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, AS AMENDED (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. By accepting this e-mail and accessing the attached offering memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, or are an "accredited investor" (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

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 The Hongkong and Shanghai Banking Corporation Limited or Standard Chartered Bank 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 The Hongkong and Shanghai Banking Corporation Limited or Standard Chartered Bank, 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 The Hongkong and Shanghai Banking Corporation Limited or Standard Chartered Bank.

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$350,000,000
PERENTI FINANCE PTY LTD

(a company incorporated in the Commonwealth of Australia)

7.50% Guaranteed Senior Notes due 2029

Perenti Finance Pty Ltd (ABN 90 159 906 395) (the "Issuer"), a wholly owned subsidiary of Perenti Limited (formerly Perenti Global Limited), incorporated under the laws of the Commonwealth of Australia, is offering US$350,000,000 aggregate principal amount of 7.50% Guaranteed Senior Notes due 2029 (the "Notes"). The Notes will mature on April 26, 2029. The Notes will bear interest at 7.50% per annum payable semi-annually in arrears on April 26 and October 26 of each year, beginning on October 26, 2024. The Notes will be fully and unconditionally guaranteed on a senior basis by the Issuer's parent company, Perenti 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 April 26, 2026 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 April 26, 2026 using the proceeds of certain equity offerings. At any time on or after April 26, 2026, 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 41.

The Notes are expected to be rated "BB" by Standard & Poor's Ratings Services ("S&P") and "BB+" by Fitch Ratings ("Fitch"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

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."

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the Official List of 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. Approval in-principle from the SGX-ST, 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 S$200,000 (or its equivalent in foreign currencies) 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 April 26, 2024.

Joint Global Coordinators and Joint Bookrunners

Standard Chartered Bank **HSBC**

The date of this confidential Offering Memorandum is April 18, 2024.

perenti.com

Perenti

Perenti is an ASX listed, diversified mining services group with interests in contract mining, drilling services, mining services and technology solutions. Headquartered in Perth and with offices and operations across four continents, we employ more than 11,000 fantastic people focused on creating enduring value and certainty for our investors, clients, people and the communities in which we operate.

OPERATING IN

12 COUNTRIES

4 CONTINENTS

YEARS OF EXPERIENCE

35+

GLOBAL PROJECTS

60+

Expect More

OUR GLOBAL PRESENCE

OUR BRANDS

Perenti CONTRACT MINING
Ausdrill
Barminco
African Underground Mining Services
AMS

Perenti DRILLING SERVICES
DDH1 Drilling
Swick
Strike Drilling
Ranger Drilling

Perenti MINING SERVICES
BTP
Supply Direct
Logistics Direct

idoba
idoba
orelogy

Neither the Issuer and the Note Guarantors, nor The Hongkong and Shanghai Banking Corporation Limited or Standard Chartered Bank (together, the "Initial Purchasers") have authorized anyone to provide you any information or to make any representations other than those contained in this Offering Memorandum prepared by or on behalf of the Issuer and the Note Guarantors or to which the Issuer and the Note Guarantors have referred you. Neither the Issuer and the Note Guarantors, nor the Initial Purchasers take responsibility for, or provide any assurance as to the reliability of, any other information others may give you. 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 or any of their respective affiliates, directors, officers, employees, agents or advisers, 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 or any of their respective affiliates, directors, officers, employees, agents or advisers as to the past or future. Perenti and the other sources named in this Offering Memorandum have furnished the information contained in this Offering Memorandum. The Initial Purchasers or any of their respective affiliates, directors, officers, employees, agents or advisers 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 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 or any of their respective affiliates, directors, officers, employees, agents or advisers, 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 or any of their respective affiliates, directors, officers, employees, agents or advisers, 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. Any representation to the contrary is a criminal offense.

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 and is not required to, and does not, contain all information which would be required in a disclosure statement (within the meaning of section 9 of the Australian Corporations Act and other applicable provisions of Australian law). No action has been taken by us that would permit a public offering of the Notes in Australia. In particular, no prospectus, other disclosure document in relation to the Notes, the Note Guarantee, or this Offering Memorandum has been lodged or registered with the Australian Securities and Investments Commission ("ASIC"), the ASX Limited (operator of the Australian Securities Exchange) ("ASX") or any other regulatory body or agency in Australia.

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), (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, and (C) the offer is not made to a "retail client" as defined for the purposes of section 761G and section 761GA 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 a license, (iii) the offer, invitation or distribution complies with all applicable laws, regulations and directives relating to the offer, sale or invitation of the Notes or distribution of this Offering Memorandum, and (iv) such action does not require any document to be lodged with, or registered by, ASIC, the ASX or any regulatory authority in Australia.

Notes issued pursuant to this Offering Memorandum may not be offered for sale (or transferred, assigned or otherwise alienated) to any person located in, or a resident of, Australia for at least 12 months after their issue, except in circumstances where the person is a person to whom a disclosure document or product disclosure statement is not required to be given under Chapter 6D or Chapter 7 of the Australian Corporations Act.

In connection with this offering, the Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may over-allot in connection with this offering, may bid for and purchase the Notes in the open market and may impose penalty bids. Please see "Plan of Distribution—Short positions, stabilizing transactions and penalty" for more details.

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 CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT – IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Initial Purchasers, are "capital market intermediaries" ("CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "SFC Code"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("OCs") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Note Guarantors, a CMI or its group companies would be considered under the SFC Code as having an association ("Association") with the Issuer, the Note Guarantors, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Note Guarantors or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Initial Purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Initial Purchaser, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Initial Purchasers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Note Guarantors, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

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 PwC Australia's and Deloitte Touche Tohmatsu's 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.

Canada

Generally, the procedure in Canada for seeking recognition and enforcement of a final judgment for payment rendered by a federal or state court in the United States (a "U.S. Court") based on civil liability (a "U.S.

Judgment") involves applying to the applicable Canadian provincial court and filing certain documents proving the U.S. Judgment. The filing must be done within a limitation period and typically on notice to the affected judgment debtor. Some but not all common law provinces (that is, all provinces other than Quebec) have passed legislation concerning the enforcement of certain U.S. Judgments.

To seek recognition and enforcement of a U.S. Judgment, the law in Canada's common law provinces generally permits a proceeding to be brought before a court of competent jurisdiction in the relevant province to recognize and enforce a final and conclusive *in personam* judgment against the judgment debtor of a U.S. Court without reconsideration of the merits of the case before the U.S. Court if certain requirements are met, such as: (i) the U.S. Court rendering such U.S. Judgment had jurisdiction over the subject matter or judgment debtor, as recognized by the province for the purposes of recognition and enforcement of foreign judgments (and submission in the Indenture to the non-exclusive jurisdiction of a U.S. Court should be sufficient for that purpose); (ii) such U.S. Judgment was not obtained by fraud or in a manner contrary to natural justice in contravention of the fundamental principles of procedure and the foreign judgment and the enforcement thereof would not be contrary to public policy, or to an order made by the Attorney General of Canada under the *Foreign Extraterritorial Measures Act* (Canada) or by the Competition Tribunal under the *Competition Act* (Canada) in respect of certain judgments referred to in these statutes; (iii) the enforcement of such U.S. Judgment does not constitute, directly or indirectly, the enforcement of foreign revenue, expropriatory, penal or other public laws; (iv) the action to enforce such U.S. Judgment is commenced within applicable limitation periods and such U.S. Judgment meets the necessary conditions for recognition under the laws of the province; and (v) such U.S. Judgment has not been satisfied. Note, however, that the enforcement of a U.S. Judgment may be affected by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally. Further, if a U.S. Judgment is under or subject to appeal, then a proceeding to recognize and enforce it may be stayed pending the appeal's resolution.

In addition, under the *Currency Act* (Canada), a court in Canada may only render judgment for a sum of money in Canadian currency, and in enforcing a foreign judgment for a sum of money in a foreign currency, a court in Canada will render its decision in the Canadian currency equivalent of such foreign currency.

If a judgment holder seeks to enforce a U.S. Judgment in more than one province in Canada, it must obtain recognition on a province-by-province basis. A U.S. Judgment that has been recognized in a Canadian province can also be registered in other provinces (other than the Province of Quebec) and then enforced as a domestic judgment.

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 recognized 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 recognized 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 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 or our subsidiaries' websites, including DDH1 Limited's ("DDH1") 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:

- 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, including being able to retain our historical low-risk contracting model and margins;
- 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 adverse impact from outbreaks of epidemics, infectious diseases and other communicable disease outbreaks, including the COVID-19 outbreak, on our business and that of our customers and suppliers;
- 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;
- any delay in commencing or interruption to a project resulting in lost revenue or additional costs;
- risks associated with our expansion into North America and other new geographic markets in which we may expand our operations;
- difficulties in integrating our acquisitions, including our acquisition of DDH1;
- our ability to successfully implement our business strategy and manage our growth;
- our ability to adopt new technologies and adapt to the acceleration of decarbonization;
- our reliance on a small number of key suppliers;
- potential inadequacies in internal controls and risk management systems;
- 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 the Perenti Group'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 the Perenti Group'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 December 31, 2023, which was A$1.00 = US$0.6828. 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, 2019	0.7009	0.7153	0.7466	0.6860
Year ended June 30, 2020	0.6893	0.6711	0.7043	0.5755
Year ended June 30, 2021	0.7496	0.7472	0.7953	0.6917
Year ended June 30, 2022	0.6905	0.7256	0.7598	0.6852
Year ended June 30, 2023	0.6663	0.6731	0.7119	0.6219
Month ended January 31, 2024	0.6600	0.6636	0.6771	0.6539
Month ended February 29, 2024	0.6503	0.6522	0.6566	0.6460
Month ended March 31, 2024	0.6524	0.6558	0.6627	0.6507
Month ended April 2024 (through April 5, 2024)	0.6584	0.6551	0.6615	0.6484

Note:

(1) For the fiscal years and months indicated, the average of the noon buying rates on each business day during the respective year or 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 March 2024, 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 6, 2023, DDH1 Limited (and its subsidiaries). All references to Perenti prior to October 6, 2023 do not include reference to DDH1 Limited (and its subsidiaries). 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 6, 2023 of 100% of the issued share capital of DDH1 Limited;
- "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" means the Barminco division of our Contract Mining – Underground segment;
- "DDH1 Group" means DDH1 and its subsidiaries, collectively, which became our subsidiary with effect from the time of the Acquisition;
- "Perenti" means Perenti Limited;
- "Perenti Group" means Perenti and its subsidiaries, collectively; and
- "Syndicated Facility" means the syndicated facility agreement entered into on June 24, 2022, comprising various revolving and term loan tranches with an aggregate limit of A$445.0 million, under which HSBC Bank Australia Limited is facility agent, Global Loan Agency Services Australia Nominees Pty Ltd (originally CBA Corporate Services (NSW) Pty Limited) is security trustee, and the various lenders named therein are lenders (for a more detailed description, see "Description of Other Financing Arrangements—Syndicated Facility 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 and the DDH1 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"). The interim condensed consolidated financial statements of the Perenti Group and the interim condensed consolidated financial information of the DDH1 Group included in this Offering Memorandum have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and comply with IAS 34 *Interim Financial Reporting* as issued by the IASB. Australian Accounting Standards and IFRS 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. Certain amounts, percentages and other figures included in this Offering Memorandum have been subject to rounding adjustments and, as a result, such amounts, percentages and other figures shown as totals in certain tables, charts or diagrams may not sum.

Presentation of Historical Financial Information

Each of the Perenti Group's and the DDH1 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 "1H24" are to the six-month period ended December 31, 2023, references to "1H23" are to the six-month period ended December 31, 2022, references to "FY23" are to the fiscal year ended June 30, 2023, references to "FY22" are to the fiscal year ended June 30, 2022, and references to "FY21" are to the fiscal year ended June 30, 2021. 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 and Consolidation of DDH1

Following the Acquisition, we consolidated DDH1 Limited and its subsidiaries for the period from October 6, 2023 to December 31, 2023. This has resulted in a significant increase in the scale of our operations and significant changes to our financial condition.

On February 7, 2022, DDH1 Limited completed the acquisition of the issued share capital of Swick Mining Services Limited ("Swick") and its subsidiaries for a purchase price of A$88.2 million on a cash and scrip basis. The Swick acquisition impacts the comparability of DDH1's results for FY22 and FY23 and the balance sheet for the periods then ended.

The historical financial information for the Perenti Group for FY21, FY22, FY23, 1H23 and 1H24 included in this Offering Memorandum is derived from the separate consolidated financial statements of Perenti, and the historical financial information for the DDH1 Group for FY21, FY22, FY23 and the period ended October 6, 2023 included in this Offering Memorandum is derived from separate consolidated financial statements of DDH1 Limited, and does not show the impact of the Acquisition on either group in those periods.

Operating Segments

Prior to the Acquisition, we organized our operations into three operating segments: (1) Contract Mining – Underground, comprising the Barminco and AUMS businesses; (2) Contract Mining – Surface, comprising the AMS and Ausdrill businesses; and (3) Mining Services and idoba (as defined below), which includes our other businesses, namely, the BTP Group, Supply Direct, Logistics Direct and idoba. These three operating segments were supported by a fourth supporting segment, Corporate.

As a result of the Acquisition, we formed a new Drilling Services division (combining DDH1 and our drilling business, Ausdrill) to reflect divisional accountability under the combined operating business model more accurately. As a result of Ausdrill's transfer to the Drilling Services division, the Contract Mining – Surface and the Contract Mining – Underground divisions were combined into the Contract Mining division, reflective of the type of services the respective business units provide.

Following the reorganization of our divisions, our operations consists of three operating segments, or divisions: (1) Contract Mining, comprising the Barminco, AUMS and African Mining Services ("AMS") businesses; (2) Drilling Services, comprising Ausdrill and the DDH1 drilling businesses, namely DDH1 Drilling, Swick Mining Services, Strike Drilling and Ranger Drilling; and (3) Mining Services and idoba, comprising BTP Parts, BTP Equipment (together with BTP Parts, the "BTP Group"), the Supply Direct and the Logistics Direct businesses and idoba. These three operating segments are supported by a fourth supporting segment, Corporate.

For the avoidance of doubt for the purposes of this Offering Memorandum, Ausdrill is included in Contract Mining – Surface and the DDH1 Group is included in Drilling Services unless otherwise stated.

While we have restated our segments for 1H23 and as of December 31, 2022, so that the financial information presented is comparable to our new segments for 1H24 and as of December 31, 2023, we have not restated our segments for FY23, FY22, FY21. Therefore, the segments analysis in this Offering Memorandum presents the historic segments for 1H24 (with Drilling Services (DDH1 Group) shown separately in 1H24) and 1H23, FY23, FY22, FY21, together with our new segmentation for 1H24 and 1H23.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segments."

Pro Forma Condensed Combined Financial Information

In this Offering Memorandum, we have presented unaudited pro forma condensed combined statements of profit and loss for FY23 and 1H24 that give effect to the Acquisition, which was completed on October 6, 2023, and the debt refinancing and repayment, as if they occurred on July 1, 2022.

The unaudited pro forma condensed combined statements of profit or loss for FY23 and 1H24 show the impact of the Acquisition on Perenti's combined results of operations under the acquisition method of accounting with Perenti treated as the acquirer. Adjustments have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and complies with IFRS as issued by the IASB. Estimated adjustments have been made to reflect the acquisition method of accounting as required by the Australian Accounting Standards AASB 3: Business Combinations, including adjustments to record the assets and liabilities of DDH1 at its preliminary fair value. However, the unaudited pro forma condensed combined statement of profit or loss presented in this Offering Memorandum is based in part on certain assumptions regarding the Acquisition and intercompany eliminations which we believe are reasonable. We cannot assure you that our assumptions will prove to be accurate over time. Accordingly, the historical, pro forma and other financial information included in this Offering Memorandum may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future. Neither the underlying pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with Australian Auditing Standards and accordingly such unaudited pro forma condensed combined statement of profit or loss presented in this Offering Memorandum should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor. None of the Initial Purchasers or any of their affiliates, officers, advisers, directors, employees, agents and representatives makes any representation or warranty, express or implied, regarding the accuracy or completeness of such pro forma condensed combined financial information or their sufficiency for an assessment of, and investors are cautioned not to place undue reliance on the such pro forma condensed combined financial information included in this Offering Memorandum. See also, "Risk Factors—Risks Relating to Our Business and Industry—The historical financial information of Perenti and DDH1 Limited and our pro forma financial information may not be representative of our results as a combined company in the future."

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:

- "Capital expenditures," which is defined as payments for property, plant and equipment;
- "EBIT(A)," which is defined as profit (loss) before income tax, net interest expense and amortization expense;
- "EBITDA," which is defined as profit (loss) before income tax, depreciation and amortization expense and net interest expense;
- "free operating cash flow," which is defined as our net cash flow from operating activities less sustaining capital expenditure. Plant and equipment depreciation is 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 routine sale of property, plant and equipment and assets held for sale;
- "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 net debt to Underlying EBITDA," which is defined as net debt divided by Underlying EBITDA;
- "ratio of Underlying EBITDA to net interest expense," which is defined as Underlying EBITDA divided by net interest expense;
- "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, asset held for sale less trade and other payables for the relevant period;
- "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;
- "Underlying EBIT(A)," which is defined as profit (loss) before income tax, net interest expense, amortization of customer related intangibles 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) 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 NPAT(A)," which is defined as profit (loss) after income tax but before, amortization of customer related intangibles and certain adjustments (as set out in the reconciliation table below), 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 revenue from the exited projects as part of AMS strategic review;
- "Underlying Segment EBIT(A)," which is defined as profit (loss) before income tax, net interest expense, amortization of customer related intangibles 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; and
- "Underlying Segment EBITDA," which is defined as profit (loss) 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)."

For more information on EBIT(A), EBITDA, Underlying EBITDA, Underlying EBIT(A) and Underlying NPAT(A), including a reconciliation of non-GAAP financial measures to profit from continuing operations for the relevant periods, see "Summary Historical and Pro Forma Financial Information," "Selected Historical Consolidated and Pro Forma Condensed Combined 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 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 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 and Pro Forma Financial Information." Prospective investors should read this entire Offering Memorandum carefully, including the sections entitled "Risk Factors," "Unaudited Pro Forma Condensed Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," the financial statements of Perenti and related notes, and the financial statements of DDH1 and related notes before making an investment decision.

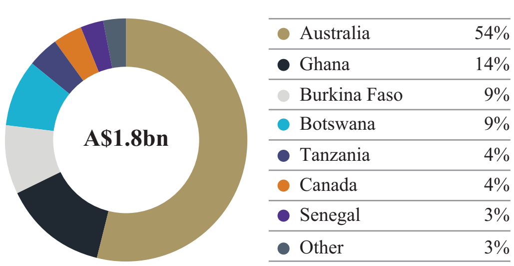
Company Overview

We are a production oriented diversified mining services provider with operations in 12 countries across Australia, North America, Europe and Africa. In operation since 1987, we listed on the ASX in 1994, and we are now an ASX 300 constituent with a market capitalization of approximately A$931.6 million as of April 4, 2024. For the pro forma year ended June 30, 2023, we had revenue of A$3,430.6 million and Underlying EBITDA of A$671.4 million. For the pro forma six months ended December 31, 2023, we had revenue of A$1,798.5 million and Underlying EBITDA of A$336.8 million. As of December 31, 2023, we were contracted to provide services across more than 60 projects, employed approximately 11,000 people worldwide and had a property, plant and equipment balance (inclusive of right-of-use assets), predominantly comprising our mobile mining equipment, of A$1.3 billion. Our head office is located in Perth, Western Australia.

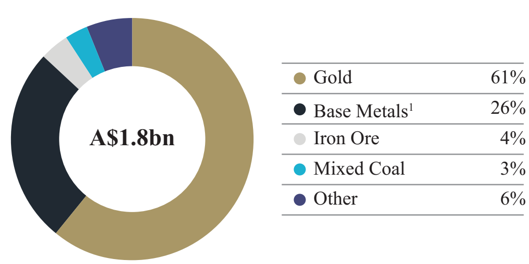
Our principal activity is the provision of contract mining services, drilling services and other value add mining services primarily to customers that are in the production phase of their mining operations. Our orientation towards the production phase provides increased earnings stability and resilience through the commodity price cycle. These services are essential for our customers to operate their mines and remain in production. We principally provide underground and surface contract mining, development and production-related services to our mining clients across Australia, North America, Europe and Africa. These services include hard-rock specialized services, high speed decline development and production services, load and haul, crusher feed, drilling and blasting, and mine grade control. 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. Following our acquisition of DDH1 in October 2023, for consideration of A$329.7 million, A$279.7 million of which was in the form of Perenti shares, we now operate one of the largest drill fleets globally (measured by the number of drill rigs) and provide customers with access to a broad range of specialized underground and surface drilling services. We primarily provide our services to customers in the gold and base metals sectors.

The charts below illustrate the diversity of our revenue by geography and by commodity for the pro forma six months ended December 31, 2023.

Revenue by Geography – Pro forma six months ended December 31, 2023



Revenue by Commodity – Pro forma six months ended December 31, 2023

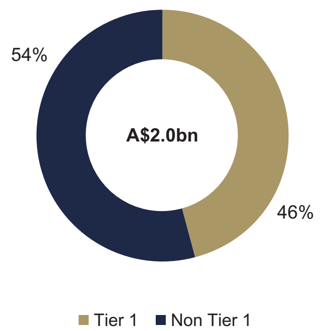


Note:

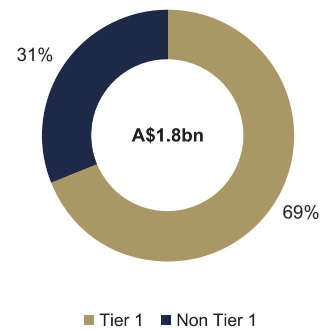
(1) Base metals includes copper and nickel

We continue to prioritize growth in countries which have lower sovereign risk and an investment grade credit rating. We refer to these countries as Tier 1 jurisdictions. The charts below illustrate the composition of our revenue from Tier 1 jurisdictions in FY20, being the first full year after the Barminco acquisition, and in the pro forma six months ended December 31, 2023.

Revenue from Tier 1 Jurisdictions – FY20



Revenue from Tier 1 Jurisdictions – Pro forma six months ended December 31, 2023

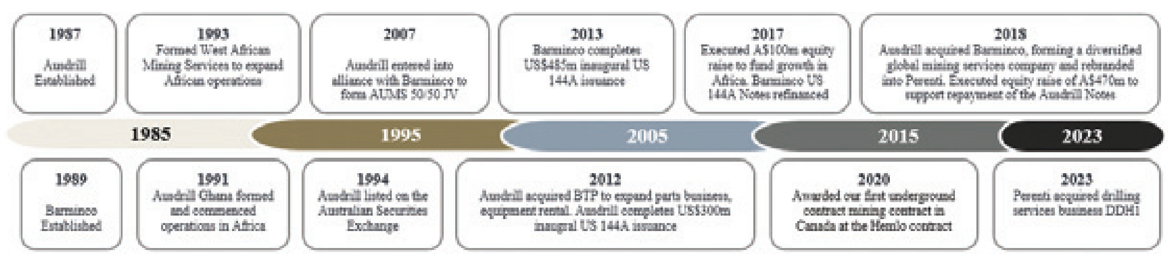


Note:

(1) Tier 1 jurisdictions are countries that have received a sovereign rating from either Moody's, S&P Global or Fitch which is investment grade.

Company History

We were established in 1987 to provide contract drilling services to mining companies operating in Kalgoorlie, Western Australia. In our 37 years of operation, we have grown from a one-drill contract mining operation in Kalgoorlie, Western Australia servicing junior and mid-tier clients to a production oriented, diversified mining services provider servicing some of the world's largest mining companies.

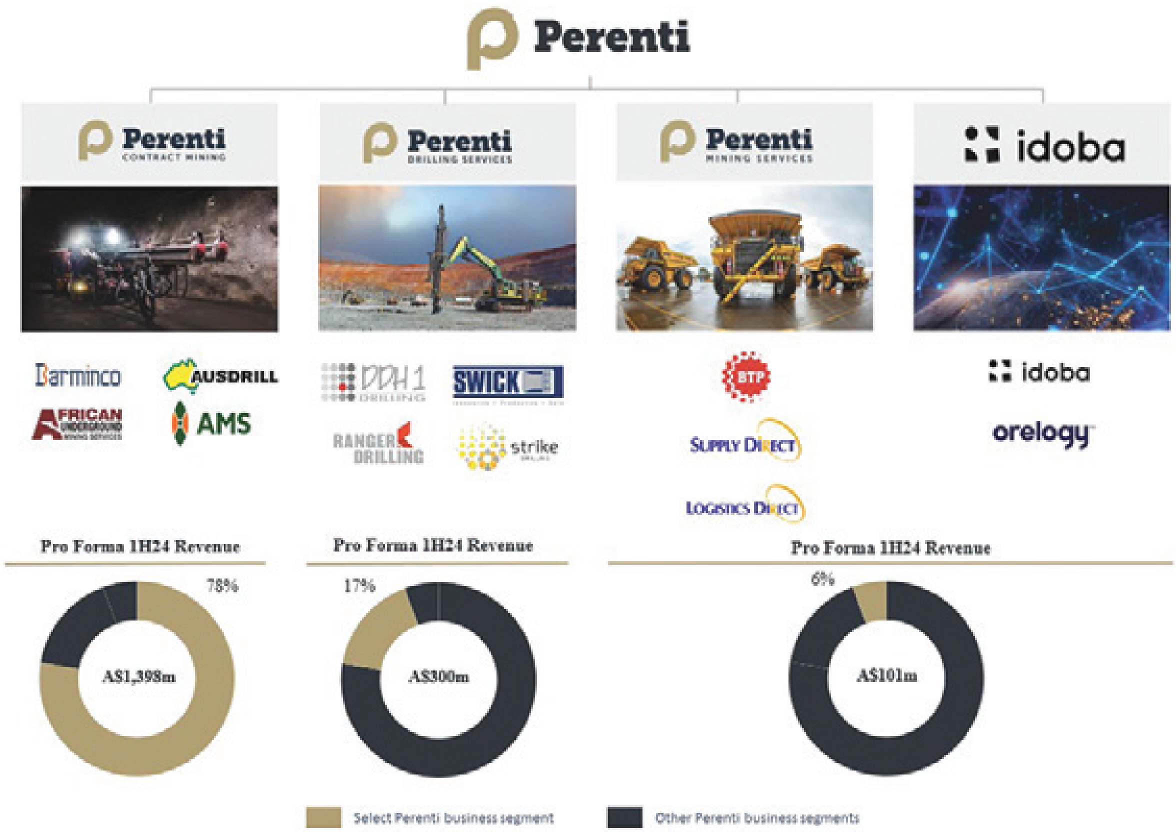


Operating Segments

We group our businesses into the following operating segments, as follows:

- Contract Mining, including surface mining and underground mining, which we carry out through our Barminco, African Underground Mining Services (AUMS), Ausdrill and African Mining Services (AMS) businesses;
- Drilling Services, which comprises the operations we acquired in the DDH1 acquisition, including the DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services businesses;
- Mining Services and Idoba Pty Ltd ("idoba"),
  - Mining Services includes our BTP, Supply Direct and Logistics Direct businesses; and
  - idoba, which comprises our idoba mining technology business, including its Orelogy subsidiary.

The chart below shows selected financial information for the Perenti Group and each of our operating segments for the pro forma six months ended December 31, 2023.



Contract Mining. Our contract mining operating segment comprises underground and surface mining services. We provide underground and surface mining services across a number of commodities, including gold, copper and nickel.

Underground Mining. Underground mining services are provided by Barminco and AUMS, which currently operate in Australia, Canada, Botswana, Burkina Faso, Ghana and Tanzania. In our underground mining business, we provide specialist underground contract mining services employing decline access mining methods mainly through the use of our own personnel and equipment. We provide underground contract mining services at 16 projects globally. In the pro forma six months ended December 31, 2023, we had underground mining revenue of A$1,075.7 million, representing 59.8% of total revenue for the period.

Surface Mining. Surface mining services are provided by AMS and Ausdrill, which currently operate in Australia, Botswana, Burkina Faso, Ghana and Senegal. The range of services we provide include 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, and load and haul. In Africa we provide the full suite of services, however, in Australia our services have been limited to exploration and drill and blast. We provide surface contract mining services at 17 projects globally. In the pro forma six months ended December 31, 2023, we had surface mining revenue of A$322.0 million, representing 17.9% of total revenue for the period.

