contract.

AMS expects equipment currently deployed at Nsuta will be utilised at existing projects, held for deployment to existing and new projects in the future to offset new capital, or sold to third parties generating a cash inflow to the business.

Perenti has multiple sites in the West African region that could potentially utilise this equipment, thereby reducing the requirements for future capital expenditure. This includes the \$235 million contract announced earlier this half at West African Resources Limited's Sanbrado Gold Project, plus the recent provisional award for a twelve-month contract extension for open pit mining services, equipment supply and maintenance at the Iduapriem Gold Mine in Ghana from AngloGold Ashanti.

Perenti Managing Director Mark Norwell said the contract termination was an isolated incident that had no bearing on the strategic initiatives underway to transform AMS under the Group 2025 strategy.

"The termination at Nsuta and its earnings impact is disappointing. However, it is an isolated incident driven by circumstances specific to GMC. I stress that the termination in no way reflects AMS' performance at the project, and the termination notice specifically thanked AMS for its 'outstanding services'" Mr Norwell said.

"Additionally, the termination frees up capital that AMS can utilise to service new contract wins and extensions we announced earlier this month. Although our surface mining business in Africa is facing

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Perenti is a diversified global mining services group with businesses in surface mining, underground mining and mining support services. The Group was founded in Kalgoorlie in 1987 and is today one of the world's largest companies providing surface and underground mining at scale. Headquartered in Australia, Perenti has operations and offices in 13 countries across four continents, employs around 8,000 mining professionals and is creating enduring value and certainty for clients on some of the world's largest mining projects.

some challenges, the balance of the business continues to perform well and provides a strong base from which to execute our strategy. We are continuing to focus on the transformation of AMS as we have previously communicated to the market.”

For and on behalf of Perenti
Mark Norwell
Managing Director and CEO

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