

ASX ANNOUNCEMENT

17 November 2014

Revised Acquisition Terms for HVLV Purchase

Highlights

- Revised acquisition terms lower the HVLV purchase price for Viento.
- Viento balance sheet strengthened by a reduction of up to \$10.6 million indebtedness to HVLV vendors.
- One HVLV project has been challenging which Viento is addressing.
- Viento half-yearly earnings affected; however, strong second half earnings are forecast.

HVLV Purchase

On 2 January 2014 Viento Group Limited (Viento) acquired HVLV Pty Ltd (HVLV) for consideration which in part comprised:

- 23,631,914 Viento convertible notes, convertible into Viento shares (**Convertible Notes**);
- 7,966,667 Viento ordinary fully paid shares; and
- \$3 million (plus interest) deferred cash payment (**Deferred Cash Payment**).

The vendors of HVLV and Viento have reached an agreement to revise the consideration payable on the HVLV acquisition as summarised below effective immediately.

- all the Convertible Notes are cancelled,
- the following securities being issued (subject to Viento obtaining necessary approvals from shareholders):
 - i. 6,500,000 new Viento **shares** issued at a deemed issue price of 14 cents per new Viento share;
 - ii. 6,236,422 Viento **unlisted options** exercisable at 33 cents per share on or before 31 December 2017; and
 - iii. 5,555,556 Viento **unlisted options** exercisable at 36 cents per share on or before 31 December 2019,(together, the **New Securities**); and
- the Deferred Cash Payment is no longer payable (except that if the New Securities are not issued by 16 February 2015, the Deferred Cash Payment (excluding interest) will become immediately payable).

A meeting of Viento shareholders is proposed to be convened to approve the issue of the new securities as set out above. The revised acquisition terms lower the Viento HVLV acquisition price by approximately \$9.5 million and strengthen Viento's balance sheet by reducing indebtedness by up to \$10.6 million.

HVLV Update

Since the acquisition by Viento all HVLV mining contracts have been successfully completed, however, one of the oil and gas projects has proven challenging. Viento is addressing the various issues and considers that the project is back on track, although significant costs have been incurred in the process.

Financial Update

Viento advises that for the six-month period ended 31 December 2014, the Group is forecasting to achieve EBITDA loss of \$7.5-8.5 million based on turnover of \$60-70 million. For the remaining six-month period of FY15, the Group is forecasting to achieve \$7.5-10.5 million positive EBITDA based on turnover of \$100-120 million, which is reflected in Viento's positive second half cash flows. The first six-month period of performance is significantly affected by the projected loss of circa \$8 million on one largely completed HVLV project. Excluding the one-off abnormal project write back, EBITDA was expected to be circa \$20 million in FY 2015.

Ray Munro, Chairman of Viento, said: "It is disappointing that a loss has been incurred on one HVLV project when other projects have been completed successfully by HVLV; however, we believe that the issues are being addressed. The impact of the project loss has been significantly softened based on the vendors of HVLV agreeing to reduce Viento's acquisition price for HVLV. Looking forward, the second half performance of Viento is forecast to be strong with turnover exceeding \$100 million and an EBITDA margin of approximately 8-10%."

Other Matters

The company achieved its financial covenants for the 1st quarter, and has the ongoing support of its financiers.

Major client support and major shareholder support continues and is encouraging as the company continues to grow its revenue base.

–ENDS–

About Viento Group Limited

Viento is a growing mining services business specialising in civil contracting on rail embankments, access roads and general mine infrastructure projects, mine pre-stripping, contract mining and utility services to the mining, oil and gas industries. Viento is a diverse and experienced specialist manufacturer of transportable switchrooms including design and delivery of electrical switchgear and service solution used for mining, oil and gas, and industrial projects. Viento provides equipment and labour hire to established mining and civil projects, heavy duty mechanical repairs and mine site shutdowns.

For further information contact:

Ray Munro, Executive Chairman

Viento Group Ltd

T: 61 8 6145 2400

www.vientogroup.com