Drilling Services

Drilling services are provided by our DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services businesses. We provide drilling services across all stages of the mine life cycle (excluding mine rehabilitation) and have both underground and surface drilling capability, including specialized deep hole multi-intersectional directional diamond core drilling, drilling and blasting and in-pit grade control. Our Swick Mining

Services business also manufactures its own drill rigs for use in underground drilling and is in the process of internally developing an electric drill rig. We provide drilling services across Australia, Europe and North America, with approximately 83% of our revenue base derived from production and resource definition services, and approximately 40% of revenue derived from underground mines in the pro forma six months ended December 31, 2023 period. Also within this period, we had drilling services revenue of A$299.5 million, representing 16.7% of total revenue for the period.

Mining Services and idoba

Mining Services. Our Mining Services segment comprises various business units providing mining equipment hire, equipment rebuilds, component manufacturing and parts sales, field and maintenance services, and supply and logistics solutions. The businesses in this operating segment are BTP Group, which operates wholly in Australia, plus Logistics Direct and Supply Direct which operate predominantly in Africa.

idoba. idoba is a technology informed services and products business focused on the development of unique end to end digital and technology solutions, and provides consulting services through its subsidiary Orelogy. idoba's operations are predominantly in Australia.

In the pro forma six months ended December 31, 2023, we had combined Mining Services and idoba revenue of A$101.4 million, representing 5.6% of total revenue for the period.

Our Operations

As a production-oriented mining services provider with operations across Australia, North America, Europe and Africa, our contracts are diversified by service, customer, geography, and commodity.

We are a leading provider of mining services in Australia and believe we have earned a reputation with our customers for strong performance built over more than 37 years of operation. The mining sites at which we operate in Australia are primarily based in Western Australia, with a presence in Queensland, South Australia, Northern Territory and New South Wales. Our market leading position has been further strengthened through our recent acquisition of Australia's largest drilling services provider, DDH1. In the pro forma six months ended December 31, 2023, we derived 54% of our revenue from Australia.

We have provided contract mining services in Africa since 1991 in a number of countries. The mining sites that we are currently contracted to include those in Botswana, Burkina Faso, Ghana, Senegal and Tanzania, and our Supply Direct business is domiciled in South Africa. We remain selective with the countries in which we operate to reduce our operational and financial risk and focus on jurisdictions where the government supports the development of the mining industry. In the pro forma six months ended December 31, 2023, we derived 31% of our revenue from African countries (excluding Botswana) and 9% from Botswana, a Tier 1 jurisdiction.

Barminco commenced work in Ontario, Canada in FY20 through its contract with Barrick Gold Corporation, which was its first mining services contract in North America. Barminco has continued its North American expansion through its contract at Newcrest's Red Chris mine in Canada which was awarded in FY21. Swick Mining Services has also operated in North America since FY10 on various underground drilling projects. In the pro forma six months ended December 31, 2023, approximately 5% our revenue was derived from North America.

We have prioritized growth in Tier 1 jurisdictions over the past three years and as a result, revenue from these regions has increased from 46% in FY20 to 69% in the pro forma six months ended December 31, 2023, reducing our exposure to country risk and improving the quality of our earnings.

We actively monitor our risk profile across our existing operations and regions to ensure it remains within the risk appetite set by our Board. Where risk levels in a country or region exceed our risk appetite, we may decide to exit that country or region. Consistent with our strategy to manage operating and financial risk, we have withdrawn from Mali (and no longer have operations there) and are no longer pursuing growth opportunities in Burkina Faso, although we will continue to support current customers at the mines in which we operate.

We believe there are growth opportunities across a range of commodities and markets in which we operate. We continue to see a strong pipeline of potential opportunities in Australia and believe that we are well positioned to convert these opportunities to new contractual awards given a reputation with our customers for strong performance. We view North America as an attractive region for further expansion of our underground mining capabilities, with identified opportunities in that region accounting for 22% of our pipeline of anticipated tendering opportunities as of December 31, 2023. In addition, we view Botswana (rated A3 by Moody's and BBB+ by S&P Global), to be an attractive jurisdiction with a significant number of potential mining opportunities, a stable political environment, strong governance systems and a skilled workforce. We commenced underground mining operations under our contract with Khoemacau Copper Mining in December 2019. We also commenced surface mining operations for the T3 project in February 2022 and A4 project in September 2023 under our contract with Sandfire Resources.

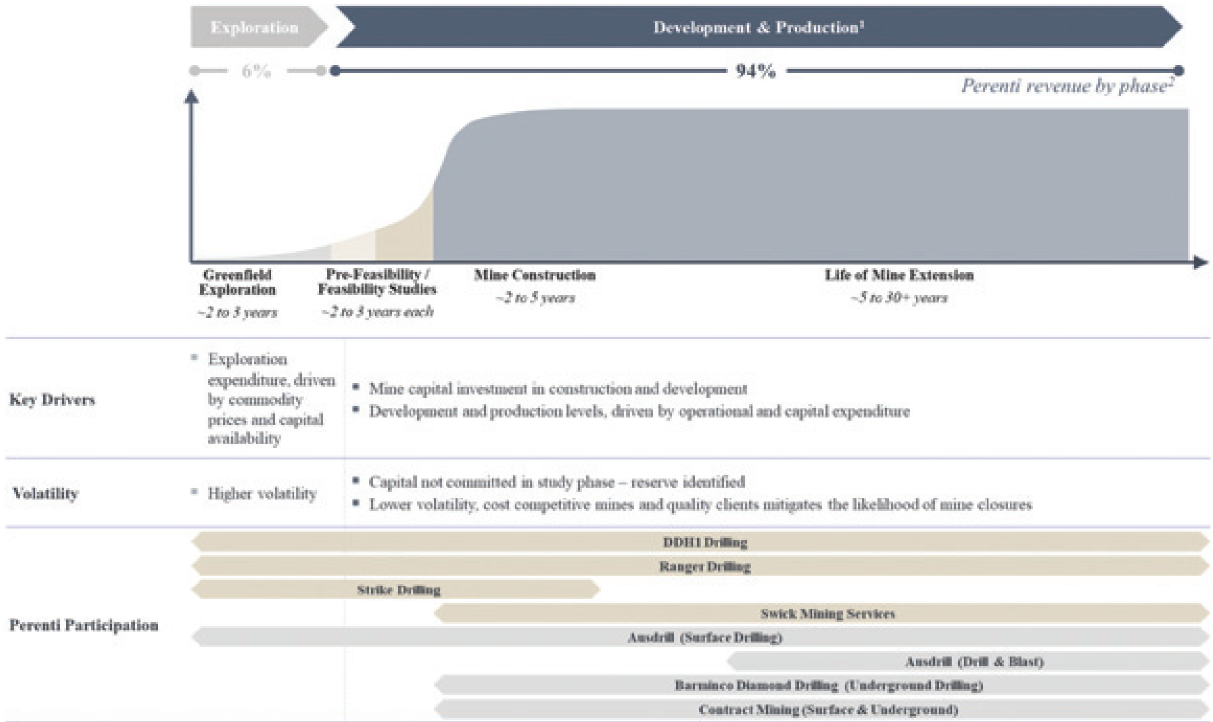
Our Services within the Mining Life Cycle

The life cycle of a mine can be generally broken down into the following phases: exploration, development, 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. Accordingly, when we refer to the production phase of a mining operation, we generally encompass the development phase as well.

Our core activity is providing contract mining and drilling services to owners of mines in the production phase, accounting for 94% of contract mining and drilling services revenue in the pro forma six months ended December 31, 2023.

Our contract mining services revenue is influenced primarily by mine owners' long-term decisions to continue producing at a site, and short-term fluctuations in commodity prices are influential only to the extent that they drive decisions to cease or reduce production. Our revenue is predominantly affected by the quantity of materials moved, meters drilled, or meters advanced. We have limited exposure to exploration activities, which can be more volatile and to an 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, can be more short-term from commencement to completion and can therefore result in greater earnings volatility than our core production-related activities. We have no direct exposure to the commodities produced at the mines that we service.

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.



Notes:

(1) Includes limited pre-feasibility and feasibility phases

(2) Revenue contribution based on combined contract mining and drilling services revenue only in the pro forma six months ended December 31, 2023.

Our Customers

We have a large and diverse customer base that includes some of the largest mining companies in the world, as well as mid-tier and emerging miners. We service clients operating across more than 60 contracts across 12 countries. We have strong relationships with our customers, with the average length of relationship exceeding 12 years for our top 10 customers by revenue in the pro forma six months ended December 31, 2023. Our contracts are generally at the individual mine or operating subsidiary level.

Customer	Commodity	Length of Relationship (years)	% of Pro Forma Six months ended December 31, 2023 Revenue
AngloGoldAshanti	Gold	20	18.1
igo (1)	Nickel	19	8.2
Newmont (2)	Gold	18	7.6
KHOEMACAU COPPER MINING	Copper	4	5.8
Gold Fields	Gold	29	5.0

Customer	Commodity	Length of Relationship (years)	% of Pro Forma Six months ended December 31, 2023 Revenue
Evolution Mining	Gold	10	4.9
Regis Resources	Gold	10	4.2
Fortuna Silver Mines Inc. (3)	Gold	9	3.7
Endeavour Mining	Gold	5	3.5
Sandfire	Copper	2	3.4
Total			**64.4%**

Notes:

(1) Relationship inclusive of IGO's acquisition of Western Areas.

(2) Relationship inclusive of Newmont's acquisition of Newcrest.

(3) Relationship inclusive of Fortuna's acquisition of Roxgold.

Our top ten customers accounted for 64% of our revenue in the pro forma six months ended December 31, 2023, with several of our large customers having multiple contracts with us across their operations, providing a greater level of earnings diversification. We believe that our ability to maintain long-standing customer relationships and our high contract renewal rates reflect our strong track record of operational performance.

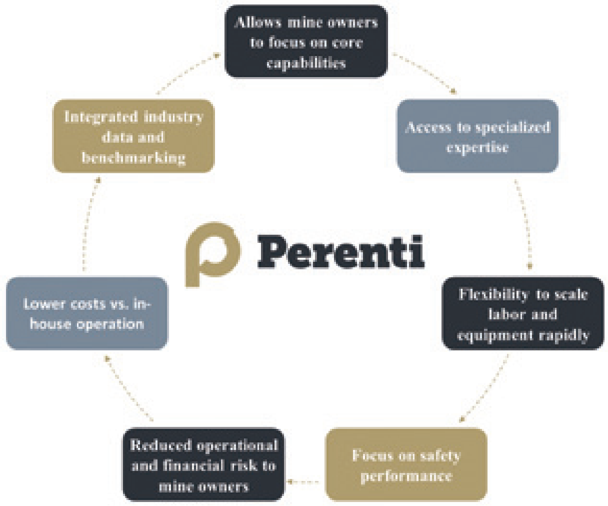
Our Value Add Service Offering

Our 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 have over 37 years of operating history providing mining services. Our customers benefit from having access to the specialized expertise and capability we have developed across many mine sites and we believe our offering provides our 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, trained labor force and long-standing supplier relationships. 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. Our strong focus on internal and external control systems are important for mine owners who are increasingly focused on maintaining a reputation for safety and risk management.

We believe that the combination of our operational 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 can lead to a lower overall cost of production.

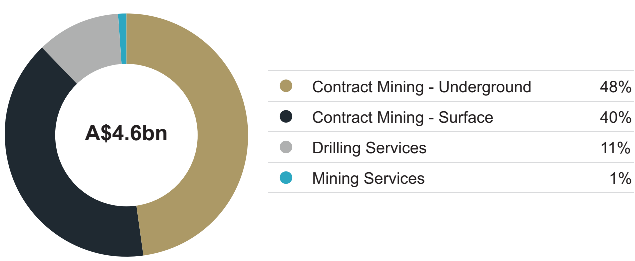


Our Contracts

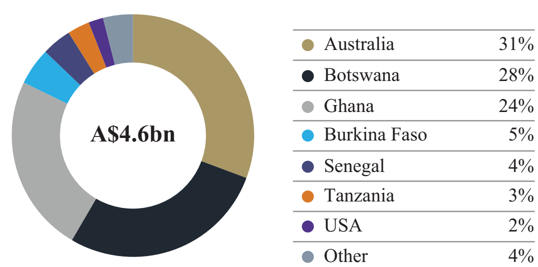
As a leading diversified global mining services provider we are generally invited to tender for significant new underground and surface contract mining opportunities. We believe that our scale and reputation provides us with a competitive advantage and enables us to be selective in the contracts we pursue and for which we submit a tender.

Our strong financial profile and earnings are underpinned by a large order book, coupled with our strong track record of contract renewals and extensions. Our order book as of December 31, 2023 had an aggregated contracted value of A$4.6 billion, of which A$1.3 billion relates to FY24.

Order Book by Segment – as at December 31, 2023



Order Book by Geography – as at December 31, 2023



As of December 31, 2023, we were in the process of negotiating contract rollovers and variations with existing clients which, if successful, may increase our order book by A$5.2 billion over 5 years.

Our tender response process primarily focuses on dedicating resources to projects with the highest probability of success and which are likely to generate maximum value. We subject our tender decisions to a robust governance system, with material investment decisions subject to internal review by functional management and our investment committee. This process assesses each tender response against our capital allocation framework and a range of other criteria which include amongst other things project risks and returns. Detailed risk assessments are completed for each project, which along with cost and pricing analysis to establish appropriate pricing, supports our understanding of project margins and cash flows. During the tender process, we evaluate detailed technical information, and information with respect to the local geography, political situation, infrastructure and logistics. Site visits are conducted 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, along with target returns reflecting geographic, client and site risk factors. 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 revenue from the provision of mining services performed under schedule of rates contracts which are commercially "fee for service" arrangements. We do not have any fixed price, lump sum or turnkey contracts.

Our contracts are typically structured with a base fee and variable fee component which include, in each case, our embedded margin. This schedule of rates contracting approach ultimately seeks to align revenue to the underlying cost structure of our services, where approximately 75% of our costs are variable. The base fee and variable fee components comprise:

- Base Fee component – Typically structured to cover management's time and oversight including tender costs, equipment mobilization and demobilization, any fixed contract overheads, and capital costs and charges for our equipment which will be used in the performance of the contract. The base fee includes an embedded margin.
- Variable Fee component – Typically for each contract, there is an agreed set of unit rates for each of the services that can be performed by us at the customer's mine site. For example, the unit rates under a drilling contract are generally based on meters drilled, or for a mining services contract, there will be unit rates based on the type, volume and distance of material moved. Based on the services performed by us during a billing period, a total variable fee component will be calculated and charged to the customer. The unit rates for each service includes an embedded margin and will cover the costs of operating labor, equipment maintenance and mining consumables.

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. Our contracts generally include clauses that allow for the renegotiation of our unit rates if our customer varies their tendered mine plan by more than an agreed threshold, for example if the meters drilled or volume of material moved is increased or decreased beyond a specified threshold. Our contracts also include 'rise-and-fall' provisions which means that the unit rates for our services can be periodically increased or decreased in line with changes in our underlying costs such as labor and consumables (for example, tires and spares, equipment parts, oil and fuel).

While our contract lengths vary, most of our underground and surface contract mining contracts are for terms of between three and five years, and five to eight years, respectively. Most of our contracts can be terminated for convenience by the customer, however we have a strong track record of contract renewals and extensions. In addition, our contracts generally contain protections to ensure recovery of costs and provide returns in the case of early termination. These termination protections, include:

- early termination payments which provide us with the ability to recoup contract origination costs including equipment purchases and original mobilization costs. Early termination payments will typically reduce over the term of a contract as returns for these costs will be earned over this period;
- provisions for staff retrenchment; and
- demobilization costs.

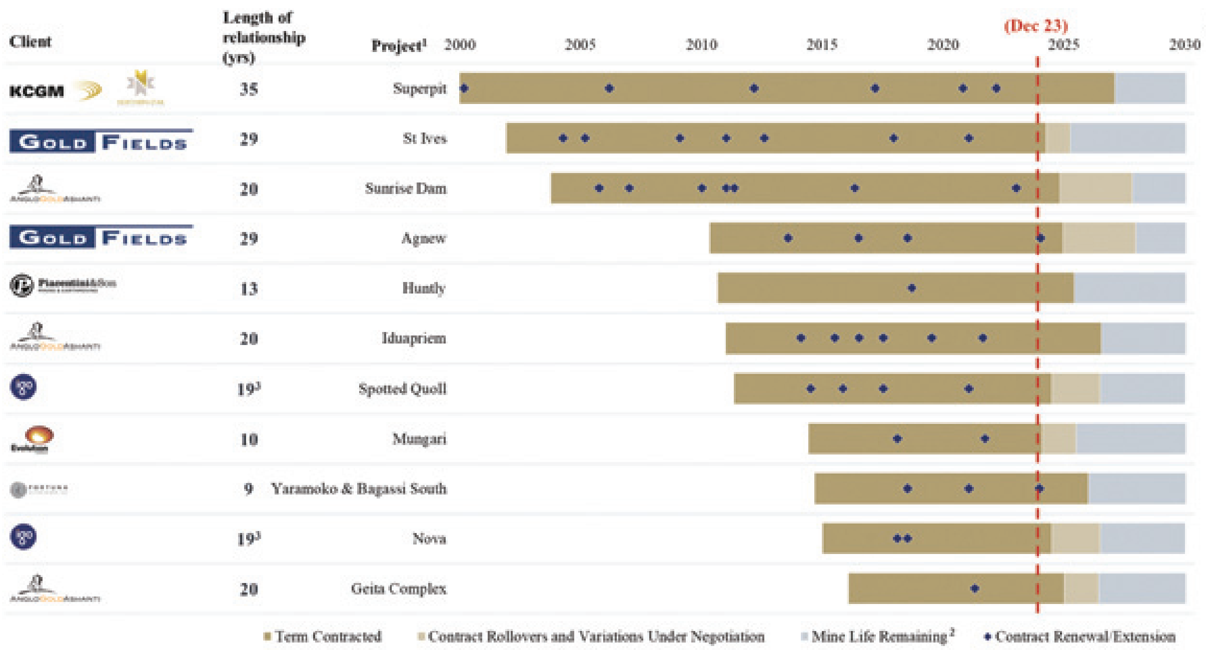
These provisions contribute to stability of returns and recovery of costs incurred.

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 and source replacement equipment. Early termination of a contract could lead to the customer potentially experiencing production disruptions, downtime, or both.

Contract Profile

Our strategy is to target contract opportunities with customers (i) whom we have strong relationships, (ii) whom we expect to be low-cost producers, (iii) at mines which we expect to have long remaining mine lives, and (iv) at mines which are located in Tier 1 jurisdictions. While our contracts are typically for an initial term of three to five years, we have 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 December 31, 2023, we had a weighted average remaining contract term of three years including extension options to be exercised by our customers.

We have a long track record of contract extensions and renewals. We have a contract renewal rate above 95% for underground contract mining as at December 31, 2023. Our selected longest standing contracts showing contract renewals and estimated remaining mine lives is illustrated in the graphic below.



Notes:

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

(2) Mine Life Remaining based on Wood Mackenzie report dated March 2024.

(3) Relationship inclusive of IGO's acquisition of Western Areas.

Our Mining Fleet

We own and operate a large, high quality fleet of 1,296 pieces of standardized mobile mining equipment as at December 31, 2023, made by many of the world's leading manufacturers of mining equipment including Sandvik, Caterpillar, Hitachi, Liebherr and Atlas Copco. We operate large drill fleets globally, with a modern fleet of 484 drills as of December 31, 2023. Our property, plant and equipment balance (inclusive of right-of-use assets) as of December 31, 2023, which predominantly includes our mobile mining equipment, was A$1.3 billion.

Mining Fleet Units by Segment

Category	Underground Mining	Surface Mining	Drilling Services	Mining Services	Total
Drills	136	152	196	—	484
Trucks	102	113	—	27	242
Loaders	107	16	—	11	134
Dozers	—	33	—	31	64
Excavators	—	28	—	1	29
Ancillary	213	103	—	27	343
Total	**558**	**445**	**196**	**97**	**1,296**

Our fleet strategy focuses on equipment that can be used in a wide range of applications across different commodities. This fleet strategy provides us with greater operational flexibility as we may 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 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.

We have strong relationships with our key equipment suppliers, including primarily Sandvik for underground mining equipment and Caterpillar for surface mining equipment. Our strong relationship with these suppliers improves 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 appropriate operating conditions, which in turn maximizes productivity.

Our sustainability priorities and commitments

We aim to embed sustainability in everything we do. We recognize that considering social, environmental, ethical and economic aspects will assist us to fulfill our purpose and are committed to contributing to the social, environmental and economic development of the regions in which we operate. Over recent years, we have undertaken a materiality assessment to identify sustainability issues that are important to our business and our stakeholders. During FY23, our Group Executive Committee and Board has identified key sustainability priorities where we will focus our efforts. These priorities are preventing adverse life changing events, creating safe and respectful workplaces and achieving gender balance, partnering with our communities, and accelerating decarbonization.

We are committed to delivering on a number of key sustainability targets over the medium to long term, including: (i) ensuring no adverse life changing events; (ii) achieving net zero scope 1 and 2 greenhouse gas emissions by FY30 from a FY22 baseline, with 40% net reduction by end of FY26; and (iii) promote diversity by targeting 33% female representation across our global workforce by end of FY33.

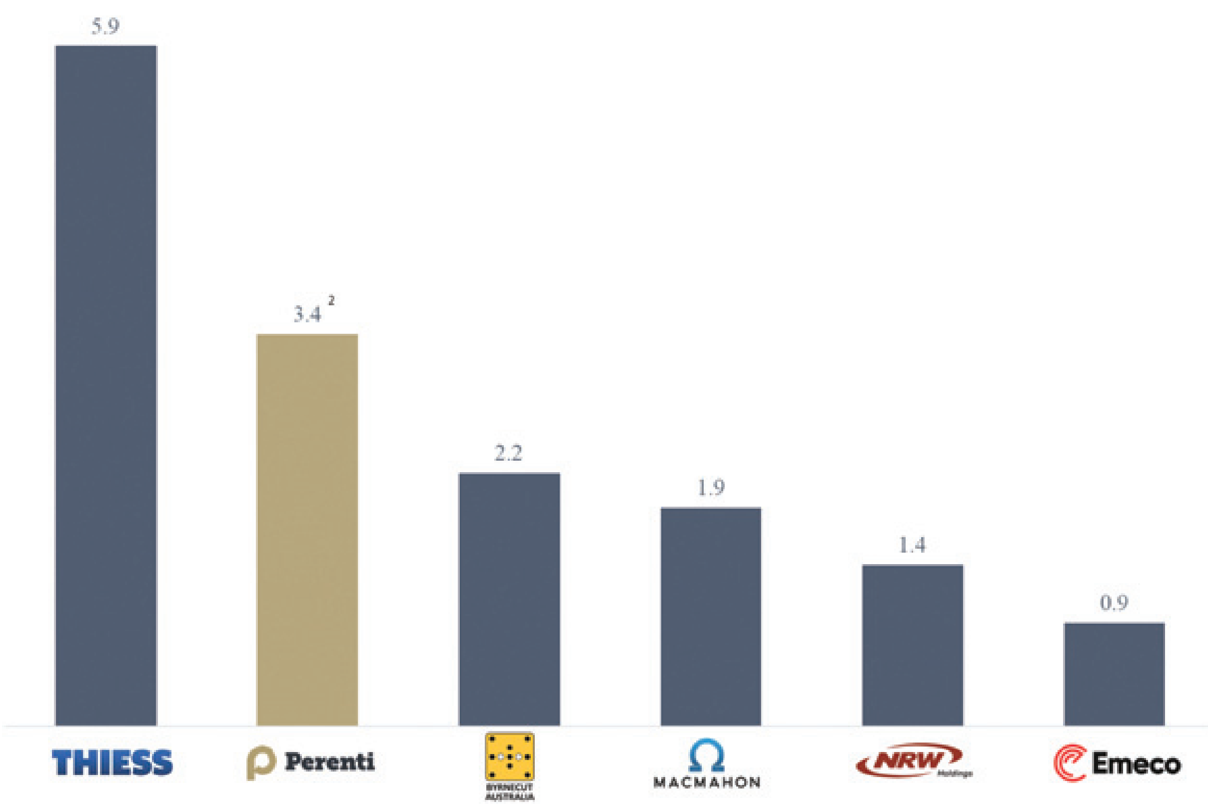
Our Business Strengths

We are a market leading provider of a diversified portfolio of complex services to the global mining industry

We believe that we have established a market leading reputation for productivity, reliability and efficiency with respect to our services, including for our technical expertise in highly specialized mining and drilling operations. 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 Environment, Social and Governance (ESG) policy, safety, risk management and productivity, which enables us to contract with larger counterparties with a stronger focus on control systems, compliance and governance. Our scale, extensive operating history across our customers' mines and reputation mean we are invited to tender for most significant new contracts. This enables us to be selective in the contracts that we elect to pursue and maintain financial discipline including our margins when we respond to tenders.

Our scale also provides us with experience across different mining applications and commodities and enhances our ability to provide highly skilled labor and high quality equipment to our customers and to mobilize resources to mine sites promptly, which we believe is a competitive advantage. We have access to a substantial base of contract performance data across our contracted order book, including revenue, cost and equipment reliability data, resulting in improved tendering accuracy and stability of margins and earnings. Finally, our scale provides us with economies of scale and purchasing power with suppliers.

Australian Mining Services Businesses by Revenue(1) (A$ billion)



Notes:

(1) Revenue based on latest available filings. Thiess FY23 annual revenue for the year ended December 31, 2023. Byrnecut FY22 revenue based on filings for Byrnecut Offshore Pty Ltd and Byrnecut Australia Pty Ltd for financial year ended December 31, 2022. MacMahon FY23 annual revenue for the year ended June 30, 2023. Emeco FY23 annual revenue for the year ended June 30, 2023. NRW is FY23 revenue for its mining segment for the year ended June 30, 2023.

(2) Perenti pro forma FY23 revenue.

The services we offer our customers require technical expertise and specialization. Underground mining in particular is highly complex, with requirements for specialized equipment and skills that serve as a significant barrier to entry. We have extensive experience managing and operating 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. Many of our customers value our technical expertise and experience, especially as many underground mining operations become deeper and also to mine certain critical minerals, demand for which is increasing.

Our safety performance is evaluated in all of our mining services tenders and is one of the most significant evaluation criteria used by our customers in determining the appointment of the mining services contractor. 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 business model focuses on the more stable production phase of the mining value chain

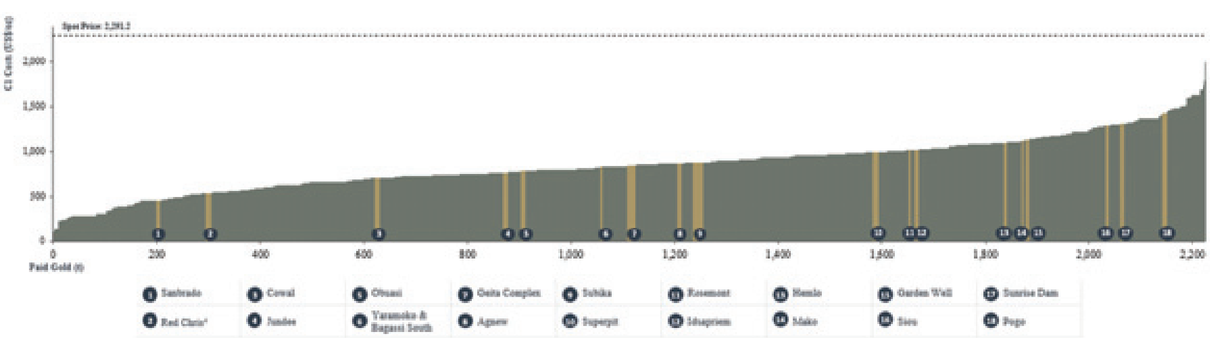
Production based revenue

We earn most of our revenue from services that are critical to producing mines, which provides us with relatively stable and predictable revenue. Our orientation towards 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. Production related mining services contributed 94% of our contract mining and drilling services sales revenue in the pro forma six months ended December 31, 2023. We are typically the exclusive provider of contract mining services at the mines at which we are contracted. We cannot be easily replaced without mine owners risking significant production downtime or interruption.

Cost competitive mines

We 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, approximately 90% of our customers have a C1 cash cost below US\$1,400.0/oz, which is below the spot price for gold as of December 31, 2023 of US\$2,017.9/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),(3)



Notes:

(1) FactSet Spot price as at March 26, 2024.

(2) Sourced from Wood Mackenzie report dated March 2024 showing a selection of Perenti's contracted mines.

(3) Chart starts at US\$108/oz.

(4) Newcrest plans to transition the current open pit mine at Red Chris to an underground block cave operation. The 2030 cost position of Red Chris is displayed here to reflect a normalized cost level after the expansion is complete.

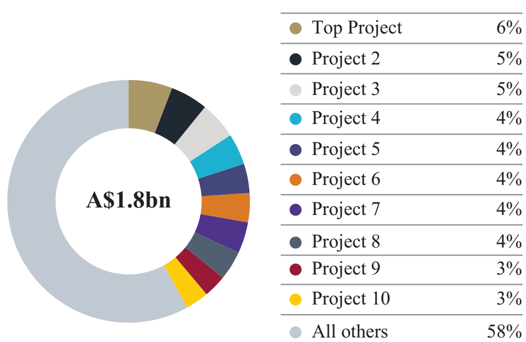
Our business model is also aligned with favorable industry trends that are emerging in the mining sector. These trends include:

- New mines increasingly going underground with surface mine deposits becoming depleted, as surface mines face increasing social-license challenges, and existing underground mines becoming deeper with more complex geology. As a market leader in underground hard-rock contract mining and drilling services with strong technical capacity, we are well placed to benefit from this trend;
- Global decarbonization and energy transition driving strong long term demand for critical minerals, such as copper and nickel, which will require new mines to be developed to meet this demand. We are well-placed to benefit from this trend with approximately 26% of revenue (pro forma six months ended December 31, 2023) currently generated from copper and nickel mines; and
- Miners are increasingly focused on their carbon footprint and ESG/sustainability with a preference to partner with suppliers that can add value. With our scale and technical expertise, we are well placed to bring best practice across a range of areas, including health and safety, technology (for example, fleet electrification), and environmental management to drive more sustainable operations for our customers.

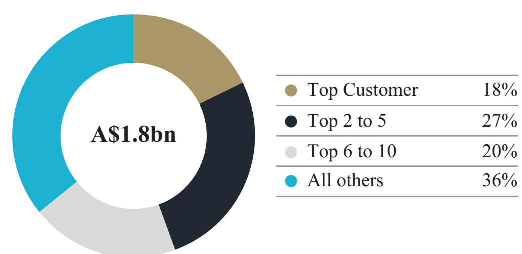
We operate a business that is highly diversified by project, customer, commodity, and geography

Our operating scale provides diversification benefits across our business, with our earnings diversified by contract type, project, customer, commodity, service provided and geography. Our expertise and capability to provide a broad service offering to our customers provides us with the ability to target opportunities at multiple mines during the various stages of the mining lifecycle. Our revenue is diversified across both contract mining and drilling services, which gives us the flexibility to take advantage of growth opportunities in each segment of mining activity, limits our operational risk, specific site disruptions and risk of over-exposure to a particular activity and helps to promote stable financial performance over time. Our revenue from our largest project accounted for 6% of our pro forma six months period ended December 31, 2023 revenue, and our revenue from our top 10 largest projects accounted for 42% of our pro forma six months ended December 31, 2023 revenue. This diversification reduces the financial impact of losing any particular contract.

Revenue by Project – Pro forma six months ended December 31, 2023



Revenue by Customer – Pro forma six months ended December 31, 2023



The services we provide, the equipment we operate and processes we utilize are transferable across commodities that we mine for our customers, which enables us to tender for a wide range of contracts and commodities.

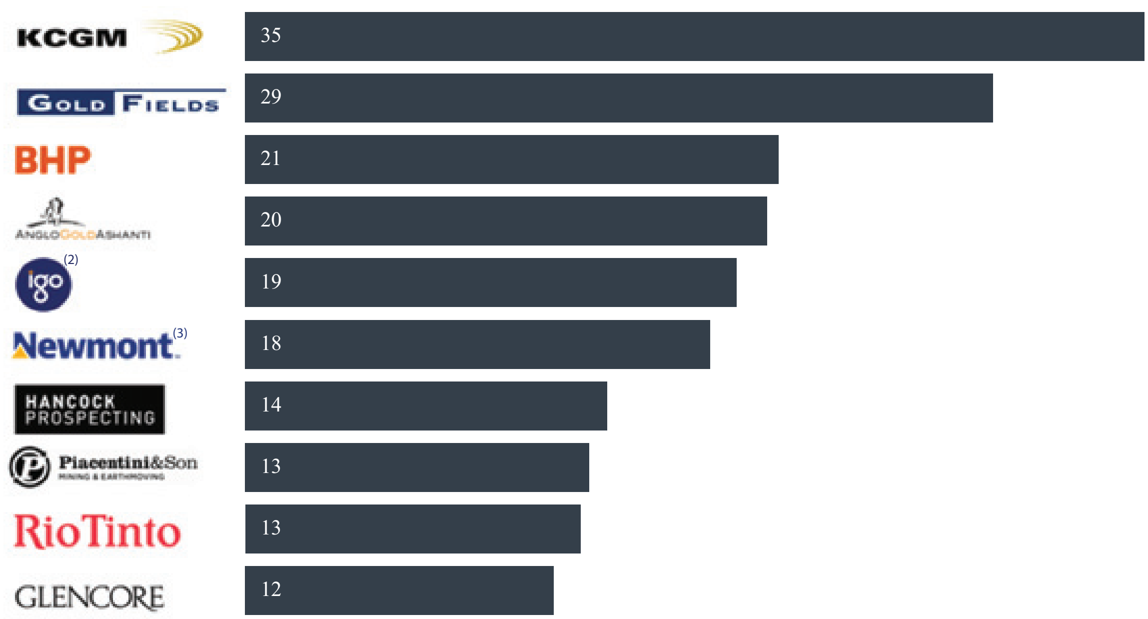
Gold is our largest commodity exposure, which reflects our origins as a provider of contract drilling services in Kalgoorlie, an established gold producing region in Western Australia. While we have a higher exposure to gold, its defensive attributes and counter-cyclical nature to the economy and to 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 exposure includes copper and other base metals which are critical minerals to global decarbonization.

Our business is underpinned by strong long-term customer relationships and a highly disciplined and lower risk contracting model

<u>Long-standing customer relationships</u>

We have long-standing relationships with many of our customers and often provide services to our customers at multiple mine sites. These relationships typically survive well beyond the initial contractual period, with the average length of relationship with our top ten customers (by length of relationship) at December 31, 2023 exceeding 19 years. We have had a relationship greater than 12 years with each of those top 10 customers. Three of our top ten customers (by length of relationship) were acquired from the DDH1 acquisition, being Hancock Prospecting, Rio Tinto and Glencore. We believe our longstanding relationships and strong contract renewal rate with our customers reflect our strong operational performance, in addition to our strong brand and market reputation for productivity, reliability, and safety. They also reflect 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.

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



Notes:

(1) Length of customer relationship as of December 31, 2023.

(2) Relationship inclusive of IGO’s acquisition of Western Areas.

(3) Relationship inclusive of Newmont’s acquisition of Newcrest.

Our strong relationships are demonstrated through our track record of contract renewals and extensions, with a contract renewal rate above 95% for underground contract mining as at December 31, 2023. Our contract renewal rate 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. Once we are the incumbent operator at a site, we have better technical information to tender for renewals compared to our competitors, which provides a further barrier to entry.

Recent Major Contract Wins and Renewals Announced

Customer	Relationship Type	Type[(1)]	Commodity[(2)]	Mine	Date Announced	Term (Years)	Contract Value (A$m)[(3)]	Segment	Location
Evolution Mining	Existing	New	Gold	Cowal	Jun-22	4.0	520	Underground	Australia
Resolute	Existing	Renewal	Gold	Mako	Dec-22	4.0	272[(4)]	Surface	Senegal
Northern Star	Existing	Renewal	Gold	Kalgoorlie Super Pit	Feb-23	5.0	160	Surface	Australia
Barrick	Existing	Renewal	Gold	Hemlo	Feb-23	1.0	61[(5)]	Underground	Canada
igo	Existing	Renewal	Nickel	Flying Fox	Apr-23	0.8	30	Underground	Australia
Newcrest Mining Limited	Existing	Renewal	Gold	Red Chris	Apr-23	1.0	90	Underground	Canada
Newmont	Existing	New	Gold	Subika	May-23	5.0	630	Underground	Ghana
AngloGoldAshanti	Existing	Renewal	Gold	Sunrise Dam	Aug-23	1.0	120	Underground	Australia
Sandfire	Existing	New	Copper	Motheo (A4)	Sep-23	6.1	360	Surface	Botswana
BHP	Existing	Renewal	Metallurgical Coal	BHP Mitsubishi Alliance	Sep-23	2.0	27	Surface	Australia
Regis Resources	Existing	Renewal	Gold	Garden Well and Rosemont	Sep-23	0.5	70	Underground	Australia
Gold Fields	Existing	Renewal	Gold	Agnew	Jan-24	1.0	125	Underground	Australia
AngloGoldAshanti	Existing	Renewal	Gold	Obuasi	Jan-24	1.0	180	Underground	Ghana
Fortuna Silver Mines Inc.	Existing	Renewal	Gold	Yaramoko	Jan-24	2.0	115	Underground	Burkina Faso
Regis Resources	Existing	Renewal	Gold	Garden Well and Rosemont	Apr-24	3.0	393	Underground	Australia

Notes:

(1) Type is defined as a new contract or renewal.

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

(3) Contract value refers to expected revenue over the term of the contract, which includes the assumed exercise of extension options. Table includes major contract wins only.

(4) Amount converted at an exchange rate of 0.68 AUD:USD

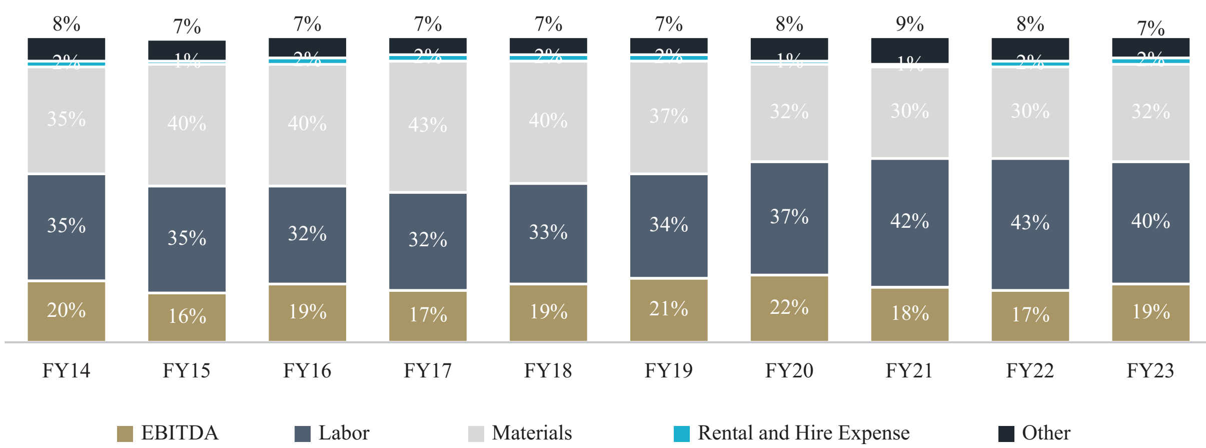
(5) Amount converted at an exchange rate of 0.90 AUD:CAD

Low risk contracting model

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 protect against erosion of our margins. Our contracts are typically structured with a base fee and variable fee component which include, in each case, our embedded margin. The schedule of rates contracting approach ultimately seeks to and align revenue to the underlying cost structure of our services, where approximately 75% of our costs are variable. We typically invoice our customers at the end of each month, with payment terms of generally 30 days.

Our contracts contain a number of mechanisms to protect our margins, including clauses that allow for the renegotiation of our unit rates if our customer varies their tendered mine plan by more than an agreed threshold. Our contracts also include ‘rise-and-fall’ provisions which means that the unit rates for our services can be periodically increased or decreased in line with changes in our underlying costs such as labor and consumables (for example, tires and spares, equipment parts, oil and fuel). We have no exposure to fixed price or turnkey contracts. These contract protection mechanisms have been critical to our ability to maintain an average EBITDA margin of approximately 19% through the cycle.

Underlying EBITDA Margins and Cost Structure(1)



Note:

(1) Underlying EBITDA margins and cost structure calculated as a proportion of revenue. Our contracts also include payments from our customers for the costs associated with mine site demobilization and remobilization that are generally high, which decreases the likelihood of early termination of a contract.

We operate our business with a sizeable tangible asset base of well-maintained fleet and equipment

We have a large, high quality fleet of 1,296 pieces of standardized mobile mining equipment as of December 31, 2023, made by many of the world’s leading manufacturers of mining equipment. Globally, we operate a large, modern fleet of drills, totaling 484 as of December 31, 2023. The value of our property, plant and equipment (inclusive of right-of-use assets) balance as of December 31, 2023, was A$1.3 billion. Our fleet strategy focuses on owning fleet and equipment that can be used in a wide range of applications and in the production of different commodities. 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.

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 appropriate operating conditions, which in turn maximizes productivity.

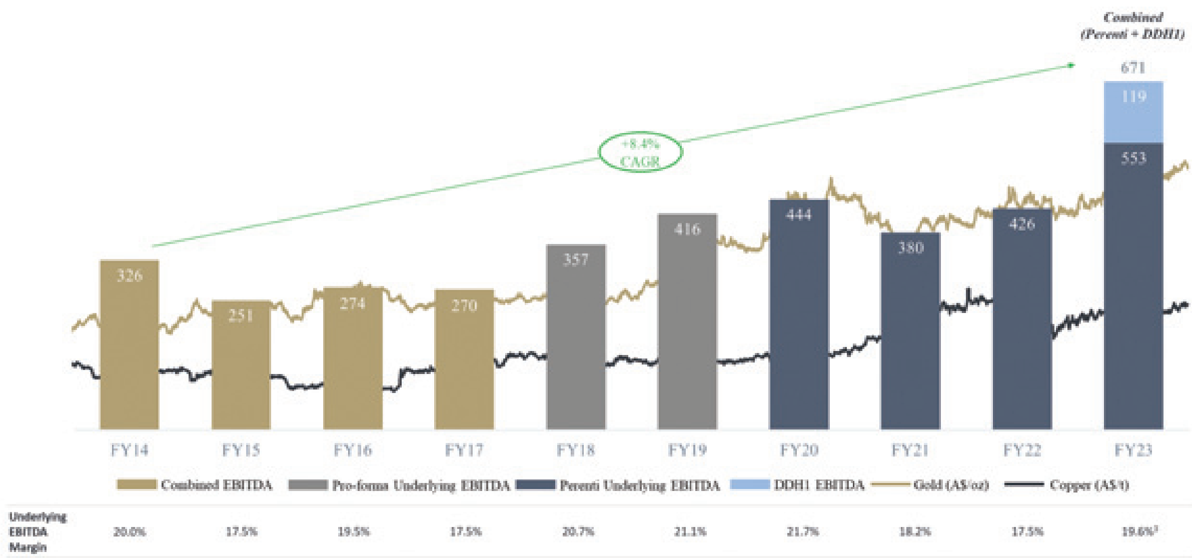
We have demonstrated earnings resilience through the cycle

Strong earnings resilience

Our resilient financial profile is supported by our production focus, long-term contracts, strong customer relationships, incumbent position at existing, cost-competitive mine sites and high barriers to entry of the contract mining and drilling services industry.

We have a track record of sustaining our margins through commodity cycles. Both our revenue and operating costs are linked to production volumes, which helps us maintain margins as activity levels rise and fall. Over the past 10 years, including the last significant commodity price correction during FY14 to FY16, as well as COVID-19 disruptions during FY20 to FY22, we have consistently and steadily grown our earnings.

Underlying EBITDA (A$m) and Commodity Prices(1),(2)



Source: Perenti company filings and FactSet Market data as at December 2023.

Notes:

(1) Combined EBITDA is calculated to illustrate the impact of the Barminco acquisition. Presented as Ausdrill, Barminco and AUMS on a combined basis for periods FY14 to FY17, pro-forma underlying FY18 to FY19 (EBITDA adjusted to include pro forma adjustments for Barminco acquisition and to exclude impairment of non-current assets, share of JV profits and onerous provisions) and underlying for FY20 to FY23.

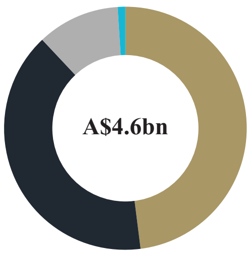
(2) Commodity prices rebased to Gold A$/oz.

(3) Inclusive of DDH1.

Our strong financial profile and earnings are underpinned by a large order book, coupled with our strong track record of contract renewals and extensions. Our order book as of December 31, 2023 had an aggregated contracted value of A$4.6 billion, of which A$1.3 billion relates to FY24. We believe that our large order book, which provides earnings visibility, coupled with our strong pipeline of anticipated contract rollovers and tendering opportunities, underpin a robust financial outlook. Our order book is weighted towards underground contract mining with 48% of expected revenue from existing contracts relating to underground operations and 40% of expected revenue from existing contracts relating to surface contract mining. Of the total contracted value, 64% is expected to be derived from Tier 1 jurisdictions. In accordance with our strategies, we aim to prioritize orderbook growth in Tier 1 jurisdictions. As of December 31, 2023, we were in the process of negotiating contract rollovers and variations with existing clients which, if successful, may increase our order book by A$5.2 billion over 5 years. For further discussion on the impact of recent contracts developments, see "—Recent Developments—Impact of New Contracts, Renewals and Extensions."

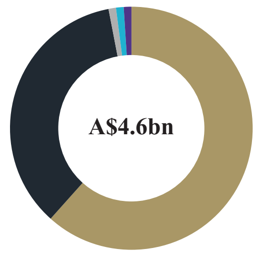
Our pipeline includes 63 opportunities which we anticipate may generate the possibility of tendering for a mining services contract in the next 24 months. We estimate that if all of these contracts are put out to tender on terms consistent with our experience, the potential revenue opportunity would be approximately A$14.0 billion based on data made available by mine owners. We have existing relationships with approximately 52% of owners of these projects and the projects are predominantly located in jurisdictions where we currently operate. The pipeline of tendering opportunities is split approximately 91% / 9% between underground mining, and surface mining based on their anticipated revenue contribution. Opportunities in Tier 1 jurisdictions comprise 73% of our potential revenue in our tendering pipeline.

Order Book by Business Segment – As at December 31, 2023



Contract Mining - Underground	48%
Contract Mining - Surface	40%
Drilling Services	11%
Mining Services	1%

Order Book by Commodity – As at December 31, 2023

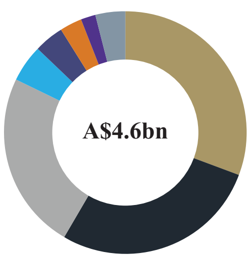


Gold	61%
Base Metals[1]	35%
Iron Ore	1%
Coal	1%
Other	1%

Note:

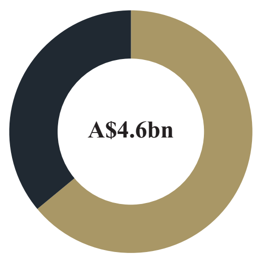
(1) Base metals includes copper and nickel

Order Book by Geography – As at December 31, 2023



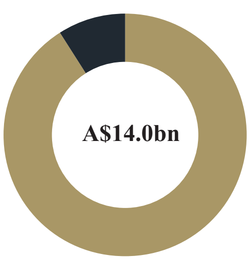
Australia	31%
Botswana	28%
Ghana	24%
Burkina Faso	5%
Senegal	4%
Tanzania	3%
USA	2%
Other	4%

Order Book by Jurisdiction – As at December 31, 2023



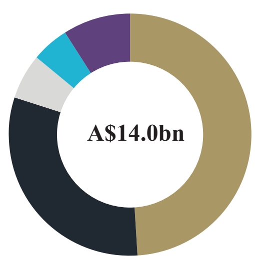
Tier 1 jurisdictions	64%
Non-Tier 1 jurisdictions	36%

Pipeline by Business Segment – As at December 31, 2023



Contract Mining – Underground	91%
Contract Mining – Surface	9%

Pipeline by Commodity – As at December 31, 2023

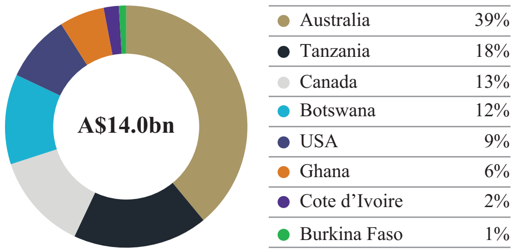


Gold	49%
Base Metals[1]	31%
Diamonds	6%
Lithium	5%
Other	9%

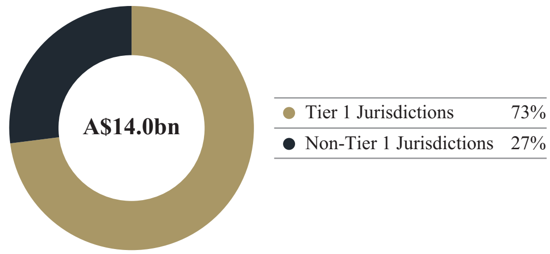
Note:

(1) Base metals includes copper and nickel

Pipeline by Geography – As at December 31, 2023



Pipeline by Jurisdiction – As at December 31, 2023



Prudent financial management

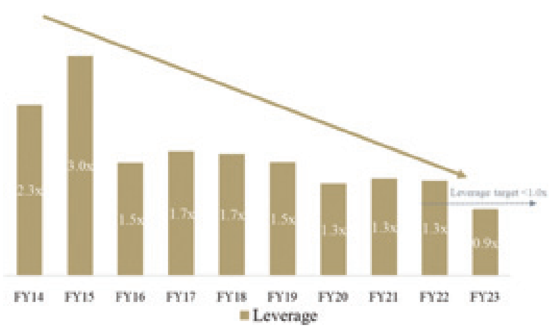
We have a strong track record of prudent financial management through commodity price cycles and have multiple levers to sustain cash flow generation in the event of a cyclical downturn. We focus on maintaining a prudent capital structure to provide maximum operational and financial flexibility through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

We are also able to reduce or defer capital expenditure and are able to redeploy our fleet across our operations, which assists us in generating cash flows if activity levels decline. In previous downturns, we have 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 business and we may explore further divestment opportunities as part of regular portfolio reviews.

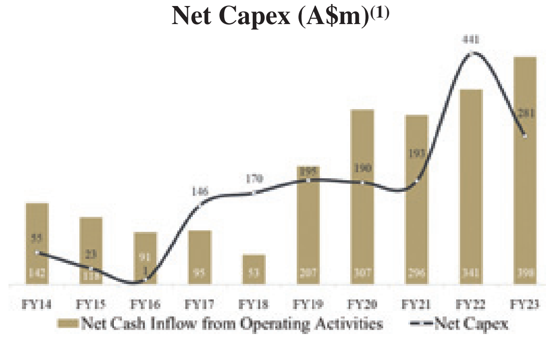
We may also consider raising additional equity on market, which we did in FY11, FY18 and FY19. We have also prudently funded the A$329.7 million acquisition of DDH1 in October 2023, with A$279.7 million of the consideration in the form of Perenti shares. We pursue and maintain a prudent and sustainable capital structure that allows us to maintain financial and operational flexibility across a range of economic environments and cycles. In December 2021, we updated our publicly stated net debt/EBITDA target to be less than 1.0x and remain below this target as at December 31, 2023 (0.9x).

Our leverage, net cash inflow from operating activities and Net Capex over the period from FY14 to FY23 are illustrated in the charts below.

Leverage (x)(1)



Net Cash Inflow from Operating Activities and Net Capex (A$m)(1)



Note:

(1) Net Capex is defined as payments for property, plant and equipment less proceeds from routine sale of property, plant and equipment and assets held for sale. Leverage 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."

Our business is led by a highly experienced management team and Board of Directors

Our management team has significant experience in the international mining industry. Our Managing Director and Chief Executive Officer, Mr. Mark Norwell, has over 25 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 35 years of industry 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 Ms. Diane Smith-Gander AO, who was previously Chair of ASX-listed DDH1 Limited and joined the Board on October 16, 2023 following the Acquisition on October 6, 2023. Ms. Smith-Gander has extensive Australian and international experience in banking and finance, technology, and strategic and management consulting. Prior to joining the Board, Ms. Smith-Gander was also a Partner of McKinsey & Company in the United States, chaired previously ASX-listed contractor Broadspectrum and served on the Wesfarmers board for more than a decade. Ms. Smith-Gander is also the Chair of ASX-listed Zip Co Limited, the Committee for Economic Development of Australia and HBF Health Limited.

Our Strategies

Perenti's 2025 strategy is focused on enhancing and growing our portfolio of complementary mining services businesses to deliver sustainable long-term returns to stakeholders. Our strategy is supported by our purpose of creating certainty and enduring value for our clients and communities, our people and our stakeholders. Delivery of our strategy is enabled through five strategic focus areas:

Business Performance

At the heart of our strategy is the operational performance of our divisions and high-quality project execution that aim to deliver sector-leading cash profits through the achievement of sector leading production metrics. The 2025 strategy sets aspirational financial targets for the business, and through concentrated focus and effort we have already exceeded our previous revenue growth target of A$2.5 billion, reduced our leverage to less than 1.0x and are closing in on our 10% EBIT(A) margin target. We will maintain our focus on leveraging our trusted client relationships and widely recognized operational capability to further grow the business, both in new and existing geographies. Allocating capital to Tier 1 jurisdictions, and diligently progressing our North American mining services growth strategy remains a priority for the business. Our service offering is agnostic in terms of commodity type, and we evaluate projects based on the operating jurisdiction, the quality of our contractual counterparty and the underlying mining asset.

The acquisition of DDH1 enhances Perenti's position as one of the leading ASX-listed contract mining services company, and provides the ability to offer a complete range of specialized surface and underground drilling services and re-weights portfolio back to Australia. We believe that the transaction improves our margins, is EPS accretive and will provide significant operational, listing and tax synergies. Integration execution of DDH1 is well progressed and we realized A$5.2 million of cash synergies during the six months ended December 31, 2023.

Capital Management

We are strongly committed to maintaining strong balance sheet metrics as demonstrated by our achievement of leverage less than 1.0x before FY25 and more broadly by our track record of successfully accessing both debt and equity capital markets. We have a strong focus on working capital management, and continue to maximize our Underlying EBITDA to cash conversion. We actively manage our business portfolio to ensure that existing businesses are value accretive and fit within the strategic direction of the business. We plan to continue to explore capital-light contracting structures to drive an increase in free cash flow generation as evidenced by the five-year Subika contract with AngloGold Ashanti. Additionally, we plan to continue to investigate new capital light service offerings that are complementary to the existing portfolio.

Organizational Health

We continue to strengthen our robust, scalable and lean management systems which serve to ensure that we have the governance systems in place to support sustainable growth and ensure accountability, fairness and transparency across the business. These systems are monitored and improved through our governance, audit, internal controls and risk management systems.

People and Culture

As a services business, our people represent our greatest asset and we remain committed to investing significant resources in both developing the leadership capability within the business and promoting a safe and respectful workplace culture. Through our leaders living our principles we believe that we will continue to attract, retain and engage quality people that deliver outstanding results for our clients, communities, and investors.

Data and Analytics

We have identified technology advancement and the associated data as critical to driving the long-term competitiveness and profitability of the business. As a result, we have established our internal technology division, idoba, which includes Sumitomo Corporation as a strategic shareholder, to develop the important platform and product offerings that aim to deliver significant benefits in the harnessing the value of this data. idoba's analytical capability will be available to provide services to not only Perenti, but also the broader mining industry.

The increasing technology complexity and ability to undertake real time data analytics will likely increase barriers to entry in the mining services industry. New mining technologies will also allow us to add additional operational capabilities, improve our product offering and drive further business growth. We are focused on strengthening relationships with original equipment manufacturers which we expect to lead the investment into research and development of new technologies.

Our Board and Group Executive are currently in the process of designing the 2030 strategy which will build upon our current business performance.

Recent Developments

Acquisition and integration of DDH1 Limited

On October 6, 2023, we implemented a scheme of arrangement and completed the acquisition of 100% of the issued share capital of DDH1 Limited for a purchase price of A$329.7 million on a cash and scrip basis. DDH1 Limited is one of Australia's largest mineral exploration drilling contractors, comprising four specialist brands: DDH1 Drilling, Strike Drilling, Ranger Drilling and Swick Mining Services. DDH1 Limited is a provider of technically innovative drilling services and critical geological information predominantly to the Australian mineral exploration and mining industry, with each brand offering a specialized drilling service. As of June 30, 2023, DDH1 Limited had a fleet size of 193 surface and underground drill rigs and has majority of their operations located in the key mining hubs in Australia, specifically Western Australia and Queensland, while Swick Mining Services has grown its presence across North America and Europe.

We have combined the four specialist brands from DDH1 Limited with our existing drilling services business Ausdrill to create a new Drilling Services division within the Perenti Group. Each of the five brands that co-exist under the Drilling Services division have been retained. The acquisition of DDH1 Limited expands our specialist global surface and underground production drilling capabilities and is expected to deliver significant synergies and affords the ability to leverage the operational and financial strengths of both companies. We believe this will improve margins and increase cash flow, which will accelerate the delivery of our FY25 targets. The acquisition will also orient our earnings profile towards Australia and create additional exposure to copper and nickel, in-demand commodities essential for achieving net zero targets.

The 1H24 results include the operations of DDH1 Limited and its subsidiaries since October 6, 2023. The integration of DDH1 Limited into Perenti and the rationalization of corporate functions is substantially complete.

We have presented unaudited pro forma condensed combined statements of profit and loss for FY23, and 1H24 that illustrate the impact of the Acquisition on Perenti's combined results of operations under the acquisition method of accounting in the "Unaudited Pro Forma Condensed Combined Financial Information" section. The Unaudited Pro Forma Condensed Combined Financial Information contains certain adjustments as described therein. See also "Risk Factors—The historical financial information for Perenti and DDH1 Limited and our pro forma financial information may not be representative of our results as a combined company in the future."

Conditional Partial Early Redemption

Concurrently with the launch of the offering of the Notes, the Issuer issued a notice of conditional partial redemption to existing holders of its outstanding US$450.0 million 6.50% Senior Notes due 2025 (the "2025 Notes") notifying them of the Issuer's intention to redeem an aggregate principal amount of US$230.0 million of the 2025 Notes at a redemption price of 101.625% of the principal amount of the 2025 Notes redeemed, plus the accrued and unpaid interest up to the redemption date. The redemption date is expected to be May 7, 2024, subject to the satisfaction of certain conditions precedent, which include, among other things, the completion of this offering prior to the redemption date on terms and conditions satisfactory in all respects to the Issuer and the availability and receipt of sufficient funds by the Issuer to pay the redemption price prior to the redemption date.

Impact of New Contracts, Renewals and Extensions

On January 18, 2024, we announced various new work and contract extensions, valued at approximately A$420.0 million, including a 12-month A$125.0 million contract extension to continue underground development and production works at the Gold Fields Agnew underground gold mine, a 12-month A$180.0 million contract extension at the AngloGold Ashanti plc's Obuasi underground gold mine in Ghana and a two-year A$115.0 million contract extension of existing underground development and production works at the Roxgold Inc. Yaramoko underground gold mine in Burkina Faso. On April 2, 2024, we announced that our underground mining business, Barminco, has been awarded a new contract, commencing April 1, 2024, for the provision of mining services at Regis Resources Limited's Duketon Operations (including Rosemont and Garden Well underground mines) in the Goldfields region of Western Australia, valued at approximately A$393 million (based on initial three-year term).

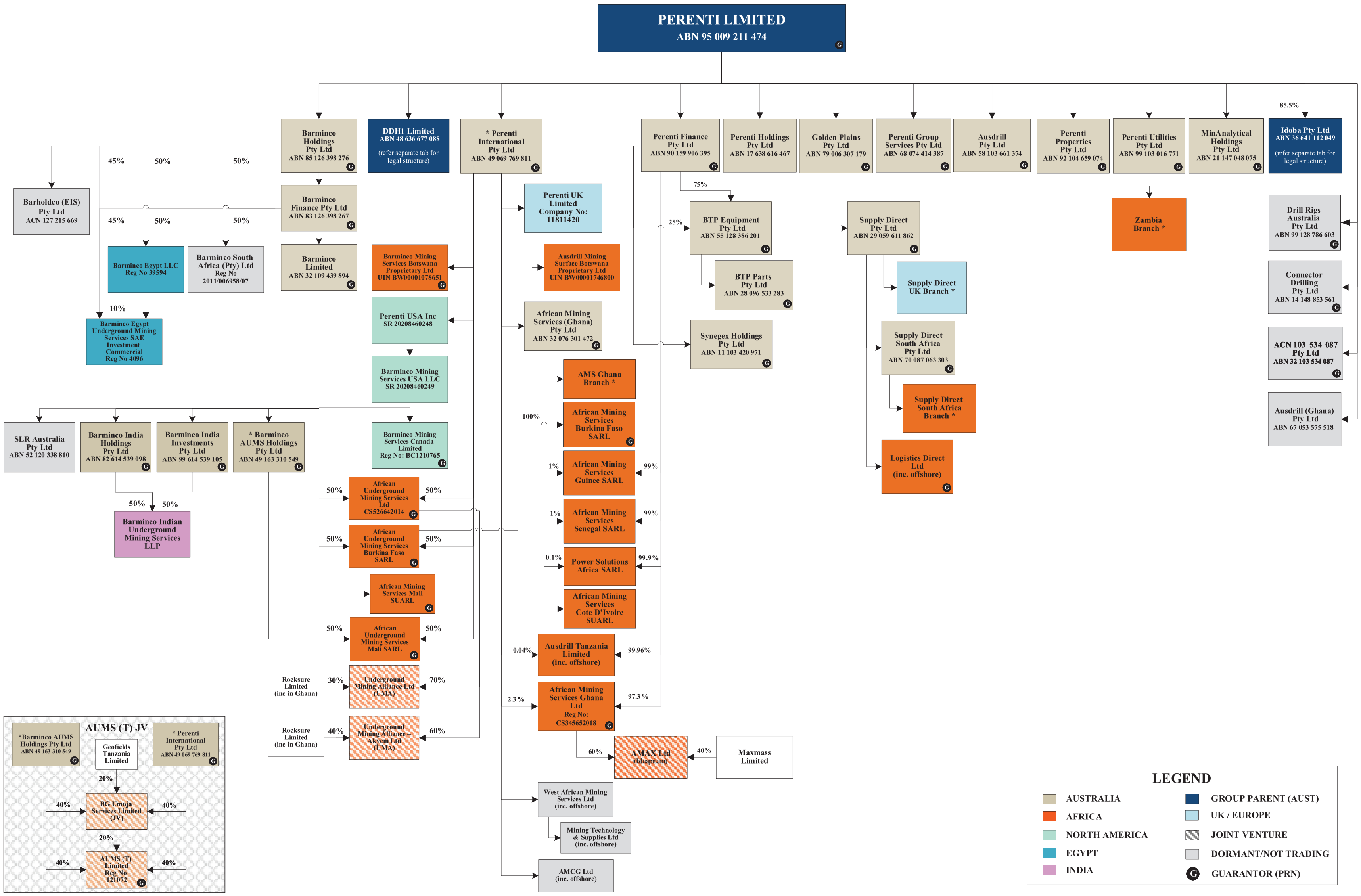
Corporate Information

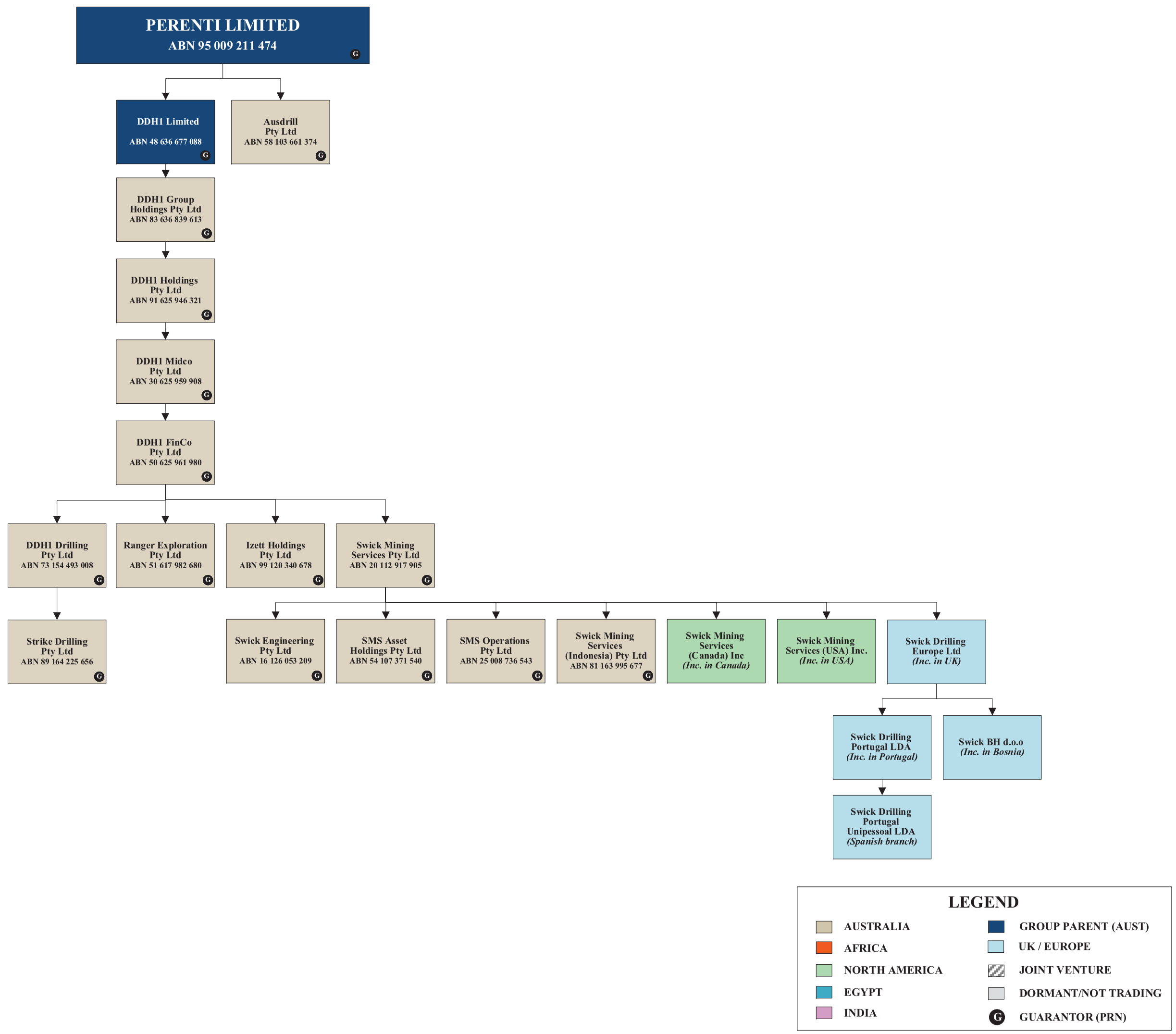
Our principal executive office is located at Level 4, William Square, 45 Francis Street, Northbridge, Western Australia 6003. Our telephone number is +61 8 9421 6500 and our website is located at www.perenti.com. The information on our website or DDH1's website is not part of this Offering Memorandum.

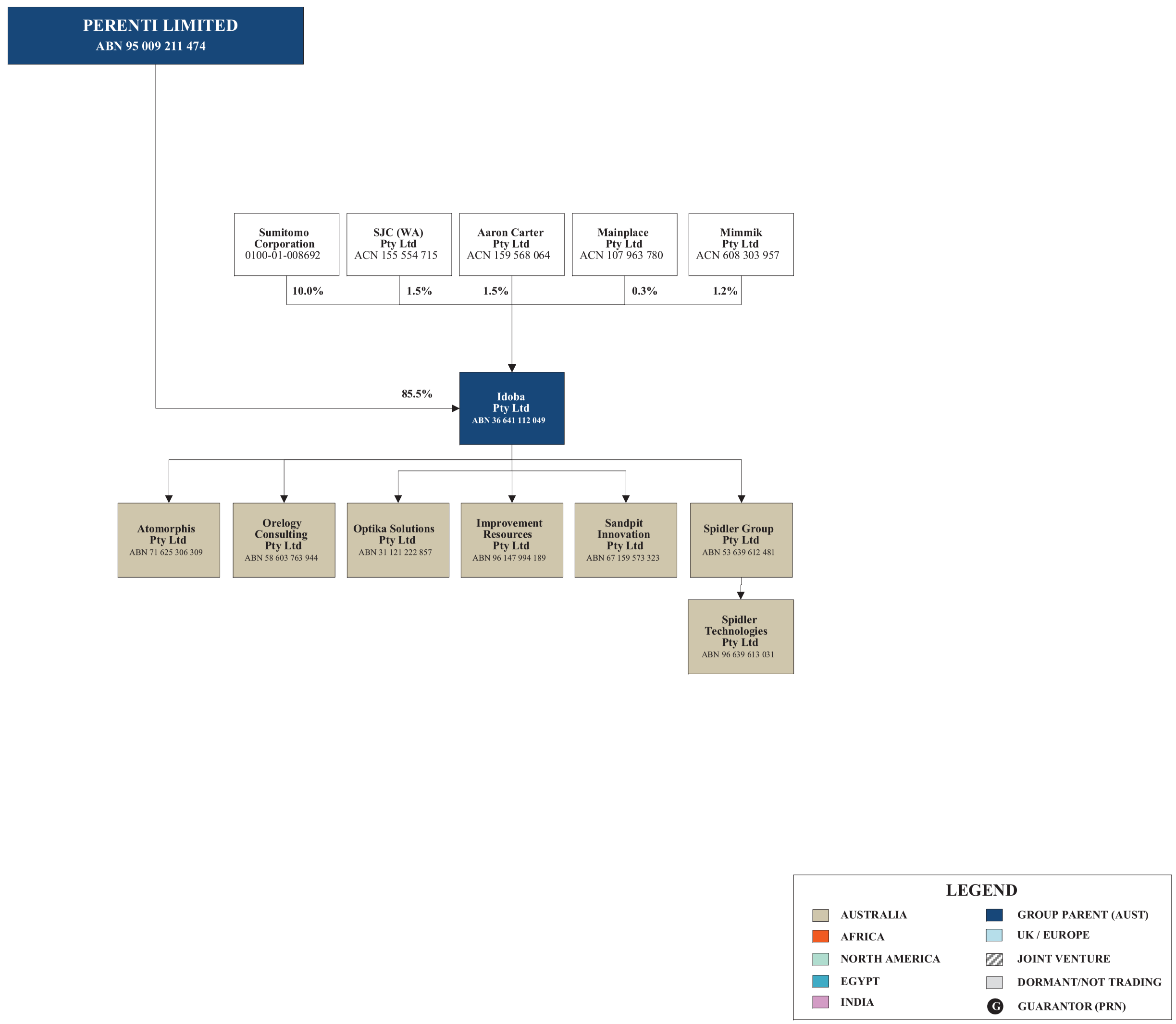
Risk Factors

Investing in the Notes offered by this Offering Memorandum involves risk. 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




PERENTI LIMITED
ABN 95 009 211 474
DDH1 Limited
ABN 48 636 677 088
Ausdrill
Pty Ltd
ABN 58 103 661 374
DDH1 Group
Holdings Pty Ltd
ABN 83 636 839 613
DDH1 Holdings
Pty Ltd
ABN 91 625 946 321
DDH1 Midco
Pty Ltd
ABN 30 625 959 908
DDH1 FinCo
Pty Ltd
ABN 50 625 961 980
DDH1 Drilling
Pty Ltd
ABN 73 154 493 008
Ranger Exploration
Pty Ltd
ABN 51 617 982 680
Izett Holdings
Pty Ltd
ABN 99 120 340 678
Swick Mining
Services Pty Ltd
ABN 20 112 917 905
Strike Drilling
Pty Ltd
ABN 89 164 225 656
Swick Engineering
Pty Ltd
ABN 16 126 053 209
SMS Asset
Holdings Pty Ltd
ABN 54 107 371 540
SMS Operations
Pty Ltd
ABN 25 008 736 543
Swick Mining
Services
(Indonesia) Pty Ltd
ABN 81 163 995 677
Swick Mining
Services
(Canada) Inc
(Inc. in Canada)
Swick Mining
Services (USA) Inc.
(Inc. in USA)
Swick Drilling
Europe Ltd
(Inc. in UK)
Swick Drilling
Portugal LDA
(Inc. in Portugal)
Swick BH d.o.o
(Inc. in Bosnia)
Swick Drilling
Portugal
Unipessoal LDA
(Spanish branch)
LEGEND
AUSTRALIA
AFRICA
NORTH AMERICA
EGYPT
INDIA
GROUP PARENT (AUST)
UK / EUROPE
JOINT VENTURE
DORMANT/NOT TRADING
GUARANTOR (PRN)



PERENTI LIMITED
ABN 95 009 211 474
Sumitomo Corporation 0100-01-008692
SJC (WA) Pty Ltd ACN 155 554 715
Aaron Carter Pty Ltd ACN 159 568 064
Mainplace Pty Ltd ACN 107 963 780
Mimmik Pty Ltd ACN 608 303 957
10.0%
1.5%
1.5%
0.3%
1.2%
85.5%
Idoba Pty Ltd ABN 36 641 112 049
Atomorphis Pty Ltd ABN 71 625 306 309
Orelogy Consulting Pty Ltd ABN 58 603 763 944
Optika Solutions Pty Ltd ABN 31 121 222 857
Improvement Resources Pty Ltd ABN 96 147 994 189
Sandpit Innovation Pty Ltd ABN 67 159 573 323
Spidler Group Pty Ltd ABN 53 639 612 481
Spidler Technologies Pty Ltd ABN 96 639 613 031
LEGEND
AUSTRALIA
AFRICA
NORTH AMERICA
EGYPT
INDIA
GROUP PARENT (AUST)
UK / EUROPE
JOINT VENTURE
DORMANT/NOT TRADING
GUARANTOR (PRN)

THE OFFERING

Issuer	Perenti Finance Pty Ltd (ABN 90 159 906 395)
Notes Offered Hereby	7.50% Guaranteed Senior Notes due 2029
Parent Guarantor	Perenti Limited (ABN 95 009 211 474)
Principal Amount	US$350,000,000 aggregate principal amount
Issue Price	100% of principal amount
Maturity Date	April 26, 2029
Interest Rate and Payment Dates	The Notes will bear interest at the rate of 7.50% per annum. We will pay interest on the Notes semi-annually in arrears on April 26 and October 26 of each year, commencing October 26, 2024. 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 Agreement will initially guarantee the Notes. The initial Subsidiary Guarantors are listed in Annex A to this Offering Memorandum.
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. 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, 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 Note 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 December 31, 2023, 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$950.8 million (US$647.3 million) of total debt outstanding, of which A$138.8 million (US$94.5 million) would have been secured, consisting of A$55.4 million of Existing Purchase Money Indebtedness and A$86.3 million outstanding (excluding A$2.9 million of prepaid borrowing costs in relation to the Syndicated Facility, which is secured) under the Credit Agreement; and • there would have been A$351.9 million (US$239.6 million) of availability under the Credit Agreement, which includes an additional A$25 million commitment received on February 28, 2024.

	As of December 31, 2023, the Non-Guarantor Subsidiaries would have had A$125.3 million (US$85.3 million) of liabilities outstanding, including A$5.4 million (US$3.7 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 April 26, 2026, 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 April 26, 2026 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 April 26, 2026 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$339.4 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 partially redeem, in an aggregate principal amount of US$230.0 million, the outstanding 2025 Notes and (ii) to partially repay amounts drawn which are currently outstanding under the Syndicated Facility. 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 AB5 / US71367VAB53 / 280842621 Regulation S CUSIP/ISIN/Common Code: Q7390A AB8 / USQ7390AAB81 / 280842630
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	Approval in-principle has been received from the SGX-ST 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 S$200,000 (or its equivalent in foreign currencies), 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.
Legal Entity Identifier	894500ZDIIAOXSQHE612

SUMMARY HISTORICAL CONSOLIDATED AND PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following tables set forth summary historical and pro forma condensed combined 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, 2021, 2022 and 2023 set forth below have 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 information for the six-month period ended December 31, 2022, and 2023 set forth below have been derived from our unaudited condensed consolidated interim financial statements and related notes 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.

In 1H24, we completed the acquisition of DDH1. As a result of the Acquisition, we acquired full control of the DDH1 Group. The Acquisition was completed on October 6, 2023. The accompanying unaudited pro forma financial information presented in this Offering Memorandum for the year ended June 30, 2023 and for the six-month period ended December 31, 2023 gives effect to the Acquisition and the debt refinancing and repayment, as if they occurred on July 1, 2022.

The summary unaudited pro forma financial information presented in this Offering Memorandum is based in part on certain assumptions regarding the Acquisition which we believe are reasonable. We cannot assure you that our assumptions will prove to be accurate.

The historical pro forma and other financial information included in this Offering Memorandum is not necessarily indicative of and may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future. Neither the underlying pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with Australian Auditing Standards and accordingly such unaudited pro forma condensed combined statement of profit or loss presented in this Offering Memorandum should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor. None of the Initial Purchasers or any of their affiliates, officers, advisers, directors, employees, agents and representatives makes any representation or warranty, express or implied, regarding the accuracy or completeness of such pro forma condensed combined financial information or their sufficiency for an assessment of, and investors are cautioned not to place undue reliance on the such pro forma condensed combined financial information included in this Offering Memorandum.

Following the Acquisition, we consolidated the DDH1 Group for the period October 6, 2023 to December 31, 2023. This has resulted in a significant increase in the scale of our operations and significant changes to our financial condition. Thus, the financial results of 1H23 and 1H24 may not be comparable across all periods. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The summary historical and pro forma 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,” “Unaudited Pro Forma Condensed Combined Financial Information,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The summary unaudited pro forma financial information included in this section gives effect to the Acquisition, but does not give effect to other drawings under the Syndicated Facility or the issuance of the Notes or the application of the proceeds from the Notes. See “Capitalization” in this Offering Memorandum.

Summary income statement information:

	Year ended June 30, 2021	2022 Historical	2023 Historical	2023 Pro Forma
	(A$ in thousands)			
Revenue	2,087,542	2,437,656	2,880,136	3,430,583
Other income	9,091	47,251	43,330	87,331
Materials expense	(628,091)	(734,512)	(914,643)	(1,028,305)
Labor costs	(875,850)	(1,037,993)	(1,143,405)	(1,409,913)
Rental and hire expense	(18,177)	(45,306)	(55,629)	(71,444)
Depreciation expense	(222,230)	(250,120)	(283,646)	(333,614)
Amortization expense	(39,303)	(29,042)	(33,998)	(48,721)
Finance costs	(63,452)	(56,316)	(64,609)	(69,298)
Finance income	495	397	3,675	3,804
Other expenses from ordinary activities	(227,656)	(238,531)	(260,275)	(323,540)
Impairment of assets	(70,563)	(23,162)	(4,728)	(4,728)
Profit/(loss) before income tax	**(48,194)**	**70,322**	**166,208**	**232,155**
Income tax expense	(4,109)	(27,836)	(63,622)	(79,106)
Profit/(loss) for the year	**(52,303)**	**42,486**	**102,586**	**153,049**
Profit/(loss) is attributable to:				
Equity holders of the Company	(55,140)	40,658	95,739	146,202
Non-controlling interests	2,837	1,828	6,847	6,847
Profit/(loss) for the year	**(52,303)**	**42,486**	**102,586**	**153,049**
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents	Cents	Cents
Basic earnings/(loss) per share	(7.8)	5.8	13.9	15.2
Diluted earnings/(loss) per share	(7.8)	5.7	13.4	14.7

	Six months ended December 31, 2022 Historical	2023 Historical	2023 Pro Forma
	(A$ in thousands)		
Revenue	1,438,510	1,632,163	1,798,531
Other income	24,944	39,232	10,418
Materials expense	(450,595)	(501,974)	(537,174)
Labor costs	(572,315)	(653,901)	(738,669)
Rental and hire expense	(27,868)	(28,877)	(33,534)
Depreciation expense	(144,242)	(161,286)	(175,154)
Amortization expense	(17,223)	(25,015)	(27,962)
Finance costs	(33,389)	(35,026)	(36,355)
Finance income	2,678	1,577	1,604
Other expenses from ordinary activities	(134,556)	(164,800)	(177,194)
Impairment of assets	(4,728)	—	—
Profit before income tax	**81,216**	**102,093**	**84,511**
Income tax expense	(37,181)	(32,284)	(27,261)
Profit for the year	**44,035**	**69,809**	**57,250**
Profit is attributable to:			
Equity holders of the Company	39,661	64,791	52,232
Non-controlling interests	4,374	5,018	5,018
Profit for the year	**44,035**	**69,809**	**57,250**
Earnings per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents	Cents
Basic earnings per share	5.7	8.0	5.4
Diluted earnings per share	5.6	7.7	5.3

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,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
Profit/(loss) for the year	(52,303)	42,486	102,586	153,049
Income tax expense	4,109	27,836	63,622	79,106
Finance income	(495)	(397)	(3,675)	(3,804)
Finance costs	63,452	56,316	64,609	69,298
Amortization expense	39,303	29,042	33,998	48,721
EBIT(A)	**54,066**	**155,283**	**261,140**	**346,370**
Depreciation expense	222,230	250,120	283,646	333,614
EBITDA	**276,296**	**405,403**	**544,786**	**679,984**
Foreign exchange (gain)/loss, net	7,152	1,962	782	231
Impairment of assets	70,563	23,162	4,728	4,728
Transaction, restructuring costs and other	3,492	9,910	2,311	15,835
Gain on Acquisition	—	—	—	(29,371)
Provisions relating to the exit from Mali	—	11,619	—	—
Gain on sale of businesses, net	—	(25,643)	—	—
Other restructuring and exit costs associated with the AMS strategic review	13,573	—	—	—
Trade receivable provisions and bad debts arising from AMS strategic review	11,995	—	—	—
Provision for stock obsolescence in BTP	9,946	—	—	—
Depreciation – AMS strategic review	(12,896)	—	—	—
Underlying EBITDA	**380,121**	**426,413**	**552,607**	**671,407**
Depreciation	(222,230)	(250,120)	(283,646)	(333,614)
Depreciation – AMS strategic review	12,896	—	—	—
Software amortization[(1)]	—	—	(4,857)	(5,293)
Underlying EBIT(A)	**170,787**	**176,293**	**264,104**	**332,500**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Profit for the period	44,035	69,809	57,250
Income tax expense/(benefit)	37,181	32,284	27,261
Finance income	(2,678)	(1,577)	(1,604)
Finance costs	33,389	35,026	36,355
Amortization expense	17,223	25,015	27,962
EBIT(A)	**129,150**	**160,557**	**147,224**
Depreciation expense	144,242	161,286	175,154
EBITDA	**273,392**	**321,843**	**322,378**
Foreign exchange (gain)/loss, net	2,107	5,131	5,131
Impairment of assets	4,728	—	—
Transaction, restructuring costs and other	988	7,565	2,034
Gain on Acquisition	—	(29,371)	—
idoba Product Development	—	7,305	7,305
Underlying EBITDA	**281,215**	**312,473**	**336,848**
Depreciation	(144,242)	(161,286)	(175,154)
Software amortization[1]	(2,365)	(2,635)	(2,759)
Underlying EBIT(A)	**134,608**	**148,552**	**158,935**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

Summary balance sheet information:

	As of June 30,		
	2021	2022	2023
	(A$ in thousands)		
ASSETS			
Current assets			
Cash and cash equivalents	264,741	348,519	307,360
Trade and other receivables	325,893	391,101	435,220
Inventories	214,411	212,119	227,242
Current tax receivables	10,545	12,546	15,590
Assets classified as held for sale	28,894	7,488	18,663
Total current assets	**844,484**	**971,773**	**1,004,075**
Non-current assets			
Property, plant and equipment	716,667	926,320	968,236
Right-of-use assets	74,691	59,305	45,616
Intangible assets	678,814	652,207	626,083
Deferred tax assets	147,741	170,239	164,266
Receivables	4,889	9,430	15,098
Financial assets at fair value through profit or loss	25,536	—	—
Total non-current assets	**1,648,338**	**1,817,501**	**1,819,299**
Total assets	**2,492,822**	**2,789,274**	**2,823,374**

	As of June 30,		
	2021	2022	2023
	(A$ in thousands)		
LIABILITIES			
Current liabilities			
Trade and other payables	260,311	393,298	421,385
Borrowings	3,268	2,172	3,201
Lease liabilities	24,537	27,943	16,538
Current tax liabilities	14,659	15,002	25,175
Employee benefit obligations	70,719	79,722	79,306
Total current liabilities	**373,494**	**518,137**	**545,605**
Non-current liabilities			
Borrowings	690,923	843,492	753,878
Lease liabilities	49,272	28,250	32,745
Deferred tax liabilities	78,135	72,240	58,554
Employee benefit obligations	2,870	4,263	6,136
Provisions	65	532	165
Total non-current liabilities	**821,265**	**948,777**	**851,478**
Total liabilities	**1,194,759**	**1,466,914**	**1,397,083**
Net assets	**1,298,063**	**1,322,360**	**1,426,291**
EQUITY			
Contributed equity	1,137,783	1,137,030	1,118,448
Other reserves	(10,594)	(56,027)	(35,721)
Retained earnings	160,986	230,937	326,676
Capital and reserves attributable to owners of the Company	**1,288,175**	**1,311,940**	**1,409,403**
Non-controlling interests	9,888	10,420	16,888
Total equity	**1,298,063**	**1,322,360**	**1,426,291**

	As of December 31,	
	2022	2023
	(A$ in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	322,471	356,736
Trade and other receivables	390,095	523,425
Inventories	227,542	286,690
Current tax receivables	11,433	17,714
Assets classified as held for sale	6,200	9,283
Total current assets	**957,741**	**1,193,848**
Non-current assets		
Property, plant and equipment	941,847	1,287,897
Right-of-use assets	44,950	46,697
Intangible assets	638,677	642,248
Deferred tax assets	162,776	122,714
Receivables	13,376	11,673
Financial assets at fair value through other comprehensive income	—	407
Total non-current assets	**1,801,626**	**2,111,636**
Total assets	**2,759,367**	**3,305,484**

	As of December 31,	
	2022	2023
	(A$ in thousands)	
LIABILITIES		
Current liabilities		
Trade and other payables	327,749	381,958
Borrowings	1,851	7,681
Lease liabilities	20,821	14,565
Current tax liabilities	25,999	27,895
Employee benefit obligations	76,026	106,117
Total current liabilities	**452,446**	**538,216**
Non-current liabilities		
Borrowings	844,388	891,072
Lease liabilities	21,887	37,485
Deferred tax liabilities	69,095	56,079
Employee benefit obligations	5,447	7,493
Provisions	228	255
Total non-current liabilities	**941,045**	**992,384**
Total liabilities	**1,393,491**	**1,530,600**
Net assets	**1,365,876**	**1,774,884**
EQUITY		
Contributed equity	1,126,135	1,392,595
Other reserves	(45,026)	(35,266)
Retained earnings	270,598	391,467
Capital and reserves attributable to owners of the Company	**1,351,707**	**1,748,796**
Non-controlling interests	14,169	26,088
Total equity	**1,365,876**	**1,774,884**

Summary cash flow information:

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	2,214,811	2,515,724	3,009,036
Payments to suppliers and employees (inclusive of goods and services tax)	(1,818,019)	(2,056,808)	(2,486,359)
	396,792	458,916	522,677
Interest received	495	397	1,538
Interest and other costs of finance paid	(46,701)	(49,919)	(61,186)
Income taxes paid	(56,447)	(68,092)	(64,909)
Insurance recovery	2,124	—	—
Net cash inflow from operating activities	**296,263**	**341,302**	**398,120**
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles	(278,619)	(467,937)	(373,921)
Proceeds from sale of property, plant and equipment	85,400	26,715	76,729
Proceeds from sale of assets held for sale	—	31,158	16,338
Proceeds from sale of assets at fair value through other comprehensive income (“FVOCI”)	—	56,625	—
Proceeds from sale of business	—	46,186	—
Cash removed on disposal of subsidiary	—	(1,897)	—
Cash acquired on acquisition of subsidiary	1,785	493	—
Payments for purchase of subsidiaries	(10,570)	(3,750)	—
Loan to non-controlling interest	(2,079)	—	—
Repayment of loan by related party	—	609	168
Net cash outflow from investing activities	**(204,083)**	**(311,798)**	**(280,686)**

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Cash flows from financing activities			
Proceeds from borrowings	675,752	310,926	340,106
Repayment of borrowings	(703,064)	(217,873)	(433,195)
Payment of lease liabilities	(30,458)	(26,432)	(28,611)
Payments for borrowing costs	(17,199)	(139)	(4,586)
Transactions with non-controlling interest	2,063	(36)	—
Dividends paid	(63,482)	(14,108)	—
Dividends paid to non-controlling interest	—	(2,610)	(435)
Proceeds from issues of shares, net of transaction costs	81	—	—
Payments for share buy-back, gross of transaction costs	—	(940)	(21,526)
Payments for Perenti notes buy-back, gross of transaction costs	—	—	(24,887)
Proceeds from disposal of a non-controlling interest in a subsidiary	—	—	5,400
Redemption premium on 2022 High Yield Bonds	(8,143)	—	—
Net cash (outflow)/inflow from financing activities	**(144,450)**	**48,788**	**(167,734)**
Net increase/(decrease) increase in cash and cash equivalents	(52,270)	78,292	(50,300)
Cash and cash equivalents at the beginning of the financial year	327,491	264,741	348,519
Effects of exchange rate changes on cash and cash equivalents	(10,480)	5,486	9,141
Cash and cash equivalents at end of year	**264,741**	**348,519**	**307,360**

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,513,436	1,699,828
Payments to suppliers and employees (inclusive of goods and services tax)	(1,302,874)	(1,453,153)
	210,562	246,675
Interest received	703	1,657
Interest and other costs of finance paid	(32,079)	(32,095)
Income taxes paid	(20,759)	(32,687)
Transaction costs relating to acquisition of subsidiary	—	(11,649)
Net cash inflow from operating activities	**158,427**	**171,901**
Cash flows from investing activities		
Payments for purchase of subsidiaries, net of cash acquired	—	(36,017)
Loan to DDH1 Limited, pre-acquisition	—	(38,000)
Payments for property, plant, equipment and intangibles	(165,185)	(198,778)
Proceeds from sale of property, plant and equipment	13,339	8,383
Proceeds from sale of assets held for sale	10,051	10,522
Repayment of loan by related party	168	—
Net cash outflow from investing activities	**(141,627)**	**(253,890)**
Cash flows from financing activities		
Proceeds from borrowings	317,587	239,967
Repayment of borrowings	(304,230)	(84,505)
Payment of lease liabilities	(15,779)	(9,569)
Payments for borrowing costs	(4,173)	(168)
Payments for share buy-back, gross of transaction costs	(14,012)	(8,538)
Payments for Perenti notes buy-back, gross of transaction costs	(24,785)	—
Proceeds from disposal of a non-controlling interest in a subsidiary	5,400	—
Net cash (outflow)/inflow from financing activities	**(39,992)**	**137,187**
Net increase/(decrease) increase in cash and cash equivalents	(23,192)	55,198
Cash and cash equivalents at the beginning of the financial year	348,519	307,360
Effects of exchange rate changes on cash and cash equivalents	(2,856)	(5,822)
Cash and cash equivalents at end of year	**322,471**	**356,736**

Segmental financial information:

Prior to the Acquisition, we organized our operations into three operating segments: (1) Contract Mining – Underground, comprising the Barminco and AUMS businesses; (2) Contract Mining – Surface, comprising the AMS and Ausdrill businesses; and (3) Mining Services and idoba, which includes our other businesses, namely, the BTP Group, Supply Direct, Logistics Direct and idoba. These three operating segments were supported by a fourth supporting segment, Corporate.

As a result of the Acquisition in October 2023, we formed a new Drilling Services division (combining DDH1 and our drilling business, Ausdrill) to more accurately reflect divisional accountability under the combined operating business model. As a result of Ausdrill's transfer to the Drilling Services division, the Contract Mining – Surface and the Contract Mining – Underground divisions were combined into the Contract Mining division, reflective of the type of services the respective business units provide.

Following the reorganization of our divisions, our operations consists of three operating segments, or divisions: (1) Contract Mining, comprising the Barminco, AUMS and AMS businesses; (2) Drilling Services, comprising Ausdrill and the DDH1 drilling businesses, namely DDH1 Drilling, Swick Mining Services, Strike Drilling and Ranger Drilling; and (3) Mining Services and idoba, comprising the BTP Group, the Supply Direct and the Logistics Direct businesses and idoba. These three operating segments are supported by a fourth supporting segment, Corporate.

While we have restated our segments for 1H23 and as of December 31, 2022, so that the financial information presented is comparable to our new segments for 1H24 and as of December 31, 2023, we have not restated our segments for FY23, FY22, FY21. Therefore, the segments analysis in this Offering Memorandum presents the historic segments for 1H24 (with Drilling Services (DDH1 Group) shown separately in 1H24) and 1H23, FY23, FY22, FY21, together with our new segmentation for 1H24 and 1H23.

For the avoidance of doubt for the purposes of this Offering Memorandum, Ausdrill is included in Contract Mining – Surface and the DDH1 Group is included in Drilling Services unless otherwise stated.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segments."

Segment reporting based on reportable segments before the Acquisition

	Year ended June 30,		
	2021	2022	2023
		Historical (A$ in thousands)	
External Sales Revenue			
Contract Mining – Surface	476,142	553,602	661,019
Contract Mining – Underground	1,475,974	1,737,237	2,020,861
Mining Services and idoba	135,391	146,817	198,256
Corporate	35	—	—
Total External Sales Revenue	**2,087,542**	**2,437,656**	**2,880,136**
Underlying Segment EBITDA(1)			
Contract Mining – Surface	60,062	95,582	153,959
Contract Mining – Underground	338,274	347,612	418,403
Mining Services and idoba	31,424	31,464	35,814
Corporate	(49,639)	(48,245)	(55,569)
Total Underlying EBITDA	**380,121**	**426,413**	**552,607**
Underlying Segment EBIT(A)(1)			
Contract Mining – Surface	12,173	30,153	62,172
Contract Mining – Underground	200,372	184,614	256,676
Mining Services and idoba	11,686	13,151	7,286
Corporate	(53,444)	(51,625)	(62,030)
Total Underlying EBIT(A)	**170,787**	**176,293**	**264,104**

	Six months ended December 31,	
	2022	2023
	Historical (A$ in thousands)	
External Sales Revenue		
Contract Mining – Surface	340,632	321,992
Contract Mining – Underground	1,002,214	1,075,651
Drilling Services	—	133,169
Mining Services and idoba	95,664	101,351
Total External Sales Revenue	**1,438,510**	**1,632,163**
Underlying Segment EBITDA(1)		
Contract Mining – Surface	81,578	70,632
Contract Mining – Underground	207,576	206,292
Drilling Services	—	27,799
Mining Services and idoba	20,929	29,891
Corporate	(28,868)	(22,141)
Total Underlying EBITDA	**281,215**	**312,473**
Underlying Segment EBIT(A)(1)		
Contract Mining – Surface	37,718	24,956
Contract Mining – Underground	123,346	119,702
Drilling Services	—	15,250
Mining Services and idoba	5,866	13,773
Corporate	(32,322)	(25,129)
Total Underlying EBIT(A)	**134,608**	**148,552**

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,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
External Sales Revenue	2,087,542	2,437,656	2,880,136	3,430,583
EBITDA(1)	276,296	405,403	544,786	679,984
Underlying EBITDA(1)	380,121	426,413	552,607	671,407
Underlying EBITDA margin(1)	18.2%	17.5%	19.2%	19.6%
EBIT(A)	54,066	155,283	261,140	346,370
Underlying EBIT(A)(1)	170,787	176,293	264,104	332,500
Underlying EBIT(A) margin(1)	8.2%	7.2%	9.2%	9.7%
Free operating cash flow(2)	74,033	91,182	114,474	
Net working capital(3)	279,993	209,922	241,077	
Total debt	768,000	901,857	806,362	
Net debt	503,259	553,338	499,002	
Net working capital to external sales revenue	13.4%	8.6%	8.4%	
Ratio of net debt to Underlying EBITDA(1)	1.3	1.3	0.9	
Ratio of Underlying EBITDA to Net interest expense(1)	6.0	7.6	8.8	
Gearing ratio(1)	27.9%	29.5%	25.9%	
Capital expenditures(1)	278,619	467,937	373,921	

	Six months ended December 31,		
	2022	2023	2023
	Historical		Pro Forma
	(A$ in thousands)		
External Sales Revenue	1,438,510	1,632,163	1,798,531
EBITDA[(1)]	273,392	321,843	322,378
Underlying EBITDA[(1)]	281,215	312,473	336,848
Underlying EBITDA margin[(1)]	19.5%	19.1%	18.7%
EBIT(A)	129,150	160,557	147,224
Underlying EBIT(A)[(1)]	134,608	148,552	158,935
Underlying EBIT(A) margin[(1)]	9.4%	9.1%	8.8%
Free operating cash flow[(2)]	14,185	10,615	
Net working capital[(3)]	289,888	428,157	
Total debt	888,947	950,803	
Net debt	566,476	594,067	
Net working capital to external sales revenue	20.2%	26.2%	
Ratio of net debt to Underlying EBITDA[(1)]	1.0	1.0	
Ratio of Underlying EBITDA to Net interest expense[(1)]	9.2	9.3	
Gearing ratio[(1)]	29.3%	25.1%	
Capital expenditures[(1)]	165,185	198,778	

Notes:

(1) External sales revenue, EBITDA, Underlying EBITDA, Underlying EBITDA margin, Underlying EBIT (A), Underlying EBIT (A) margin, ratio of total debt to Underlying EBITDA, 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).

(2) We define "free operating cash flow" as our net cash flow from operating activities less sustaining capital expenditure. Plant and equipment depreciation is 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

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

For the pro forma six months ended December 31, 2023, 31% of our external sales revenue was derived from mining services that we provide in African countries excluding Botswana.

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 risks 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 operate in countries that have been and continue to be subject to political instability and that have experienced various political issues, in addition to the risks mentioned in the prior paragraph. For example, on September 26, 2023, dissidents of the Burkina Faso Armed Forces attempted to overthrow the ruling government led by Ibrahim Traoré, which came to power a year earlier. In September 2023, hundreds of demonstrators gathered in the Ghanaian capital, Accra, for multi-day anti-government protests linked to economic hardship that have led to dozens of arrests. On June 1, 2023, protests broke out in Senegal following opposition leader Ousmane Sonko's conviction for corrupting young people, which resulted in at least 23 persons dead and about 500 arrested.

We may take out political risk insurance to protect the assets of the Perenti 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, embargo, political violence, 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 or is expected to compromise 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.

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% of our total external contract mining and drilling services sales revenue for the pro forma six months ended December 31, 2023.

We provide mining services principally with respect to gold, copper and nickel projects. Approximately 61% of our external sales revenue for the pro forma six months ended December 31, 2023 was generated from the provision of mining services on gold mining projects, approximately 26% from copper and nickel. Consequently, our activity levels and results of operations are dependent on production levels of our customers' mines and commodity prices and it remaining economic to continue production at existing gold, copper and nickel 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 organic growth is dependent on mine operators continuing to expand production at existing mines or bringing 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 December 2023 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 our revenue.
- **A slowdown in global industrial activity, which could cause a decline in the production of copper and nickel.**
  - Global copper demand is forecasted to grow and will be underpinned by decarbonization, with copper's long-term demand prospects firmly embedded in the energy transition as well as the forces of industrialization, urbanization and population growth, according to Wood Mackenzie. If such trends were to slow or decline, the demand for copper could decline, resulting in less production and a reduced demand for our mining services. While the price of copper remains elevated, it has decreased in recent years.
  - Global nickel demand has risen steadily driven by the stainless-steel and batteries sectors, though growth in the stainless-steel sector is slowing, according to Wood Mackenzie. If industrial activity slows or declines, the demand for nickel could decline, resulting in less production and a reduced demand for our mining services. A supply deficit in 2021 resulted in a rally in nickel prices, which extended into early 2022 when prices spiked, before nickel prices started to trend downwards. In addition, according to Wood Mackenzie, despite nickel demand projected to increase over time, a potential market surplus in nickel supply in the future might put downward pressure on nickel prices.
  - There can be no assurance that the price of copper and nickel will rise in the future or will maintain current price levels. A decline in the demand and price of copper and nickel 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 an important factor 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 generally 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 fulfill 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' or a contract pricing event under the terms of our contracts) 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% of our total external contract mining and drilling services sales revenue for the pro forma six months ended December 31, 2023, and our order book as of December 31, 2023 had an aggregated contracted value of A$4.6 billion over the remainder of FY24 to FY30. We calculate our order book based on monthly run-rate revenue, assuming that the contract continues to completion with the exercise of any extension options, without assuming any renewals 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."

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 and drilling services contracts may be for less than 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 canceled or may not be renewed if our customers decide to reduce their levels of spending, potentially reducing our revenue.

As of December 31, 2023, 35 of our contracts that represent approximately A$707.9 million in estimated orderbook revenue are due to expire in the next 12 months. 18 are in the Contract Mining segment, 15 are in the Drilling Services segment and 2 are in the Mining Services and idoba 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 the 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 as a result, we may experience downtime and incur 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 partially 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 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 canceled 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 cancelation 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 cancelations.

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

Our new contracts typically have high upfront costs 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 for existing mine operations, 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, for existing mine operations 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 may potentially harm our relationships with customers, make it less likely for customers to contract for our services and subject us to penalties and fines.

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 persons conducting a business or understanding ("PCBU"), employees and others regarding Work Health and Safety ("WHS"). Under the legislation, PCBUs 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. In certain circumstances, non-compliance with mining or WHS legislation may result in criminal sanctions. The countries outside of Australia in which we operate also have jurisdictional health and safety laws and regulations. We apply the same operating standards, including with regard to health and safety, to our operations outside of Australia as we do to our Australian operations which, we believe, most likely exceed legal and regulatory obligations in those markets.

We face 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 but not limited to 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 (including in relation to both physical and psychological safety) to be of high importance in their decision to award service contracts. Some of our activities, in particular 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 the prevention of adverse life changing events, we have, and may continue to, experience accidents (including fatalities), causing our health and safety record to deteriorate. In February 2023, an incident occurred at MMG Limited's Dugald River Underground Mine near Cloncurry, Queensland with respect to three Barminco employees. While one employee was rescued and received medical treatment for minor injuries, the two other employees were fatally injured. On February 27, 2024, an incident occurred at the Mana mine in Burkina Faso which resulted in the fatal injury of an African Underground Mining Services employee.

In March 2023, we established a Safety Taskforce, which is governed by the Board's Safety and Sustainability Committee and includes two independent workplace safety experts, to support and continuously improve our safety performance. This work builds on a significant number of safety initiatives introduced in recent years including an independent review of our Contract Mining Division's safety culture, capability and processes last year. This work has been completed, and the results have been used to establish a divisional Safety Transformation Plan for Contract Mining, with progress overseen by the Safety Taskforce and the Board's Safety and Sustainability Committee.

A deterioration of our health and safety performance may be more likely as we continue to grow if we experience high employee turnover or add employees who, despite being qualified, may not be very experienced due to shortages of skilled labor. 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 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 high 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.

Failure to comply with health and safety laws and regulations may potentially result in enforcement actions which may potentially 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 may potentially 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 potentially have an adverse effect on our ability to win new contracts or keep existing contracts. In addition, any damage to our safety record or our reputation for providing our employees a healthy and safe work environment may potentially 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 may potentially adversely affect our business, financial position and results of operations. Moreover, changes in health and safety laws and regulations may potentially result in material additional expenditures or material interruptions to our business or operations, including as a result of any failure to comply with applicable laws and regulations, which may potentially adversely affect our business, financial position and results of operations.

We face competition.

We face competition and may not compete as successfully in the future as we have in the past. There are a number of competitors, both stand-alone companies and divisions of larger groups, that currently provide similar services to Perenti. We may also face competition from new competitors entering the market. In addition, we may also encounter increasing competition for personnel from both other mining services companies and owner-operators in their efforts to hire experienced mining professionals.

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 Byrnecut and Macmahon, and for surface mines include Action Drill and Blast (a subsidiary of NRW), SRG Global, McKay Drilling (a subsidiary of Major Drilling), Mitchell Services, Wallis Drilling and Top Drill.

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. Other contractors in this market include Elandiwave, JCHX mining, Byrnecut, Capital Drilling, EC Mining, Moolman and Kiabi Mining Services.

Within North America, the underground contract mining segment market is a fragmented marketplace, with our main competitors being Cementation, Ledcor, Redpath, Procon, Byrnecut and Kiewit.

Some of our competitors may have 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. 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, Europe and North America 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 to 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 one or more 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 our business, financial position and results of operations could be adversely affected.

We are exposed to risks associated with outbreaks of epidemics, infectious diseases and other communicable disease outbreaks, including the COVID-19 outbreak.

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, especially where limited local health infrastructure weakens governments’ ability to manage and contain outbreaks effectively.

To the extent the COVID-19 pandemic, and future pandemics or any other communicable disease (or measures implemented to control them) adversely affect us and our customers and suppliers, 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 may potentially be exposed to liabilities under anti-bribery and anti-corruption laws and should there be a 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.

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 outside of Australia, 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 than 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 a number of policies and standards in place, including a code of conduct which sets out the standards of behavior expected of directors, employees, consultants, contractors and suppliers. These policies and standards are supported by assurance processes. To assist in ensuring compliance and maintaining best standards, we also maintain web-based training packages for code of conduct, anti-bribery and corruption and whistleblowing. Nonetheless, 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. As at the date of this Offering Memorandum, we are not aware of any violation within our business of 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.

We have a long track record of international operations, first operating in Africa in 1993. We have since expanded to operate in twelve countries and a new continent, North America. We intend to continue to consider prudently exploring entry into new markets. 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;
- 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;
- compete successfully with established market participants;
- accurately judge market dynamics, growth potential and competitive environment;
- 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
- maintain and obtain necessary permits, licenses and approvals from governmental and regulatory authorities and agencies and satisfy any local content or ownership requirement.

Furthermore, our contract mining commercial 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 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 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.

We may not benefit from anticipated business opportunities or experience anticipated growth from the acquisition of DDH1 Limited.

On October 6, 2023, we implemented a scheme of arrangement and completed the acquisition of 100% of the issued share capital of DDH1 Limited.

We expect that DDH1 Limited will bring significant capability across a range of specialized surface and underground drilling services that complement Perenti's existing service offering and the acquisition will result in various business opportunities, potential growth and the realization of synergies. In particular, we hope to benefit from increased scale, and the ability to leverage the operational and financial strengths of both companies, which we expect will enable improved margins and increased free cash flow, accelerating the delivery of our FY25 financial targets. Our ability to obtain the expected benefits from this transaction is dependent on, among other things, our ability to effectively integrate DDH1 Limited's business and operations with our business strategy.

Our assumptions underlying the expected benefits of the acquisition, including but not limited to those relating to any expected post-tax profit and loss synergies, may be inaccurate, and there can be no assurance that we will realize them. For example, current or future competitors may expand or enter into the specialized surface and underground drilling services sector or general economic conditions may deteriorate, including conditions that may disproportionately affect the specialized surface and underground drilling services sector. Any deterioration in the specialized surface and underground drilling services sector may lead to a deferral or decline of capital expenditure decisions by current or potential customers in the sector. A deferral or reduction in the expected capital expenditures of our current or future customers in the specialized surface and underground drilling services sector could adversely impact the anticipated contribution of DDH1 Limited's business to our results of operations. These factors may limit our ability to grow our business or to benefit from business opportunities that we anticipated in our decision to enter into the acquisition.

Furthermore, our ability to realize anticipated business opportunities and to successfully integrate DDH1 Limited's business carries risk, including potential delays or additional costs in implementing necessary changes, difficulties or unexpected costs in integrating systems or operations and costs relating to alignment of pay rates or retention of key staff and is also dependent on our ability to retain key employees of DDH1 Limited. There is a risk that any actual synergies able to be realized as part of the acquisition may be less than expected or delayed. Finally, our growth and operating strategies for the combined businesses may not be successful, and there can also be no assurance that the costs of integrating DDH1 Limited's business will not be higher than expected. If we are unable to benefit from business opportunities, achieve anticipated synergies, experience growth or obtain any other of the expected benefits of the acquisition, our business, financial condition and results of operations may be adversely affected.

The historical financial information of Perenti and DDH1 Limited and our pro forma financial information may not be representative of our results as a combined company in the future.

The historical financial information included in this Offering Memorandum has been derived from separate financial statements of Perenti and DDH1 Limited for periods prior to the completion of the acquisition. Our unaudited pro forma condensed combined statement of profit or loss presented in this Offering Memorandum is based in part on certain assumptions regarding our acquisition of DDH1 Limited and its business which we believe are reasonable. There can be no assurance that these assumptions are accurate or that business conditions will not change and result in these assumptions becoming irrelevant. Investors should consider this in making their investment decision. Accordingly, the historical, pro forma and other financial information included in this Offering Memorandum is not necessarily indicative of and may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented or what our results of operations and financial condition will be in the future. Neither the underlying pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with Australian Auditing Standards and accordingly such unaudited pro forma condensed combined statement of profit or loss presented in this Offering Memorandum should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor. None of the Initial Purchasers or any of their affiliates, officers, advisers, directors, employees, agents and representatives makes any representation or warranty, express or implied, regarding the accuracy or completeness of such pro forma condensed combined financial information or their sufficiency for an assessment of, and investors are cautioned not to place undue reliance on the such pro forma condensed combined financial information included in this Offering Memorandum.

We may not have discovered liabilities or other matters related to DDH1 Limited, or we may be required to recognize a different value for assets and liabilities acquired in the acquisition than what we have previously announced, which could adversely impact our operating results and financial condition.

In the course of the due diligence review that we conducted prior to the acquisition, we may not have discovered, or may have been unable to properly quantify, liabilities of DDH1 Limited or other factors that may have an adverse effect on our business, results of operations, financial condition and cash flows after the consummation of the acquisition or on the value of our shares after the consummation of the acquisition, and our shareholders may not be indemnified or otherwise compensated for any of these liabilities or other adverse effects resulting from these factors.

Furthermore, we were required to undertake an assessment of the fair value of the tangible and intangible assets acquired as well as the actual and contingent liabilities of DDH1 Limited at the date of the acquisition. Accounting standards provide 12 months from completion of the acquisition for this assessment to be finalized. The outcome of this assessment could give rise to different values being applied than those used in the pro forma financial information previously announced by us in connection with the acquisition. Such an outcome could impact the values of assets and liabilities we report in the consolidated balance sheet. There could also be differences in the depreciation and amortization charges recognized in the consolidated profit or loss account, which may impact reported profit before tax and net profit after tax.

If we fail to adopt new technologies or adapt to the acceleration of decarbonization, our future performance and growth may be adversely affected.

The pace of technological advancements in the mining industry is accelerating. The introduction, acquisition and integration of new or competing technologies by our direct and indirect 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 when appropriate, acquiring and introducing innovative solutions and technologies can be time consuming, costly and complex. Successful 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 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.

Additionally, there has been a recent acceleration towards decarbonization, sustainability and a global shift to electrification in underground mining. The acceleration of decarbonization is highlighted as one of our five sustainability priorities and future business opportunities that leverages the deep mining expertise of Barminco and digital and technological capability of idoba, along with strategic partnerships to deliver new services to the mining industry. If we fail to effectively address the changing demands of the industry and our 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 the pro forma six months ended December 31, 2023, our labor expenses accounted for 43% of our total expenses. We are exposed to heightened labor costs arising from a number of factors, including in markets where the demand for labor is strong. In the current landscape, tight labor markets and changing demand for mining technology will introduce heightened competition for critical skills, such as expertise in underground mining, decarbonization and information technology. 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 reduce productivity, cause production delays, increased labor costs and adversely impact our ability to fulfill our existing contracts or win new contracts. Furthermore, an insufficient capability within our organization can lead to suboptimal performance in our business operations. 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 December 31, 2023, approximately 57% of our Australian workforce was subject to collective bargaining agreements in all states in which we operate. 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 mining services 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 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. We also face security risks in our operations in African countries. See "—We generate a significant portion of our revenue from mining services provided in African countries that face instability and security risks." 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, liability 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 some 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 in identifying, executing, and 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. In particular, on October 6, 2023, we implemented a scheme of arrangement and completed the acquisition of 100% of the issued share capital of DDH1 Limited. 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 appropriate 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. See "—We may not benefit from anticipated business opportunities or experience anticipated growth from the acquisition of DDH1 Limited" and "—We may not have discovered certain liabilities or other matters related to DDH1 Limited which may adversely affect our future financial position." 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, and all applicable laws and regulations, our actions or failure to act may result in us or our client incurring environmental liability, regulatory penalties or having licenses suspended, canceled or subjected to additional conditions and/or become subject to third-party claims for damage, as a result of violations of or liabilities under such laws and regulations. We have established three sustainability imperatives that relate to improved environmental and sustainability outcomes – caring for our people and communities, valuing the environment, enabling the energy transition and acting ethically and responsibly.

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 in all jurisdictions in which we operate, including insurance for certain environmental claims, the insurance is subject to coverage limits and some 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.

Inadequacies in our internal controls and risk managements systems may potentially arise that may potentially leave us susceptible to breaches.

We have implemented an internal control, assurance and risk management framework, which is designed to identify and minimize incidents of fraud, non-compliance with our risk management policies and identify weaknesses in our internal control framework. Nonetheless, we have experienced breaches of our compliance framework in the past. 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 breaches of our compliance framework or that any further investigation will not identify incidents of such breaches that have occurred in the past or weaknesses in our internal controls and risk management systems. Inadequacies in our internal controls and risk management framework and any instances of breach of our compliance framework that arise may potentially 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. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, in countries where we have significant operations or substantial tax provision or contingent liabilities could materially affect our results of operations and financial condition. For example, as of December 31, 2023, the Perenti Group had A$582.6 million of available tax losses, which we currently expect can be utilized to offset future taxable income. 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. 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 cancelation of contract rights, as well as regulations in respect of indigenous peoples (such as requirements to seek authorizations and consents from such communities) and 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 and Ghana have started enforcing certain local ownership requirements and we had to establish a joint venture in both jurisdictions through a local subsidiary to meet the local ownership requirements. 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 potential to interrupt our operations 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, continue to consider amending legislation that may impact tax on 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 international 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, the translation of sales, earnings or assets and liabilities from other currencies 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. For the pro forma six months ended December 31, 2023, 46% of our consolidated sales revenue 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 international operations are exposed to currency exchange transaction risk. For our contracts in francophone African countries, 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. 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. 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. Exchange controls may restrict our ability to freely send cash out of the country. As a result, countries with foreign exchange controls may not be available to meet obligations incurred in 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.

For the pro forma six months ended December 31, 2023, exploration related services accounted for 6% of our external contract mining and drilling services 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 may be 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 and some operational 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, our customers', and other third parties' proprietary or classified information.

An increasing reliance on data and digital technologies has resulted in a corresponding escalation of cyber-related risks, encompassing aspects such as ransomware proliferation, nation-state espionage activities and the continued monetization of cybercrime. The rapid adoption and accessibility of artificial intelligence ("AI") powered tools have lowered the technical barrier to entry for threat actors, with AI being used to create not only new malware variants, but also ultra-realistic deepfake audio and video content. 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 disrupt our business operations, compromise the safety of our employees, expose confidential information, tarnish our reputation and pose financial, legal and regulatory risks for the Perenti Group 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. Extreme weather events could cause health and safety impacts, operational delays, supply chain disruption and increase in capital expenditure. Concerns regarding climate change may lead to additional international, national, regional and local legislative and regulatory responses, and our reporting obligations may increase over time. For example, subject to legislation being passed in Australia, we may become subject to additional reporting obligations from July 1, 2024 in line with the Australian Accounting Standards Board's Exposure Drafts. These relate to proposed Australian sustainability standards for climate-related financial disclosure. Any requirement for us to mandatorily report and publish enhanced disclosures regarding the effects of climate change could increase our reporting and compliance 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. For example, the failure to electrify and decarbonize in line with market and client expectations could affect our ability to win work with preferred clients and access capital at desirable rates. Also, the perception that the Perenti Group is not acting on climate change could adversely impact our ability to attract and retain talent. Finally, we may be exposed to liability for increased costs related to climate-related risks under our contracts with clients. Any of the foregoing risks could have a material adverse effect on our business, results of operations and financial condition.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been impacted by geopolitical instability due to the military conflict between Russia and Ukraine and armed conflicts between Israel and Hamas. Our business, financial condition and results of operations may be materially and adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine, the Gaza Strip or any other geopolitical tensions.

Global markets have experienced macroeconomic and inflationary headwinds, and volatility and disruption, in particular following the escalation of geopolitical tensions, including the military conflict between Russia and Ukraine and armed conflicts between Israel and Hamas. Although the length and impact of the ongoing military conflict is highly unpredictable, such conflicts could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. We are continuing to monitor the situation in Ukraine, the Gaza Strip and globally and assess its potential impact on our business. In addition, sanctions on Russia and hostilities involving Israel could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds to refinance our existing debt.

Any of the above mentioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military actions, sanctions and resulting market disruptions are impossible to predict, but could be substantial. In addition, any resulting commodity price uncertainty may impact our clients' capital investment or contracting strategies. Any such disruptions may also magnify the impact of other risks described in this "Risk factors" section.

Risks Relating to our Indebtedness

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 contract mining equipment and three and five years for underground contract 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 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 Syndicated Facility, 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 Syndicated Facility 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.

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

As of December 31, 2023, we had outstanding A$898.8 million of total borrowings with an additional A$157.4 million in undrawn commitments in relation to our Syndicated Facility. This outstanding debt includes the 2025 Notes, for which we intend to use the net proceeds of the offering to partially redeem, in an aggregate principal amount of US$230.0 million, its outstanding amount. We also have, as of March 31, 2024, A$238.1 million outstanding under the Syndicated Facility, which we intend to partially repay using proceeds from this offering. See "Use of Proceeds" and "Capitalization." 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 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. Such funding may become even more difficult to obtain due to rising market interest rates. Market interest rates are affected by many factors outside of our control, including governmental monetary policies, domestic and international economic conditions, inflation, deflation, recession, changes in unemployment, the money supply, international disorder and instability in domestic and foreign financial markets. 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 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 and the Syndicated Facility, 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 Syndicated Facility, including interest cover, leverage, gearing 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 Syndicated Facility 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 raise additional debt or equity financing necessary in order 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.

We are exposed to interest rate risk through our debt structures, investments and derivative instruments linked to interest rates. As of December 31, 2023, approximately 27% 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 the costs of servicing existing borrowings, including our ability to make payments on the Notes and comply with interest cover covenants in our debt instruments, which may adversely impact our business, financial condition and financial performance.

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 Syndicated Facility and each Australian Note Guarantor's obligations under its guarantee of the Syndicated Facility 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 Syndicated Facility, 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 December 31, 2023, on an as adjusted consolidated basis giving effect to (a) A$238.1 million outstanding under the Syndicated Facility as of March 31, 2024, (b) the Notes offering and (c) the application of the net proceeds of the Notes offering, we would have had A$138.8 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$55.4 million of Existing Purchase Money Indebtedness and A$86.3 million outstanding (excluding A$2.9 million of prepaid borrowing costs in relation to the Syndicated Facility, which is secured) under the Credit Agreement. 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.

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 "BB+" by Fitch. 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, whether the constitution of the guarantor allows the directors to act in the best interests of its holding company, and the respective benefits to the other parties involved in the transaction.

Whether a guarantee that is 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 Issuer, 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 Issuer. 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."

Enforcement of the Note Guarantees across multiple jurisdictions may be difficult, and 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 52.8% of our total assets as of December 31, 2023 are incorporated in Australia, and certain Subsidiary Guarantors representing 30.4% of our total group assets as of December 31, 2023 are incorporated in a variety of jurisdictions other than Australia and the U.S. and Canada. As of December 31, 2023, the Parent Guarantor, the Issuer and the initial Subsidiary Guarantors accounted for 83.2% of the total group assets and, 79.0% of total group Underlying EBITDA for the pro forma six months ended December 31, 2023. 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 Issuer 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 all the Subsidiary Guarantors are incorporated outside of the United States. In addition, all 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 Syndicated Facility 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$339.4 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 partially redeem, in an aggregate principal amount of US$230.0 million, the outstanding 2025 Notes and (ii) to partially repay amounts drawn which are currently outstanding under the Syndicated Facility.

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents and capitalization of Perenti as of December 31, 2023:

- 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$339.4 million in aggregate, namely (i) to partially redeem, in an aggregate principal amount of US$230.0 million, the outstanding 2025 Notes and (ii) to partially repay amounts drawn which are currently outstanding under the Syndicated Facility.

You should read the following table in conjunction with the sections of this Offering Memorandum titled "Selected Historical Consolidated and Pro Forma Condensed Combined 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.

	As of December 31, 2023	
	Actual	**As adjusted**
	(unaudited) (A$ in millions)	
Cash and cash equivalents[1]	**356.7**	**335.6**[2][3]
Total debt (including current portion)		
2025 Notes	635.8	298.0[4]
Syndicated Facility	262.6	86.3[5]
Prepaid borrowing costs[6]	(8.6)	(8.6)
Other loans[7]	7.7	7.7
Lease liabilities	52.1	52.1
Non-controlling interest loan	1.2	1.2
Notes offered hereby	—	514.1[8][3]
Total debt	**950.8**	**950.8**
Total equity[9]	**1,774.9**	**1,774.9**
Total capitalization[10]	**2,725.7**	**2,725.7**

Notes:

(1) Excludes an aggregate dividend amount, as declared by Perenti's directors on February 19, 2024, of A$19.1 million expected to be paid but not recognized as a liability as of December 31, 2023.

(2) Adjustment of A$21.1 million representing (i) estimated A$5.5 million to fund the transaction costs relating to the partial redemption of the outstanding 2025 Notes and (ii) transaction costs of US$10.6 million (converted to A$15.6 million).

(3) Figures converted using a December 31, 2023 rate of A$1.00 = US$0.6808.

(4) Gives effect to the partial redemption of the outstanding 2025 Notes at a redemption price of 101.625% of the principal amount of the 2025 Notes redeemed plus accrued and unpaid interest up to the redemption date amounting, in the aggregate, to US$230.0 million (converted to A$337.8 million).

(5) Gives effect to the partial repayment of amounts drawn which are currently outstanding under the Syndicated Facility amounting to US$120 million (converted to A$176.3 million).

(6) Prepaid borrowing costs consist of A$2.9 million in relation to the Syndicated Facility, which is secured, and A$5.7 million in relation to unsecured borrowings.

(7) Other loans include insurance premium funding (A$4.4 million) and asset finance (A$3.3 million).

(8) Gives effect to the receipt of the US$350.0 million (converted to A$514.1 million) proceeds from this offering of Notes.

(9) Based on shareholders equity of A$1,774.9 million as of December 31, 2023.

(10) Total capitalization calculated as the aggregate of total equity and total debt.

THE ISSUER

Perenti Finance Pty Ltd is the issuer of (a) the Notes offered hereby and (b) the 2025 Notes, which we intend to use the net proceeds of this offering to partially redeem, in an aggregate principal amount of US$230.0 million, the outstanding amount. 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
Rajiv Ratneser	Company Secretary
Justine Passaportis	Company Secretary

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On October 6, 2023, we acquired DDH1 Limited and its subsidiaries, one of Australia's largest specialist providers of drilling services. Perenti acquired all of the equity in DDH1 Limited for a total purchase price of A$329.7 million consisting of 279.7 million fully paid ordinary shares and A$50.0 million in cash.

The accompanying unaudited pro forma condensed combined statement of profit or loss for the year ended June 30, 2023 and for the six-month period ended December 31, 2023 gives effect to the Acquisition and the debt refinancing, as if they occurred on July 1, 2022. The unaudited pro forma condensed combined statement of profit or loss for the year ended June 30, 2023 and for the six-month period ended December 31, 2023 has been compiled from the following sources with the following adjustments:

- The "Perenti Consolidated" column is derived from, and should be read in conjunction with, the historical consolidated financial statements of Perenti for the year ended June 30, 2023 and the condensed consolidated financial statements of Perenti for the six-month period ended December 31, 2023 included elsewhere in this Offering Memorandum.
- The "DDH1" column is derived from and should be read in conjunction with, the historical consolidated financial statements of DDH1 Limited for the year ended June 30, 2023 included elsewhere in this Offering Memorandum. For the period from July 1, 2023 to October 6, 2023, the DDH1 amounts are derived from DDH1 Limited's accounting books and records.
- The "Transaction Accounting and Financing Adjustments" column gives effect to the preliminary purchase price allocation to acquire DDH1, together with debt refinancing in connection with the Acquisition.

The unaudited pro forma condensed combined statement of profit or loss shows the impact of the Acquisition on Perenti's combined results of operations under the acquisition method of accounting with Perenti treated as the accounting acquirer. The Transaction Accounting and Financing Adjustments have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, which comply with IFRS as issued by the IASB. Estimated adjustments have been made to reflect the acquisition method of accounting as required by the Australian Accounting Standard AASB 3: Business Combinations, including adjustments to record the assets and liabilities of DDH1 at their respective fair values. We have elected not to present Autonomous Entity Adjustments or Management's Adjustments and only present the Transaction Accounting and Financing Adjustments (each as defined in Article 11 of Regulation S-X under the Securities Act) in the unaudited pro forma condensed combined statement of profit or loss.

This unaudited pro forma condensed combined statement of profit or loss is for illustrative informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition actually taken place at the dates indicated, and does not purport to be indicative of the future financial position or operating results. The initial accounting for the acquisition of DDH1 has only been provisionally determined at the end of the reporting period.

In this regard, the unaudited pro forma condensed combined statement of profit or loss does not give effect to (i) any integration costs that may be incurred as a result of the transaction, (ii) potential future synergies, that may result from the transaction, (iii) any allowance for revenue attrition or revenue opportunities that may be derived from the combined enterprise's plans for growth, (iv) changes in estimates subsequent to the dates of such financial information, (v) restructuring charges that may be incurred to fully integrate and operate the combined enterprise more efficiently, or (vi) possible changes in the capital structure of the combined enterprise.

Future operating results may differ materially from the unaudited pro forma condensed combined statement of profit or loss presented below due to various factors including those described under the captions "Risk Factors", and "Forward-looking Statements" and elsewhere in Perenti's and DDH1 Limited's historical financial statements included elsewhere in this Offering Memorandum.

None of the Initial Purchasers or any of their affiliates, officers, advisers, directors, employees, agents and representatives makes any representation or warranty, express or implied, regarding the accuracy or completeness of such pro forma condensed combined financial information or their sufficiency for an assessment of, and investors are cautioned not to place undue reliance on such pro forma condensed combined financial information included in this Offering Memorandum.

The unaudited pro forma condensed combined statement of profit or loss should be read in conjunction with "Selected Historical Consolidated and Pro Forma Condensed Combined Financial Data" "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and notes thereto included elsewhere in this Offering Memorandum.

Perenti Limited
Unaudited Pro Forma Condensed Combined
Statement of Profit or Loss
For the year ended June 30, 2023
(in thousands of Australian dollars (A$))

		Pro Forma			
	Perenti Consolidated	**DDH1 Note 2**	**Transaction Accounting and Financing Adjustments Note 3**	**Footnotes**	**Pro forma Combined Perenti and DDH1**
Revenue	2,880,136	550,447	—		3,430,583
Other income	43,330	14,630	29,371	**(a)**	87,331
Materials expense	(914,643)	(113,662)	—		(1,028,305)
Labor costs	(1,143,405)	(266,508)	—		(1,409,913)
Rental and hire expense	(55,629)	(15,815)	—		(71,444)
Depreciation expense	(283,646)	(49,968)	—		(333,614)
Amortization expense	(33,998)	(11,119)	(3,604)	**(b)**	(48,721)
Finance costs	(64,609)	(2,910)	(1,779)	**(c)**	(69,298)
Finance income	3,675	129	—		3,804
Other expenses from ordinary activities	(260,275)	(50,617)	(12,648)	**(d)**	(323,540)
Impairment of assets	(4,728)	—	—		(4,728)
Profit before income tax	**166,208**	**54,607**	**11,340**		**232,155**
Income tax expense	(63,622)	(12,082)	(3,402)	**(e)**	(79,106)
Profit for the year	**102,586**	**42,525**	**7,938**		**153,049**
Earnings per share for profit attributable to the ordinary equity holders of the Company:					
Number of Shares used to calculate basic earnings per share	682,172,308	411,967,699	279,704,558	**(f)**	961,876,866
Basic earnings per share—cents	13.9	10.5			15.2
Number of Shares used to calculate diluted earnings per share	715,590,428	414,774,752	279,704,558	**(g)**	995,294,986
Diluted earnings per share—cents	13.4	10.4			14.7

The subsequent section titled "—Notes to Unaudited Pro Forma Condensed Combined Financial Statements," which includes a description of each of the footnotes above, is an integral part of these statements.

Perenti Limited
Unaudited Pro Forma Condensed Combined Statement of Profit or Loss
For the six-month period ended December 31, 2023
(in thousands of Australian dollars (A$))

	For the six-month period ended December 31, 2023 Perenti Consolidated	Pro Forma For the period from July 1, 2023 to October 6, 2023 DDH1 Note 2	Pro Forma Transaction Accounting and Financing Adjustments Note 3	Footnotes	Pro forma Combined Perenti and DDH1
Revenue	1,632,163	166,368	—		1,798,531
Other income	39,232	557	(29,371)	**(a)**	10,418
Materials expense	(501,974)	(35,200)	—		(537,174)
Labor costs	(653,901)	(84,768)	—		(738,669)
Rental and hire expense	(28,877)	(4,657)	—		(33,534)
Depreciation expense	(161,286)	(13,868)	—		(175,154)
Amortization expense	(25,015)	(2,413)	(534)	**(b)**	(27,962)
Finance costs	(35,026)	(1,161)	(168)	**(c)**	(36,355)
Finance income	1,577	27	—		1,604
Other expenses from ordinary activities	(164,800)	(25,042)	12,648	**(d)**	(177,194)
Profit / (loss) before income tax	**102,093**	**(157)**	**(17,425)**		**84,511**
Income tax (expense) / benefit	(32,284)	(204)	5,227	**(e)**	(27,261)
Profit / (loss) for the year	**69,809**	**(361)**	**(12,198)**		**57,250**
Earnings per share for profit attributable to the ordinary equity holders of the Company:					
Number of Shares used to calculate basic earnings per share	813,163,823	401,093,420	147,452,946	**(f)**	960,616,769
Basic earnings per share—cents	8.0	(0.1)			5.4
Number of Shares used to calculate diluted earnings per share	843,628,193	401,093,420	147,452,946	**(g)**	991,081,139
Diluted earnings per share—cents	7.7	(0.1)			5.3

The subsequent section titled "—Notes to Unaudited Pro Forma Condensed Combined Financial Statements," which includes a description of each of the footnotes above, is an integral part of these statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of preparation

Accounting Policies

The historical consolidated financial statements of Perenti and the consolidated financial statements of DDH1 Limited were prepared in accordance with Australian Accounting Standards and also comply with IFRS as issued by the IASB. The unaudited pro forma condensed combined statement of profit or loss is presented in an abbreviated form and therefore does not comply with all presentation and disclosure requirements of IFRS or the requirements of Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001 of Australia.

Following a review of accounting policies, to align DDH1's accounting policies with those of Perenti's, DDH1's depreciation on major plant and equipment has been changed from a straight-line method to machine hours worked over the estimated useful life. The change in the method did not result in any material adjustments to DDH1's historical financial statements for the purposes of the pro forma condensed combined statement of profit or loss. DDH1 Limited's historical amounts were reclassified between financial statement captions to align with Perenti's presentation format.

Business Combination Accounting

The unaudited pro forma condensed combined statement of profit or loss shows the impact of the Acquisition on Perenti's results of operations under the acquisition method of accounting with Perenti treated as the accounting acquirer as if the Acquisition occurred on July 1, 2022.

Purchase Consideration

The total consideration paid to DDH1 shareholders was $329.7 million (including A$50.0 million in cash and 279,704,558 Perenti shares at $1.00 each), plus transaction costs of A$5.5 million, which are expensed when incurred, for 100% of the shares in DDH1.

Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed are measured at their fair values on the acquisition date. The unaudited pro forma condensed combined statement of profit or loss therefore includes estimated adjustments to record the assets and liabilities of DDH1 Limited at their respective fair values and represents management's best estimates based on information available at this time. The pro forma adjustments may be revised as additional information becomes available and additional analysis is performed.

The fair value of the DDH1 Limited customer related intangibles on acquisition is provisional pending the final valuations of those assets. It has been allocated to the Drilling Services segment. Customer related intangibles are considered to be amortizing intangible assets and to have a maximum 5 years of useful life.

Further details regarding the preliminary purchase price allocation are described in Note 6 of Perenti's consolidated financial statements for the six-month period ended December 31, 2023.

Perenti has assumed that DDH1 Limited will be grouped with Perenti for corporate tax purposes with effect from October 6, 2023.

Debt refinancing and repayment

In conjunction with the Acquisition, A$80.0 million was drawn under Perenti's Syndicated Facility to fund the A$50.0 million acquisition cash consideration to DDH1 shareholders and the A$30.0 million repayment of DDH1's term loan facility.

2. DDH1 Limited Reclassification adjustments

Reclassification adjustments have been made to the DDH1 Limited combined statement of profit or loss to conform presentation to that used in Perenti's statement of profit or loss. These include:

	For the year ended June 30, 2023 (in thousands of Australian dollars (A$))				For the period from July 1, 2023 to October 6, 2023 (in thousands of Australian dollars (A$))			
	DDH1 (Historical)	Reclassification		DDH1 (Reclassified)	DDH1 (Historical)	Reclassification		DDH1 (Reclassified)
Revenue	550,447	—		550,447	166,368	—		166,368
Other income	12,488	2,142	(1)	14,630	1,078	(521)	(1)	557
Other gains and (losses)	2,142	(2,142)	(1)	—	(521)	521	(1)	—
Materials expense	—	(113,662)	(3, 6, 12, 13)	(113,662)	—	(35,200)	(3, 6, 12, 13)	(35,200)
Labor costs	—	(266,508)	(4)	(266,508)	—	(84,768)	(4)	(84,768)
Rental and hire expense	—	(15,815)	(5)	(15,815)	—	(4,657)	(5)	(4,657)
Depreciation expense	(49,968)	—		(49,968)	(13,868)	—		(13,868)
Amortization expense	(11,119)	—		(11,119)	(2,413)	—		(2,413)
Finance income	—	129	(2)	129	—	27	(2)	27
Interest income	129	(129)	(2)	—	27	(27)	(2)	—
Finance costs	(2,910)	—		(2,910)	(1,161)	—		(1,161)
Other expenses from ordinary activities	—	(50,617)	(7, 8, 9, 10, 11)	(50,617)	—	(25,042)	(7, 8, 9, 10, 11)	(25,042)
Administrative expenses	(16,198)	16,198	(7)	—	(6,382)	6,382	(7)	—
Drilling consumables	(55,676)	55,676	(3)	—	(19,087)	19,087	(3)	—
Employee and contract labor expenses	(266,508)	266,508	(4)	—	(84,768)	84,768	(4)	—
Fuel and oil expenses	(10,887)	10,887	(12)	—	(3,109)	3,109	(12)	—
Freight and couriers	(7,149)	7,149	(8)	—	(2,428)	2,428	(8)	—
Hire of plant	(15,815)	15,815	(5)	—	(4,657)	4,657	(5)	—
Service and repair expense	(42,149)	42,149	(13)	—	(12,955)	12,955	(13)	—
Travel expenses	(22,220)	22,220	(9)	—	(6,805)	6,805	(9)	—
Transaction expenses	(876)	876	(10)	—	(7,117)	7,117	(10)	—
Engineering consumables and parts expenses	(4,950)	4,950	(6)	—	(49)	49	(6)	—
Other expenses	(4,174)	4,174	(11)	—	(2,310)	2,310	(11)	—
Profit/(loss) before income tax	**54,607**	**—**		**54,607**	**(157)**	**—**		**(157)**
Income tax expense	(12,082)	—		(12,082)	(204)	—		(204)
Profit/(loss) for the year/period	**42,525**	**—**		**42,525**	**(361)**	**—**		**(361)**

Summary of the reclassifications and description of nature:

	DDH1's statement of profit or loss original line items	Perenti's statement of profit or loss line items	Description
(1)	Other gains and (losses)	Other income	Perenti classifies Other gains and (losses) as Other income
(2)	Interest income	Finance income	Reclassification due to different nomenclature
(3)	Drilling consumables	Materials expense	Perenti classifies Drilling consumables as Materials expense
(4)	Employee and contract labor expenses	Labor costs	Reclassification due to different nomenclature
(5)	Hire of plant	Rental and hire expense	Reclassification due to different nomenclature
(6)	Engineering consumables and parts expenses	Materials expense	Perenti classifies Engineering consumables and parts expenses as Materials expense
(7)	Administrative expenses	Other expenses from ordinary activities	Perenti classifies Administrative expenses as Other expenses from ordinary activities
(8)	Freight and couriers	Other expenses from ordinary activities	Perenti classifies Freight and couriers as Other expenses from ordinary activities
(9)	Travel expenses	Other expenses from ordinary activities	Perenti classifies Travel expenses as Other expenses from ordinary activities
(10)	Transaction expenses	Other expenses from ordinary activities	Perenti classifies Transaction expenses as Other expenses from ordinary activities
(11)	Other expenses	Other expenses from ordinary activities	Reclassification due to different nomenclature
(12)	Fuel and oil expenses	Materials expense	Perenti classifies Fuel and oil expenses as Materials expense
(13)	Service and repair expenses	Materials expense	Perenti classifies Service and repair expenses as Materials expense

3. Transaction Accounting and Financing Adjustments

Pro Forma Statement of Profit or Loss Adjustments for the year ended June 30, 2023

(a) Adjustment to reflect the Gain on acquisition of A$29.4 million. The total consideration paid to DDH1 shareholders was $329.7 million for 100% of the shares. The acquisition of DDH1 business resulted in a gain on acquisition of $29.4 million as the fair value of assets acquired, and liabilities assumed exceeded the total of the fair value of consideration paid. The acquisition resulted in a gain as the value of the ordinary shares issued as partial consideration for the acquisition decreased from the date the acquisition was announced on June 26, 2023 to the date the acquisition was completed on October 6, 2023 and due to the fair value uplift to plant and equipment. Customer contracts and relationships and development assets are being amortized in line with the valuation assessment.

The gain on acquisition amount has been recognized under "Other income" in the consolidated statement of profit or loss for the half year period ended December 31, 2023.

Further details regarding the fair value of the assets acquired and liabilities assumed are described in Note 6 of Perenti's consolidated financial statements for the six-month period ended December 31, 2023.

(b) Reflects incremental amortization expense related to fair value adjustments for the identified acquired customer relationships resulting in an increase to amortization expense of A$3.6 million. Customer related intangibles are considered to have a maximum 5 years of useful life.

(c) Reflects the pro forma increase in interest expense of A$1.8 million. This increase in interest expense represents the net impact of the repayment of DDH1's term loan and drawings under Perenti's facilities to partially fund the Acquisition as if both had occurred on July 1, 2022. The increase consists of (i) a A$1.8 million reduction in interest expense due to the repayment of DDH1's term loan, and (ii) a A$3.6 million net increase in interest expense related to the drawings under Perenti's facilities to fund the Acquisition.

The A$80.0 million of additional indebtedness carries a variable rate of interest. The rate used to estimate the pro forma interest expense was 5.42% based on the prevailing rates at issuance. An increase of 0.125% in the rate assumed would result in increased interest expense of A$0.1 million in the unaudited pro forma condensed combined statement of income. This increase in interest expense in each period would cause a corresponding decrease in net income.

(d) To reflect DDH1 and Perenti's transaction costs of A$12.6 million. The amounts consists of advisory, legal, auditing and other professional fees that have not been recognized and accrued in the historical financial statements of DDH1 and Perenti. This is a non-recurring item.

(e) Reflects the tax impact of adjustments at the statutory tax rate of 30% effective in Australia.

(f) Pro forma combined Perenti and DDH1 basic earnings per share was computed by dividing the pro forma profit attributable to equity holders of the Company for the year ended June 30, 2023 (A$146.2 million) by the pro forma weighted average number of ordinary shares (961.9 million shares).

(g) Pro forma combined Perenti and DDH1 diluted earnings per share was computed by dividing the pro forma profit attributable to equity holders of the Company for the year ended June 30, 2023 (A$146.2 million) by the pro forma weighted average number of ordinary shares on a diluted basis (995.3 million shares).

Pro Forma Statement of Profit or Loss Adjustments for the six-month period ended December 31, 2023

(a) Reflects reversal of gain on acquisition of A$29.4 million. This has been recognized as part of the Transaction Accounting and Financing Adjustments for the year ended June 30, 2023.

(b) Reflects incremental amortization expense related to fair value adjustments for the identified acquired customer relationships resulting in an increase to amortization expense of A$0.5 million. Customer related intangibles are considered to have a maximum 5 years of useful life.

(c) Reflects the pro forma increase in interest expense of A$0.2 million. This increase in interest expense represents the net impact of the repayment of DDH1's term loan and drawings under Perenti's facilities to fund the Acquisition as if both had occurred on July 1, 2022. The increase consists of (i) a A$0.8 million reduction in interest expense due to the repayment of DDH1's term loan, and (ii) a A$1.0 million net increase in interest expense related to the drawings under Perenti's facilities to fund the Acquisition.

The A$80.0 million of additional indebtedness carries a variable rate of interest. The rate used to estimate the pro forma interest expense was 6.70% based on the prevailing rates at issuance. An increase of 0.125% in the rate assumed would result in increased interest expense of A$0.1 million in the unaudited pro forma condensed combined statement of income. This increase in interest expense in each period would cause a corresponding decrease in net income.

(d) Reflects reversal of the acquisition costs incurred by DDH1 of A$7.1 million and acquisition costs incurred by Perenti of A$5.5 million for the six-month period ended December 31, 2023, which were reflected in Pro Forma Statement of Profit or Loss Adjustments for the year ended June 30, 2023. This is a non-recurring item.

(e) Reflects the tax impact of adjustments at the statutory tax rate of 30% effective in Australia.

(f) Pro forma combined Perenti and DDH1 basic earnings per share was computed by dividing the pro forma profit attributable to equity holders of the Company for the six-month period ended December 31, 2023 (A$52.2 million) by the pro forma weighted average number of ordinary shares (960.6 million shares).

(g) Pro forma combined Perenti and DDH1 diluted earnings per share was computed by dividing the pro forma profit attributable to equity holders of the Company for the six-month period ended December 31, 2023 (A$52.2 million) by the pro forma weighted average number of ordinary shares on a diluted basis (991.1 million shares).

4. Reconciliation EBITDA to Underlying EBITDA and Underlying EBIT(A)

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,			
	2021	2022	2023	2023
		Historical (A$ in thousands)		Pro Forma
Profit/(loss) for the year	(52,303)	42,486	102,586	153,049
Income tax expense	4,109	27,836	63,622	79,106
Finance income	(495)	(397)	(3,675)	(3,804)
Finance costs	63,452	56,316	64,609	69,298
Amortization expense	39,303	29,042	33,998	48,721
EBIT(A)	**54,066**	**155,283**	**261,140**	**346,370**
Depreciation expense	222,230	250,120	283,646	333,614
EBITDA	**276,296**	**405,403**	**544,786**	**679,984**
Foreign exchange (gain)/loss, net	7,152	1,962	782	231
Impairment of assets	70,563	23,162	4,728	4,728
Transaction, restructuring costs and other	3,492	9,910	2,311	15,835
Gain on Acquisition	—	—	—	(29,371)
Provisions relating to the exit from Mali	—	11,619	—	—
Gain on sale of businesses, net	—	(25,643)	—	—
Other restructuring and exit costs associated with the AMS strategic review	13,573	—	—	—
Trade receivable provisions and bad debts arising from AMS strategic review	11,995	—	—	—
Provision for stock obsolescence in BTP	9,946	—	—	—
Depreciation – AMS strategic review	(12,896)	—	—	—
Underlying EBITDA	**380,121**	**426,413**	**552,607**	**671,407**
Depreciation	(222,230)	(250,120)	(283,646)	(333,614)
Depreciation – AMS strategic review	12,896	—	—	—
Software amortization[(1)]	—	—	(4,857)	(5,293)
Underlying EBIT(A)	**170,787**	**176,293**	**264,104**	**332,500**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Profit for the period	44,035	69,809	57,250
Income tax expense/(benefit)	37,181	32,284	27,261
Finance income	(2,678)	(1,577)	(1,604)
Finance costs	33,389	35,026	36,355
Amortization expense	17,223	25,015	27,962
EBIT(A)	**129,150**	**160,557**	**147,224**
Depreciation expense	144,242	161,286	175,154
EBITDA	**273,392**	**321,843**	**322,378**
Foreign exchange (gain)/loss, net	2,107	5,131	5,131
Impairment of assets	4,728	—	—
Transaction, restructuring costs and other	988	7,565	2,034
Gain on Acquisition	—	(29,371)	—
idoba Product Development	—	7,305	7,305
Underlying EBITDA	**281,215**	**312,473**	**336,848**
Depreciation	(144,242)	(161,286)	(175,154)
Software amortization(1)	(2,365)	(2,635)	(2,759)
Underlying EBIT(A)	**134,608**	**148,552**	**158,935**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

SELECTED HISTORICAL CONSOLIDATED AND PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following tables set forth selected historical consolidated and pro forma condensed combined 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, 2021, 2022 and 2023 set forth below have 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 information for the six-month period ended December 31, 2022, and 2023 set forth below have been derived from our unaudited condensed consolidated interim financial statements and related notes 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.

In 1H24, we completed the acquisition of DDH1. As a result of the Acquisition, we acquired full control of the DDH1 Group. The Acquisition was completed on October 6, 2023. The accompanying unaudited pro forma financial information presented in this Offering Memorandum for the year ended June 30, 2023 and for the six-month period ended December 31, 2023 gives effect to the Acquisition and the debt refinancing and repayment, as if they occurred on July 1, 2022.

The selected unaudited pro forma financial information presented in this Offering Memorandum is based in part on certain assumptions regarding the Acquisition. We cannot assure you that our assumptions will prove to be accurate.

The historical pro forma and other financial information included in this Offering Memorandum may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future. Neither the underlying pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with Australian Auditing Standards.

Following the Acquisition, we consolidated the DDH1 Group for the period from October 6, 2023 to December 31, 2023. This has resulted in a significant increase in the scale of our operations and significant changes to our financial condition. Thus, the financial results of 1H23 and 1H24 may not be comparable across all periods. Additionally, on February 7, 2022, DDH1 Limited completed the acquisition of the issued share capital of Swick and its subsidiaries for a purchase price of A$88.2 million on a cash and scrip basis. The Swick acquisition impacts the comparability of DDH1's results for FY22 and FY23 and the balance sheet for the periods then ended. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The selected historical and pro forma 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," "Unaudited Pro Forma Condensed Combined Financial Information," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected unaudited pro forma financial information included in this section gives effect to the Acquisition, but does not give effect to other drawings under the Syndicated Facility or the issuance of the Notes or the application of the proceeds from the Notes. See "Capitalization" in this Offering Memorandum.

Selected income statement information:

	Year ended June 30,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
Revenue	2,087,542	2,437,656	2,880,136	3,430,583
Other income	9,091	47,251	43,330	87,331
Materials expense	(628,091)	(734,512)	(914,643)	(1,028,305)
Labor costs	(875,850)	(1,037,993)	(1,143,405)	(1,409,913)
Rental and hire expense	(18,177)	(45,306)	(55,629)	(71,444)
Depreciation expense	(222,230)	(250,120)	(283,646)	(333,614)
Amortization expense	(39,303)	(29,042)	(33,998)	(48,721)
Finance costs	(63,452)	(56,316)	(64,609)	(69,298)
Finance income	495	397	3,675	3,804
Other expenses from ordinary activities	(227,656)	(238,531)	(260,275)	(323,540)
Impairment of assets	(70,563)	(23,162)	(4,728)	(4,728)
Profit/(loss) before income tax	**(48,194)**	**70,322**	**166,208**	**232,155**
Income tax expense	(4,109)	(27,836)	(63,622)	(79,106)
Profit/(loss) for the year	**(52,303)**	**42,486**	**102,586**	**153,049**
Profit/(loss) is attributable to:				
Equity holders of the Company	(55,140)	40,658	95,739	146,202
Non-controlling interests	2,837	1,828	6,847	6,847
Profit/(loss) for the year	**(52,303)**	**42,486**	**102,586**	**153,049**
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents	Cents	Cents
Basic earnings/(loss) per share	(7.8)	5.8	13.9	15.2
Diluted earnings/(loss) per share	(7.8)	5.7	13.4	14.7

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Revenue	1,438,510	1,632,163	1,798,531
Other income	24,944	39,232	10,418
Materials expense	(450,595)	(501,974)	(537,174)
Labor costs	(572,315)	(653,901)	(738,669)
Rental and hire expense	(27,868)	(28,877)	(33,534)
Depreciation expense	(144,242)	(161,286)	(175,154)
Amortization expense	(17,223)	(25,015)	(27,962)
Finance costs	(33,389)	(35,026)	(36,355)
Finance income	2,678	1,577	1,604
Other expenses from ordinary activities	(134,556)	(164,800)	(177,194)
Impairment of assets	(4,728)	—	—
Profit before income tax	**81,216**	**102,093**	**84,511**
Income tax expense	(37,181)	(32,284)	(27,261)
Profit for the year	**44,035**	**69,809**	**57,250**
Profit is attributable to:			
Equity holders of the Company	39,661	64,791	52,232
Non-controlling interests	4,374	5,018	5,018
Profit for the year	**44,035**	**69,809**	**57,250**
Earnings per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents	Cents
Basic earnings per share	5.7	8.0	5.4
Diluted earnings per share	5.6	7.7	5.3

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,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
Profit/(loss) for the year	(52,303)	42,486	102,586	153,049
Income tax expense	4,109	27,836	63,622	79,106
Finance income	(495)	(397)	(3,675)	(3,804)
Finance costs	63,452	56,316	64,609	69,298
Amortization expense	39,303	29,042	33,998	48,721
EBIT(A)	**54,066**	**155,283**	**261,140**	**346,370**
Depreciation expense	222,230	250,120	283,646	333,614
EBITDA	**276,296**	**405,403**	**544,786**	**679,984**
Foreign exchange (gain)/loss, net	7,152	1,962	782	231
Impairment of assets	70,563	23,162	4,728	4,728
Transaction, restructuring costs and other	3,492	9,910	2,311	15,835
Gain on Acquisition	—	—	—	(29,371)
Provisions relating to the exit from Mali	—	11,619	—	—
Gain on sale of businesses, net	—	(25,643)	—	—
Other restructuring and exit costs associated with the AMS strategic review	13,573	—	—	—
Trade receivable provisions and bad debts arising from AMS strategic review	11,995	—	—	—
Provision for stock obsolescence in BTP	9,946	—	—	—
Depreciation – AMS strategic review	(12,896)	—	—	—
Underlying EBITDA	**380,121**	**426,413**	**552,607**	**671,407**
Depreciation	(222,230)	(250,120)	(283,646)	(333,614)
Depreciation – AMS strategic review	12,896	—	—	—
Software amortization[(1)]	—	—	(4,857)	(5,293)
Underlying EBIT(A)	**170,787**	**176,293**	**264,104**	**332,500**

Note:

(1) Software amortization is considered an underlying expense from FY23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Profit for the period	44,035	69,809	57,250
Income tax expense/(benefit)	37,181	32,284	27,261
Finance income	(2,678)	(1,577)	(1,604)
Finance costs	33,389	35,026	36,355
Amortization expense	17,223	25,015	27,962
EBIT(A)	**129,150**	**160,557**	**147,224**
Depreciation expense	144,242	161,286	175,154
EBITDA	**273,392**	**321,843**	**322,378**
Foreign exchange (gain)/loss, net	2,107	5,131	5,131
Impairment of assets	4,728	—	—
Transaction, restructuring costs and other	988	7,565	2,034
Gain on Acquisition	—	(29,371)	—
idoba Product Development	—	7,305	7,305

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Underlying EBITDA	**281,215**	**312,473**	**336,848**
Depreciation	(144,242)	(161,286)	(175,154)
Software amortization[1]	(2,365)	(2,635)	(2,759)
Underlying EBIT(A)	**134,608**	**148,552**	**158,935**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

Selected balance sheet information:

	As of June 30,		
	2021	2022	2023
	(A$ in thousands)		
ASSETS			
Current assets			
Cash and cash equivalents	264,741	348,519	307,360
Trade and other receivables	325,893	391,101	435,220
Inventories	214,411	212,119	227,242
Current tax receivables	10,545	12,546	15,590
Assets classified as held for sale	28,894	7,488	18,663
Total current assets	**844,484**	**971,773**	**1,004,075**
Non-current assets			
Property, plant and equipment	716,667	926,320	968,236
Right-of-use assets	74,691	59,305	45,616
Intangible assets	678,814	652,207	626,083
Deferred tax assets	147,741	170,239	164,266
Receivables	4,889	9,430	15,098
Financial assets at fair value through other comprehensive income	25,536	—	—
Total non-current assets	**1,648,338**	**1,817,501**	**1,819,299**
Total assets	**2,492,822**	**2,789,274**	**2,823,374**
LIABILITIES			
Current liabilities			
Trade and other payables	260,311	393,298	421,385
Borrowings	3,268	2,172	3,201
Lease liabilities	24,537	27,943	16,538
Current tax liabilities	14,659	15,002	25,175
Employee benefit obligations	70,719	79,722	79,306
Total current liabilities	**373,494**	**518,137**	**545,605**
Non-current liabilities			
Borrowings	690,923	843,492	753,878
Lease liabilities	49,272	28,250	32,745
Deferred tax liabilities	78,135	72,240	58,554
Employee benefit obligations	2,870	4,263	6,136
Provisions	65	532	165
Total non-current liabilities	**821,265**	**948,777**	**851,478**
Total liabilities	**1,194,759**	**1,466,914**	**1,397,083**
Net assets	**1,298,063**	**1,322,360**	**1,426,291**

	As of June 30,		
	2021	2022	2023
	(A$ in thousands)		
EQUITY			
Contributed equity	1,137,783	1,137,030	1,118,448
Other reserves	(10,594)	(56,027)	(35,721)
Retained earnings	160,986	230,937	326,676
Capital and reserves attributable to owners of the Company	**1,288,175**	**1,311,940**	**1,409,403**
Non-controlling interests	9,888	10,420	16,888
Total equity	**1,298,063**	**1,322,360**	**1,426,291**

	As of December 31,	
	2022	2023
	(A$ in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	322,471	356,736
Trade and other receivables	390,095	523,425
Inventories	227,542	286,690
Current tax receivables	11,433	17,714
Assets classified as held for sale	6,200	9,283
Total current assets	**957,741**	**1,193,848**
Non-current assets		
Property, plant and equipment	941,847	1,287,897
Right-of-use assets	44,950	46,697
Intangible assets	638,677	642,248
Deferred tax assets	162,776	122,714
Receivables	13,376	11,673
Financial assets at fair value through profit or loss	—	407
Total non-current assets	**1,801,626**	**2,111,636**
Total assets	**2,759,367**	**3,305,484**
LIABILITIES		
Current liabilities		
Trade and other payables	327,749	381,958
Borrowings	1,851	7,681
Lease liabilities	20,821	14,565
Current tax liabilities	25,999	27,895
Employee benefit obligations	76,026	106,117
Total current liabilities	**452,446**	**538,216**
Non-current liabilities		
Borrowings	844,388	891,072
Lease liabilities	21,887	37,485
Deferred tax liabilities	69,095	56,079
Employee benefit obligations	5,447	7,493
Provisions	228	255
Total non-current liabilities	**941,045**	**992,384**
Total liabilities	**1,393,491**	**1,530,600**
Net assets	**1,365,876**	**1,774,884**
EQUITY		
Contributed equity	1,126,135	1,392,595
Other reserves	(45,026)	(35,266)
Retained earnings	270,598	391,467
Capital and reserves attributable to owners of the Company	**1,351,707**	**1,748,796**
Non-controlling interests	14,169	26,088
Total equity	**1,365,876**	**1,774,884**

Selected cash flow information:

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	2,214,811	2,515,724	3,009,036
Payments to suppliers and employees (inclusive of goods and services tax)	(1,818,019)	(2,056,808)	(2,486,359)
	396,792	**458,916**	**522,677**
Interest received	495	397	1,538
Interest and other costs of finance paid	(46,701)	(49,919)	(61,186)
Income taxes paid	(56,447)	(68,092)	(64,909)
Insurance recovery	2,124	—	—
Net cash inflow from operating activities	**296,263**	**341,302**	**398,120**
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles	(278,619)	(467,937)	(373,921)
Proceeds from sale of property, plant and equipment	85,400	26,715	76,729
Proceeds from sale of assets held for sale	—	31,158	16,338
Proceeds from sale of assets at FVOCI	—	56,625	—
Proceeds from sale of business	—	46,186	—
Cash removed on disposal of subsidiary	—	(1,897)	—
Cash acquired on acquisition of subsidiary	1,785	493	—
Payments for purchase of subsidiaries	(10,570)	(3,750)	—
Loan to non-controlling interest	(2,079)	—	—
Repayment of loan by related party	—	609	168
Net cash outflow from investing activities	**(204,083)**	**(311,798)**	**(280,686)**
Cash flows from financing activities			
Proceeds from borrowings	675,752	310,926	340,106
Repayment of borrowings	(703,064)	(217,873)	(433,195)
Payment of lease liabilities	(30,458)	(26,432)	(28,611)
Payments for borrowing costs	(17,199)	(139)	(4,586)
Transactions with non-controlling interest	2,063	(36)	—
Dividends paid	(63,482)	(14,108)	—
Dividends paid to non-controlling interest	—	(2,610)	(435)
Proceeds from issues of shares, net of transaction costs	81	—	—
Payments for share buy-back, gross of transaction costs	—	(940)	(21,526)
Payments for Perenti notes buy-back, gross of transaction costs	—	—	(24,887)
Proceeds from disposal of a non-controlling interest in a subsidiary	—	—	5,400
Redemption premium on 2022 High Yield Bonds	(8,143)	—	—
Net cash (outflow)/inflow from financing activities	**(144,450)**	**48,788**	**(167,734)**
Net increase/(decrease) increase in cash and cash equivalents	(52,270)	78,292	(50,300)
Cash and cash equivalents at the beginning of the financial year	327,491	264,741	348,519
Effects of exchange rate changes on cash and cash equivalents	(10,480)	5,486	9,141
Cash and cash equivalents at end of year	**264,741**	**348,519**	**307,360**

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,513,436	1,699,828
Payments to suppliers and employees (inclusive of goods and services tax)	(1,302,874)	(1,453,153)
	210,562	**246,675**
Interest received	703	1,657
Interest and other costs of finance paid	(32,079)	(32,095)
Income taxes paid	(20,759)	(32,687)
Transaction costs relating to acquisition of subsidiary	—	(11,649)
Net cash inflow from operating activities	**158,427**	**171,901**
Cash flows from investing activities		
Payments for purchase of subsidiaries, net of cash acquired	—	(36,017)
Loan to DDH1 Limited, pre-acquisition	—	(38,000)
Payments for property, plant, equipment and intangibles	(165,185)	(198,778)
Proceeds from sale of property, plant and equipment	13,339	8,383
Proceeds from sale of assets held for sale	10,051	10,522
Repayment of loan by related party	168	—
Net cash outflow from investing activities	**(141,627)**	**(253,890)**
Cash flows from financing activities		
Proceeds from borrowings	317,587	239,967
Repayment of borrowings	(304,230)	(84,505)
Payment of lease liabilities	(15,779)	(9,569)
Payments for borrowing costs	(4,173)	(168)
Payments for share buy-back, gross of transaction costs	(14,012)	(8,538)
Payments for Perenti notes buy-back, gross of transaction costs	(24,785)	—
Proceeds from disposal of a non-controlling interest in a subsidiary	5,400	—
Net cash (outflow)/inflow from financing activities	**(39,992)**	**137,187**
Net increase/(decrease) increase in cash and cash equivalents	(23,192)	55,198
Cash and cash equivalents at the beginning of the financial year	348,519	307,360
Effects of exchange rate changes on cash and cash equivalents	(2,856)	(5,822)
Cash and cash equivalents at end of year	**322,471**	**356,736**

Segmental financial information:

Prior to the Acquisition, we organized our operations into three operating segments: (1) Contract Mining – Underground, comprising the Barminco and AUMS businesses; (2) Contract Mining – Surface, comprising the AMS and Ausdrill businesses; and (3) Mining Services and idoba, which includes our other businesses, namely, the BTP Group, Supply Direct, Logistics Direct and idoba. These three operating segments were supported by a fourth supporting segment, Corporate.

As a result of the Acquisition in October 2023, we formed a new Drilling Services division (combining DDH1 and our drilling business, Ausdrill) to more accurately reflect divisional accountability under the combined operating business model. As a result of Ausdrill's transfer to the Drilling Services division, the Contract Mining – Surface and the Contract Mining – Underground divisions were combined into the Contract Mining division, reflective of the type of services the respective business units provide.

Following the reorganization of our divisions, our operations consists of three operating segments, or divisions: (1) Contract Mining, comprising the Barminco, AUMS and AMS businesses; (2) Drilling Services, comprising Ausdrill and the DDH1 drilling businesses, namely DDH1 Drilling, Swick Mining Services, Strike Drilling and Ranger Drilling; and (3) Mining Services and idoba, comprising the BTP Group, the Supply Direct and the Logistics Direct businesses and idoba. These three operating segments are supported by a fourth supporting segment, Corporate.

While we have restated our segments for 1H23 and as of December 31, 2022, so that the financial information presented is comparable to our new segments for 1H24 and as of December 31, 2023, we have not restated our segments for FY23, FY22, FY21. Therefore, the segments analysis in this Offering Memorandum presents the historic segments for 1H24 (with Drilling Services (DDH1 Group) shown separately in 1H24) and 1H23, FY23, FY22, FY21, together with our new segmentation for 1H24 and 1H23.

For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segments.”

Segment reporting based on reportable segments before the Acquisition

	Year ended June 30,		
	2021	2022	2023
		Historical (A$ in thousands)	
External Sales Revenue			
Contract Mining – Surface	476,142	553,602	661,019
Contract Mining – Underground	1,475,974	1,737,237	2,020,861
Mining Services and idoba	135,391	146,817	198,256
Corporate	35	—	—
Total External Sales Revenue	**2,087,542**	**2,437,656**	**2,880,136**
Underlying Segment EBITDA[(1)]			
Contract Mining – Surface	60,062	95,582	153,959
Contract Mining – Underground	338,274	347,612	418,403
Mining Services and idoba	31,424	31,464	35,814
Corporate	(49,639)	(48,245)	(55,569)
Total Underlying EBITDA	**380,121**	**426,413**	**552,607**
Underlying Segment EBIT(A)[(1)]			
Contract Mining – Surface	12,173	30,153	62,172
Contract Mining – Underground	200,372	184,614	256,676
Mining Services and idoba	11,686	13,151	7,286
Corporate	(53,444)	(51,625)	(62,030)
Total Underlying EBIT(A)	**170,787**	**176,293**	**264,104**

	Six months ended December 31,	
	2022	2023
	Historical (A$ in thousands)	
External Sales Revenue		
Contract Mining – Surface	340,632	321,992
Contract Mining – Underground	1,002,214	1,075,651
Drilling Services	—	133,169
Mining Services and idoba	95,664	101,351
Total External Sales Revenue	**1,438,510**	**1,632,163**
Underlying Segment EBITDA[(1)]		
Contract Mining – Surface	81,578	70,632
Contract Mining – Underground	207,576	206,292
Drilling Services	—	27,799
Mining Services and idoba	20,929	29,891
Corporate	(28,868)	(22,141)
Total Underlying EBITDA	**281,215**	**312,473**
Underlying Segment EBIT(A)[(1)]		
Contract Mining – Surface	37,718	24,956
Contract Mining – Underground	123,346	119,702
Drilling Services	—	15,250
Mining Services and idoba	5,866	13,773
Corporate	(32,322)	(25,129)
Total Underlying EBIT(A)	**134,608**	**148,552**

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,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
External Sales Revenue	2,087,542	2,437,656	2,880,136	3,430,583
EBITDA(1)	276,296	405,403	544,786	679,984
Underlying EBITDA(1)	380,121	426,413	552,607	671,407
Underlying EBITDA margin(1)	18.2%	17.5%	19.2%	19.6%
EBIT(A)	54,066	155,283	261,140	346,370
Underlying EBIT(A)(1)	170,787	176,293	264,104	332,500
Underlying EBIT(A) margin(1)	8.2%	7.2%	9.2%	9.7%
Free operating cash flow(2)	74,033	91,182	114,474	
Net working capital(3)	279,993	209,922	241,077	
Total debt	768,000	901,857	806,362	
Net debt	503,259	553,338	499,002	
Net working capital to external sales revenue	13.4%	8.6%	8.4%	
Ratio of net debt to Underlying EBITDA(1)	1.3	1.3	0.9	
Ratio of Underlying EBITDA to Net interest expense(1)	6.0	7.6	8.8	
Gearing ratio(1)	27.9%	29.5%	25.9%	
Capital expenditures(1)	278,619	467,937	373,921	

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
External Sales Revenue	1,438,510	1,632,163	1,798,531
EBITDA(1)	273,392	321,843	322,378
Underlying EBITDA(1)	281,215	312,473	336,848
Underlying EBITDA margin(1)	19.5%	19.1%	18.7%
EBIT(A)	129,150	160,557	147,224
Underlying EBIT(A)(1)	134,608	148,552	158,935
Underlying EBIT(A) margin(1)	9.4%	9.1%	8.8%
Free operating cash flow(2)	14,185	10,615	
Net working capital(3)	289,888	428,157	
Total debt	888,947	950,803	
Net debt	566,476	594,067	
Net working capital to external sales revenue	20.2%	26.2%	
Ratio of net debt to Underlying EBITDA(1)	1.0	1.0	
Ratio of Underlying EBITDA to Net interest expense(1)	9.2	9.3	
Gearing ratio(1)	29.3%	25.1%	
Capital expenditures(1)	165,185	198,778	

Notes:

(1) External sales revenue, EBITDA, Underlying EBITDA, Underlying EBITDA margin, Underlying EBIT (A), Underlying EBIT (A) margin, ratio of total debt to Underlying EBITDA, 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).

(2) We define "free operating cash flow" as our net cash flow from operating activities less sustaining capital expenditure. Plant and equipment depreciation is 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.

DDH1 Historical Financials

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, 2021, 2022 and 2023 set forth below has been derived from DDH1 Limited's audited consolidated financial statements. Historical financial information in relation to the year ended June 30, 2022 have been extracted from the comparative amounts disclosed in DDH1 Limited's audited consolidated financial statements for the year ended June 30, 2023 following the acquisition of Swick Mining Services Limited in FY22 where initial acquisition accounting had only been provisionally determined as at June 30, 2022 and was finalized in the year ended June 30, 2023.

DDH1 Selected Income Statement Information:

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Revenue	294,606	415,377	550,447
Other income	4,206	8,427	12,488
Other gains and (losses)	(139)	(2,300)	2,142
Administrative expenses	(4,901)	(10,955)	(16,198)
Drilling consumables	(32,686)	(42,799)	(55,676)
Employee and contract labor expenses	(132,091)	(191,182)	(266,508)
Fuel and oil expenses	(6,457)	(10,162)	(10,887)
Freight and couriers	(3,909)	(6,105)	(7,149)
Hire of plant	(8,501)	(14,614)	(15,815)
Service and repair expenses	(23,869)	(31,892)	(42,149)
Travel expenses	(10,412)	(15,242)	(22,220)
Transaction expenses	(7,431)	—	(876)
Business combination expenses	—	(3,820)	—
Engineering consumables and parts expenses	—	(1,097)	(4,950)
Other expenses	(2,806)	(2,854)	(4,174)
EBITDA	**65,610**	**90,782**	**118,475**
Depreciation expense	(21,528)	(29,956)	(49,968)
Amortization expense	(2,151)	(5,808)	(11,119)
EBIT	**41,931**	**55,018**	**57,388**
Interest income	1	7	129
Finance costs	(2,526)	(1,651)	(2,910)
Profit before tax	**39,406**	**53,374**	**54,607**
Income tax benefit/(expense)	17,780	(17,515)	(12,082)
Profit for the year	**57,186**	**35,859**	**42,525**
Earnings per share	Cents	Cents	Cents
Basic (cents per share)	18.58	9.77	10.51
Diluted (cents per share)	18.02	9.72	10.44

DDH1 Selected Balance Sheet Information:

	As of June 31,		
	2021	2022	2023
	(A$ in thousands)		
ASSETS			
Current assets			
Cash and cash equivalents	14,591	17,941	25,088
Trade and other receivables	55,696	93,563	89,647
Inventories	26,098	55,849	57,768
Current tax receivables	4,279	5,944	1,487
Other current assets	1,221	1,791	2,334
Total current assets	**101,885**	**175,088**	**176,324**
Non-current assets			
Financial assets	562	2,463	807
Intangible assets	30,818	59,252	49,245
Property, plant and equipment	129,415	223,290	245,956
Right of use assets	4,228	13,693	12,468
Deferred tax asset	14,414	—	—
Total non-current assets	**179,437**	**298,698**	**308,476**
Total assets	**281,322**	**473,786**	**484,800**
LIABILITIES			
Current liabilities			
Trade and other payables	28,757	51,091	52,865
Lease liabilities	3,217	4,321	4,190
Provisions	8,433	20,076	19,427
Total current liabilities	**40,407**	**75,488**	**76,482**
Non-current liabilities			
Lease liabilities	6,424	14,975	11,594
Borrowings	—	30,000	30,000
Provisions	804	626	1,053
Deferred tax liabilities	—	10,685	24,668
Total non-current liabilities	**7,228**	**56,286**	**67,315**
Total liabilities	**47,635**	**131,774**	**143,797**
Net assets	**233,687**	**342,012**	**341,003**
EQUITY			
Issued capital	375,025	464,543	444,574
Group reorganization reserve	(266,574)	(266,574)	(266,574)
Share based payment reserve	3,837	3,706	3,585
Foreign currency translation reserve	—	818	1,597
Retained earnings	121,399	139,519	157,821
Total equity	**233,687**	**342,012**	**341,003**

DDH1 Selected Cash Flow Information:

	As of June 30,		
	2021	2022	2023
	(A$ in thousands)		
Cash flows from operating activities			
Receipts from customers	314,190	447,566	621,896
Payments to suppliers and employees	(245,434)	(362,765)	(503,833)
Finance costs	(2,526)	(1,651)	(2,910)
Interest received	1	7	129
Income tax received	(17,624)	979	7,794
Net cash generated by operating activities	**48,607**	**84,136**	**123,076**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	312	485	2,505
Payments for property, plant, equipment	(39,251)	(61,550)	(70,040)
Payments for intangibles	(71)	(587)	(1,211)
Proceeds from sale of financial assets	—	—	2,050
Cash acquired on business combination	—	4,994	—
Payment of acquisition costs	—	(3,820)	—
Proceeds from sale of financial assets	95	—	—
Net cash used in investing activities	**(38,915)**	**(60,478)**	**(66,696)**
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	41,000	—	—
Share issue costs	(9,491)	—	—
Proceeds from treasury shares	—	868	1,010
Principal payments for lease liabilities	(2,742)	(3,594)	(4,663)
Share buy-back	—	—	(21,660)
Proceeds of borrowings	—	—	15,000
Repayment of borrowings	(61,449)	—	(15,000)
Dividends paid	—	(17,739)	(24,222)
Net cash used in financing activities	**(32,682)**	**(20,465)**	**(49,535)**
Net increase in cash and cash equivalents	(22,990)	3,193	6,845
Cash and cash equivalents at the beginning of the year	37,581	14,591	17,941
Effect of foreign exchange rate changes	—	157	302
Cash and cash equivalents at the end of the year	**14,591**	**17,941**	**25,088**

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

Prospective investors should read the following section together with the information under "Unaudited Pro Forma Condensed Combined Financial Information," the consolidated financial statements of Perenti and related notes, and the consolidated financial statements of DDH1 Limited and related notes included in this Offering Memorandum 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.

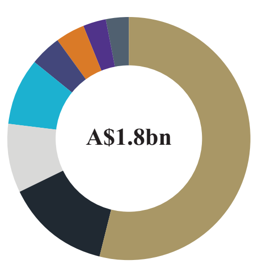
Overview

We are a production oriented diversified mining services provider with operations in 12 countries across Australia, North America, Europe and Africa. In operation since 1987, we listed on the ASX in 1994, and we are now an ASX 300 constituent with a market capitalization of approximately A$931.6 million as of April 4, 2024. For the pro forma year ended June 30, 2023, we had revenue of A$3,430.6 million and Underlying EBITDA of A$671.4 million. For the pro forma six months ended December 31, 2023, we had revenue of A$1,798.5 million and Underlying EBITDA of A$336.8 million. As of December 31, 2023, we were contracted to provide services across more than 60 projects, employed approximately 11,000 people worldwide and had a property, plant and equipment balance (inclusive of right-of-use assets), predominantly comprising our mobile mining equipment, of A$1.3 billion. Our head office is located in Perth, Western Australia.

Our principal activity is the provision of contract mining services, drilling services and other value add mining services primarily to customers that are in the production phase of their mining operations. Our orientation towards the production phase provides increased earnings stability and resilience through the commodity price cycle. These services are essential for our customers to operate their mines and remain in production. We principally provide underground and surface contract mining, development and production-related services to our mining clients across Australia, North America, Europe and Africa. These services include hard-rock specialized services, high speed decline development and production services, load and haul, crusher feed, drilling and blasting, and mine grade control. 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. Following our acquisition of DDH1 in October 2023, for consideration of A$329.7 million, A$279.7 million of which was in the form of Perenti shares, we now operate one of the largest drill fleets globally (measured by the number of drill rigs) and provide customers with access to a broad range of specialized underground and surface drilling services. We primarily provide our services to customers in the gold and base metals sectors.

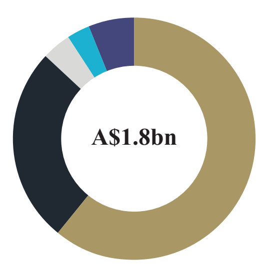
The charts below illustrate the diversity of our revenue by geography and by commodity for the pro forma six months ended December 31, 2023.

Revenue by Geography – Pro forma six months ended December 31, 2023



Australia	54%
Ghana	14%
Burkina Faso	9%
Botswana	9%
Tanzania	4%
Canada	4%
Senegal	3%
Other	3%

Revenue by Commodity – Pro forma six months ended December 31, 2023



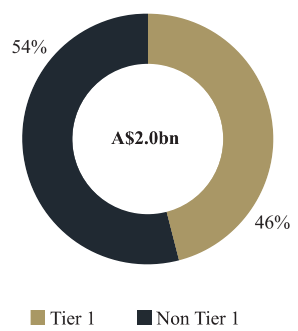
Gold	61%
Base metals[1]	26%
Iron Ore	4%
Mixed Coal	3%
Other	6%

Note:

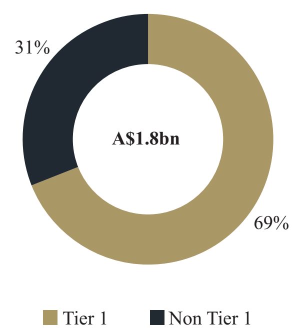
(1) Base metals includes copper and nickel

We continue to prioritize growth in countries which have lower sovereign risk and an investment grade credit rating. We refer to these countries as Tier 1 jurisdictions. The charts below illustrate the composition of our revenue from Tier 1 jurisdictions in FY20, being the first full year after the Barminco acquisition, and in the pro forma six months ended December 31, 2023.

Revenue from Tier 1 Jurisdictions – FY20



Revenue from Tier 1 Jurisdictions – Pro forma six months ended December 31, 2023



Note:

(1) Tier 1 jurisdictions are countries that have received a sovereign rating from either Moody's, S&P Global or Fitch which is investment grade.

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. Both global and local factors impact our results of operations. The key drivers of our results of operations are discussed below.

Size of new mining services contracts and contract renewals

Our order book as of December 31, 2023 had an aggregated contracted value of A$4.6 billion for the period between January 1, 2024 and April 15, 2028.

Under most of our mining services contracts other than short-term drilling contracts or equipment hire 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 eight 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, typically ranging from three months to four years, while equipment rental contracts have varying terms, typically ranging 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 commence operating 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 tend 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.

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 that have rendered continued production from the mine uneconomic. Contracts are also at risk of termination or non-renewal because 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 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 revenue. Since June 2022, we have announced the signing of major contracts with approximately A$3.2 billion of contract value at award, highlighting the global scale of our project portfolio. This included contract extensions at Red Chris in Canada, Mako in Senegal, Subika in Ghana and a new contract for the A4 development at the Motheo project in Botswana. In Australia, we also secured new business with a contract extension at IGO's Flying Fox mine, development work with Evolution Mining's Ernest Henry mine and at Northern Star's Super Pit which will take Ausdrill's presence at the site into its fourth decade. 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. Since announcing award of the contract in June 2022, we have also ramped up activities at Evolution Mining's Cowal Mine in New South Wales, Australia. Being our first major underground project in New South Wales, it is reflective of our strategy to grow the business through the development of high-quality, long-life mines with tier one partners. We continue to be encouraged by a growing pipeline of new work opportunities in attractive mining jurisdictions. We have continued to establish ourselves at the forefront of electrification and the deployment of new technologies to help our clients decarbonize their mining operations.

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 its tendered mine plan by an agreed threshold, for example, if the meters drilled or volumes moved are increased or decreased by a specific amount.

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 revenue 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-related mining services contributed approximately 94% of combined contract mining and drilling services revenue for both the pro forma six months ended December 31, 2023 and in the pro forma year ended June 30, 2023.

We earn the majority of our revenue from the provision of mining services performed under schedule of rates contracts which are commercially "fee for service" arrangements. We do not have any fixed price, lump sum or turnkey contracts. Our contracts are typically structured with a base fee and variable fee component which include, in each case, our embedded margin. We will also have alliance style contracts where the margins are fixed. This schedule of rates contracting approach ultimately seeks to align revenue to the underlying cost structure of our services, where approximately 75% of our costs are variable. For a description of other terms, see "—Key Statement of Profit or Loss and Other Comprehensive Items—Revenue" and "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 revenue 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 and contract termination and therefore 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 contract mining and drilling services and have divested businesses that did not fit within our strategy.

The mix of operating activities we undertake for customers during a period also impacts our results of operations due to the differing margins of the projects and returns on capital employed in each of our segments. The activity mix depends in part on demand from our customers for our mining services, our success in tendering for projects as well as our ability to offer new mining services that we develop or acquire as part of acquisitions.

The mix of operating activities is impacted by the Acquisition. In the pro forma six months ended December 31, 2023, we had drilling services revenue of A$299.5 million, representing 16.7% of total revenue for the period. In the pro forma year ended June 30, 2023, we had drilling services revenue of A$550.4 million, representing 16.0% of total revenue for the pro forma FY23.

For the discussion on our segments differing margins and revenue contribution, see "Business—Operating Segments."

Currency fluctuations

Reporting currency translation risk. Broadly speaking, our Australian operations are Australian dollar denominated and our international 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, when 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. In the pro forma six months ended December 31, 2023, 46% of revenue was denominated in a currency other than the Australian dollar, primarily U.S. dollars and the West African franc which is 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 revenue are derived in one currency and the corresponding expenses are incurred in a different currency. From time to time, we may choose to hedge these economic exposures if they are material.

Currency exchange transaction risk. Our international operations are exposed to currency exchange transaction risk. Under our contracts in francophone African countries, 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. Our client contracts are typically on 30 day payment terms and we attempt to convert our revenue, less an amount to cover local currency expenses, immediately to U.S. dollars or Australian 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. Exchange control may restrict our ability to freely send cash out of the country. As a result, the cash earned in countries with foreign exchange controls may not be available to meet obligations incurred in 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 2025 Notes. 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, natural cash flow hedges with certain cash inflows and outflows denominated in the same currency and by maintaining flexible credit lines which can be drawn in Australian and U.S. dollars. We may hedge material foreign exchange exposures for firm commitments relating to sales or purchases or when highly probable forecast transactions have been identified. 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. Our total number of employees increased by 14.2% between FY21 and FY23 and as at December 31, 2023, including DDH1 Limited, the total number of employees was approximately 11,000. Attracting and retaining skilled employees has been and continues to be a priority for the Perenti Group. In particular, we focus on, and are invested in, developing and retaining local talent at our project sites. We have implemented employee development systems, apprenticeship programs, leadership development programs and retention policies to support these goals.

Upfront capital expenditures depreciated over time

The provision of contract mining services is usually capital intensive and as a result we can have significant upfront costs related to the acquisition of plant and equipment during the implementation and ramp up of new projects. These capital costs are then depreciated over time. Our mining equipment is generally depreciated over a three to five year period for underground contract mining, seven to ten years for surface contract mining equipment and seven to fifteen years for surface drilling equipment. See "—Capital expenditures."

Operating expense fluctuations

Variations to consumables and other operating expenses, including labor costs, 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 revenue.

Carried forward tax losses

As of December 31, 2023, the Perenti Group had A$582.6 million of available tax losses. These tax losses can be utilized to offset future taxable income.

Effective tax rates

Our effective tax rate for the Perenti Group was (8.5%) in FY21, 39.6% in FY22, 38.3% in FY23, 45.8% in 1H23 and 31.6% in 1H24. The Perenti Group's tax rate for Australia is 30.0%. The Perenti Group's effective tax rate is higher or lower than the tax rate of 30.0% due to the impact of dividend withholding tax, functional currencies, items of income/expenditure that are not assessable/deductible for tax, recognition of previously unrecognized tax losses, transfer pricing adjustments and the corporate income tax rates in the various jurisdictions in which we operate.

Recent Developments

Acquisition and integration of DDH1 Limited

On October 6, 2023, we implemented a scheme of arrangement and completed the acquisition of 100% of the issued share capital of DDH1 Limited for a purchase price of A$329.7 million on a cash and scrip basis.

DDH1 Limited is one of Australia's largest mineral exploration drilling contractors, comprising four specialist brands: DDH1 Drilling, Strike Drilling, Ranger Drilling and Swick Mining Services. DDH1 Limited is a provider of technically innovative drilling services and critical geological information predominantly to the Australian mineral exploration and mining industry, with each brand offering a specialized drilling service. As of June 30, 2023, DDH1 Limited had a fleet size of 193 surface and underground drill rigs and has majority of their operations located in the key mining hubs in Australia, specifically Western Australia and Queensland, while Swick Mining Services has grown its presence across North America and Europe.

We have combined the four specialist brands from DDH1 Limited with our existing drilling services business Ausdrill to create a new Drilling Services division within the Perenti Group. Each of the five brands that co-exist under the Drilling Services division have been retained. The acquisition of DDH1 Limited expands our specialist global surface and underground production drilling capabilities and is expected to deliver significant synergies and affords the ability to leverage the operational and financial strengths of both companies. We believe this will improve margins and increase cash flow, which will accelerate the delivery of our FY25 targets. The acquisition will also orient our earnings profile towards Australia and create additional exposure to copper and nickel, in-demand commodities essential for achieving net zero targets.

The 1H24 results include the operations of DDH1 Limited and its subsidiaries since October 6, 2023. The integration of DDH1 Limited into Perenti and the rationalization of corporate functions is substantially complete.

We have presented unaudited pro forma condensed combined statements of profit and loss for FY23, and 1H24 that illustrate the impact of the Acquisition on Perenti's combined results of operations under the acquisition method of accounting in the "Unaudited Pro Forma Condensed Combined Financial Information" section. The Unaudited Pro Forma Condensed Combined Financial Information contains certain adjustments as described therein. See also "Risk Factors—The historical financial information for Perenti and DDH1 Limited and our pro forma financial information may not be representative of our results as a combined company in the future."

Conditional Partial Early Redemption

Concurrently with the launch of the offering of the Notes, the Issuer issued a notice of conditional partial redemption to existing holders of the 2025 Notes notifying them of the Issuer's intention to redeem an aggregate principal amount of US$230.0 million of the 2025 Notes at a redemption price of 101.625% of the principal amount of the 2025 Notes redeemed, plus the accrued and unpaid interest up to the redemption date. The redemption date is expected to be May 7, 2024, subject to satisfaction of certain conditions precedent, which include, among other things, the completion of this offering prior to the redemption date on terms and conditions satisfactory in all respects to the Issuer and the availability and receipt of sufficient funds by the Issuer to pay the redemption price prior to the redemption date.

Impact of New Contracts, Renewals and Extensions

On January 18, 2024, we announced various new work and contract extensions, valued at approximately A$420.0 million, including a 12-month A$125.0 million contract extension to continue underground development and production works at the Gold Fields Agnew underground gold mine, a 12-month A$180.0 million contract extension at the AngloGold Ashanti plc's Obuasi underground gold mine in Ghana and a two-year A$115.0 million contract extension of existing underground development and production works at the Roxgold Inc. Yaramoko underground gold mine in Burkina Faso. On April 2, 2024, we announced that our underground mining business, Barminco, has been awarded a new contract, commencing April 1, 2024, for the provision of mining services at Regis Resources Limited's Duketon Operations (including Rosemont and Garden Well underground mines) in the Goldfields region of Western Australia, valued at approximately A$393 million (based on initial three-year term).

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.

Acquisition and Consolidation of DDH1

Following the Acquisition, we consolidated DDH1 Limited and its subsidiaries for the period from October 6, 2023 to December 31, 2023. This has resulted in a significant increase in the scale of our operations and significant changes to our financial condition.

On February 7, 2022, DDH1 Limited completed the acquisition of the issued share capital of Swick and its subsidiaries for a purchase price of A$88.2 million on a cash and scrip basis. The Swick acquisition impacts the comparability of DDH1's results for FY22 and FY23 and the balance sheet for the periods then ended.

The historical financial information for the Perenti Group for FY21, FY22, FY23, 1H23 and 1H24 included in this Offering Memorandum is derived from the separate consolidated financial statements of Perenti, and the historical financial information for the DDH1 Group for FY21, FY22, FY23 and the period ended October 6, 2023 included in this Offering Memorandum is derived from separate consolidated financial statements of DDH1 Limited, and does not show the impact of the Acquisition on either group in those periods.

Operating Segments

Prior to the Acquisition, we organized our operations into three operating segments: (1) Contract Mining – Underground, comprising the Barminco and AUMS businesses; (2) Contract Mining – Surface, comprising the AMS and Ausdrill businesses; and (3) Mining Services and idoba, which includes our other businesses, namely, the BTP Group, Supply Direct, Logistics Direct and idoba. These three operating segments were supported by a fourth supporting segment, Corporate.

As a result of the Acquisition, we formed a new Drilling Services division (combining DDH1 and our drilling business, Ausdrill) to reflect divisional accountability under the combined operating business model more accurately. As a result of Ausdrill's transfer to the Drilling Services division, the Contract Mining – Surface and the Contract Mining – Underground divisions were combined into the Contract Mining division, reflective of the type of services the respective business units provide.

Following the reorganization of our divisions, our operations consists of three operating segments, or divisions: (1) Contract Mining, comprising the Barminco, AUMS and AMS businesses; (2) Drilling Services, comprising Ausdrill and the DDH1 drilling businesses, namely DDH1 Drilling, Swick Mining Services, Strike Drilling and Ranger Drilling; and (3) Mining Services and idoba, comprising the BTP Group, the Supply Direct and the Logistics Direct businesses and idoba. These three operating segments are supported by a fourth supporting segment, Corporate.

For the avoidance of doubt for the purposes of this Offering Memorandum, Ausdrill is included in Contract Mining – Surface and the DDH1 Group is included in Drilling Services unless otherwise stated.

While we have restated our segments for 1H23 and as of December 31, 2022, so that the financial information presented is comparable to our new segments for 1H24 and as of December 31, 2023, we have not restated our segments for FY23, FY22, FY21. Therefore, the segments analysis in this Offering Memorandum presents the historic segments for 1H24 (with Drilling Services (DDH1 Group) shown separately in 1H24) and 1H23, FY23, FY22, FY21, together with our new segmentation for 1H24 and 1H23. For more information, see "—Segments."

Key Statement of Profit or Loss and Other Comprehensive Items

Revenue

We earn the majority of our revenue from the provision of mining services performed under schedule of rates contracts which are commercially "fee for service" arrangements. We do not have any fixed price, lump sum or turnkey contracts.

Our contracts are typically structured with a base fee and variable fee component which include, in each case, our embedded margin. We will also have alliance style contracts where the margins are fixed. This schedule of rates contracting approach ultimately seeks to align revenue to the underlying cost structure of our services, where approximately 75% of our costs are variable. The base fee and variable fee components comprise:

- Base Fee component – Typically structured to cover management's time and oversight including tender costs, equipment mobilization and demobilization, any fixed contract overheads, and capital costs and charges for our equipment which will be used in the performance of the contract. The base fee includes an embedded margin.
- Variable Fee component – Typically for each contract, there is an agreed set of unit rates for each of the services that can be performed by us at the customer's mine site. For example, the unit rates under a drilling contract are generally based on meters drilled, or for a mining services contract, there will be unit rates based on the type, volume and distance of material moved. Based on the services performed by us during a billing period, a total variable fee component will be calculated and charged to the customer. The unit rates for each service includes an embedded margin and will cover the costs of operating labor, equipment maintenance and mining consumables.

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. For further information on our mining services contract structure and arrangement, see "Business—Mining Services Contract Structure and Arrangements."

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 certain businesses in our Mining Services segment is recorded at a point in time when control has been transferred to the customer, generally being when the goods have been dispatched or delivered to a customer pursuant to the sales order.

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, drilling and other mining services to our customers. These costs are predominantly variable in nature and are 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 Perenti 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 Perenti Group earns revenue under its service contracts with customers, thereby aligning the incentive component of labor expense with revenue. In line with the relevant labor laws in the countries that we operate, our labor costs can 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 and drilling 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 business acquisitions.

Finance Income and Costs

Finance income consists of the interest that we earn on bank balances, at call deposits and other cash investments. Our cash and cash equivalents was A$264.7 million, A$348.5 million, A$307.4 million, A$322.5 million and A$356.7 million in FY21, FY22, FY23, 1H23 and 1H24, 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$768.0 million, A$901.9 million, A$806.4 million, A$888.9 million and A$950.8 million in FY21, FY22, FY23, 1H23 and 1H24, 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 interest expense for the periods indicated.

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Finance income	495	397	3,675
Finance costs	(63,452)	(56,316)	(64,609)
Net interest expense	**(62,957)**	**(55,919)**	**(60,934)**

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Finance income	2,678	1,577
Finance costs	(33,389)	(35,026)
Net interest expense	**(30,711)**	**(33,449)**

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 certain non-GAAP financial measures that we use to analyze and assess the performance of our business including EBITDA, Underlying EBIT(A), Underlying EBITDA, Underlying NPAT(A), Return on Average Capital Employed and Free Operating Cash Flow. 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.

EBITDA, Underlying EBIT(A), Underlying EBITDA, Underlying NPAT(A), Return on Average Capital Employed and Free Operating Cash Flow

EBITDA is defined as profit (loss) before income tax, depreciation and amortization expense and net interest expense:

Underlying EBIT(A) is defined as profit (loss) before income tax, net interest expense, amortization of customer related intangibles and certain adjustments as set out in 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 acquisitions. Accordingly, we believe that Underlying EBIT(A) more clearly presents our financial performance from our operations.

Underlying EBITDA is defined as profit (loss) before income tax, depreciation and amortization expense, net interest expense and certain adjustments as set out in the footnotes to the reconciliation table below.

Underlying NPAT(A) is defined as profit (loss) after income tax but before, amortization of customer related intangibles and certain adjustments as set out in the reconciliation table below.

Return on Average Capital Employed is defined as Underlying EBIT(A) divided by sum of average current and prior years' trade and other receivables, inventories, property, plant and equipment (including assets classified as held for sale and right-of-use assets) less trade and other payables for the relevant period.

Free Operating Cash Flows is defined as our net cash flow from operating activities less sustaining capital expenditure. Plant and equipment depreciation is used as a proxy for sustaining capital expenditure.

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 for the periods indicated.

	Year ended June 30,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
Profit/(loss) for the year	(52,303)	42,486	102,586	153,049
Income tax expense	4,109	27,836	63,622	79,106
Finance income	(495)	(397)	(3,675)	(3,804)
Finance costs	63,452	56,316	64,609	69,298
Amortization expense	39,303	29,042	33,998	48,721
EBIT(A)	**54,066**	**155,283**	**261,140**	**346,370**
Depreciation expense	222,230	250,120	283,646	333,614
EBITDA	**276,296**	**405,403**	**544,786**	**679,984**
Foreign exchange (gain)/loss, net	7,152	1,962	782	231
Impairment of assets	70,563	23,162	4,728	4,728
Transaction, restructuring costs and other	3,492	9,910	2,311	15,835
Gain on Acquisition	—	—	—	(29,371)
Provisions relating to the exit from Mali	—	11,619	—	—
Gain on sale of businesses, net	—	(25,643)	—	—
Other restructuring and exit costs associated with the AMS strategic review	13,573	—	—	—
Trade receivable provisions and bad debts arising from AMS strategic review	11,995	—	—	—
Provision for stock obsolescence in BTP	9,946	—	—	—
Depreciation – AMS strategic review	(12,896)	—	—	—
Underlying EBITDA	**380,121**	**426,413**	**552,607**	**671,407**
Depreciation	(222,230)	(250,120)	(283,646)	(333,614)
Depreciation – AMS strategic review	12,896	—	—	—
Software amortization(1)	—	—	(4,857)	(5,293)
Underlying EBIT(A)	**170,787**	**176,293**	**264,104**	**332,500**

Note:

(1) Software amortization is considered an underlying expense from FY23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Profit for the period	44,035	69,809	57,250
Income tax expense/(benefit)	37,181	32,284	27,261
Finance income	(2,678)	(1,577)	(1,604)
Finance costs	33,389	35,026	36,355
Amortization expense	17,223	25,015	27,962
EBIT(A)	**129,150**	**160,557**	**147,224**
Depreciation expense	144,242	161,286	175,154
EBITDA	**273,392**	**321,843**	**322,378**
Foreign exchange (gain)/loss, net	2,107	5,131	5,131
Impairment of assets	4,728	—	—
Transaction, restructuring costs and other	988	7,565	2,034
Gain on Acquisition	—	(29,371)	—
idoba Product Development	—	7,305	7,305
Underlying EBITDA	**281,215**	**312,473**	**336,848**
Depreciation	(144,242)	(161,286)	(175,154)
Software amortization(1)	(2,365)	(2,635)	(2,759)
Underlying EBIT(A)	**134,608**	**148,552**	**158,935**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

Underlying NPAT(A)

We also monitor our Underlying NPAT(A), which was A$79.8 million, A$82.4 million, A$131.8 million, A$65.3 million and A$78.5 million for FY21, FY22, FY23, 1H23 and 1H24, respectively.

The following table shows our Underlying NPAT(A) reconciled to profit after income tax for the periods indicated.

	Year ended June 30,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
Profit/(loss) for the year	(52,303)	42,486	102,586	153,049
Amortization expense[1]	39,303	29,042		
Customer relationships intangibles amortization[1]	—	—	29,141	43,428
Foreign exchange (gain)/loss, net	7,152	1,962	782	231
Impairment of assets	70,563	23,162	4,728	4,728
Transaction, restructuring costs and other	4,206	9,910	2,311	15,835
Gain on Acquisition	—	—	—	(29,371)
idoba Product Development	—	—	—	—
Provisions relating to the exit from Mali	—	11,619	—	—
Gain on sale of businesses, net	—	(25,643)	—	—
Implementation of AMS strategic review	13,573	—	—	—
Trade receivable provisions and bad debts arising from AMS strategic review	11,995	—	—	—
Provision for stock obsolescence in BTP	9,946	—	—	—
Net gain on re-purchases of US144A notes	—	—	(1,494)	(1,494)
Net tax effect	(32,808)	(10,162)	(6,245)	(5,612)
US bond redemption premium	8,143	—	—	—
Underlying NPAT(A)	**79,770**	**82,376**	**131,809**	**180,794**

Note:

(1) Software amortization is considered an underlying expense from FY23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Profit/(loss) for the year	44,035	69,809	57,250
Customer relationships intangibles amortization[1]	14,858	22,380	25,203
Foreign exchange (gain)/loss, net	2,107	5,131	5,131
Impairment of assets	4,728	—	—
Transaction, restructuring costs and other	988	7,565	2,034
Gain on Acquisition	—	(29,371)	—
Net gain on re-purchases of US144A notes	(1,494)	—	—
idoba Product Development	—	7,305	7,305
Net tax effect	109	(4,293)	(12,292)
Underlying NPAT(A)	**65,331**	**78,526**	**84,631**

Note:

(1) Software amortization is considered an underlying expense from 1H23 as intangible assets other than customer-related intangibles are considered business-as-usual expenditures to operate the business.

Return on Average Capital Employed

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

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Trade and other receivables	325,893	391,101	435,220
Inventories	214,411	212,119	227,242
Property, plant and equipment	716,667	926,320	968,236
Right-of-use assets	74,691	59,305	45,616
Assets classified as held for sale	28,894	7,488	18,663
Receivables	4,889	9,430	15,098
Trade and other payables	(260,311)	(393,298)	(421,385)
Total	**1,105,134**	**1,212,465**	**1,288,690**
Average current year and prior year	1,196,696	1,158,800	1,250,578
Underlying EBIT(A)	170,787	176,293	264,104
Return on Average Capital Employed	**14.3%**	**15.2%**	**21.1%**

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Trade and other receivables	390,095	523,425
Inventories	227,542	286,690
Property, plant and equipment	941,847	1,287,897
Right-of-use assets	44,950	46,697
Assets classified as held for sale	6,200	9,283
Receivables	13,376	11,673
Trade and other payables	(327,749)	(381,958)
Total	**1,296,261**	**1,783,707**
Average current year and prior year	1,215,730	1,539,984
Underlying EBIT(A)	134,608	148,552
Return on Average Capital Employed	**22.1%**	**19.3%**

Free Operating Cash Flow

We define “free operating cash flow” as our net cash flow from operating activities less sustaining capital expenditure. Plant and equipment depreciation is used as a proxy for sustaining capital expenditure.

The following table shows our free operating cash flow reconciled to cash generated from operations for the periods indicated:

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Net Cash from Operating Activities	296,263	341,302	398,120
Plant and equipment depreciation	(222,230)	(250,120)	(283,646)
Free Operating Cash Flow	**74,033**	**91,182**	**114,474**

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Net Cash from Operating Activities	158,427	171,901
Plant and equipment depreciation	(144,242)	(161,286)
Free Operating Cash Flow	**14,185**	**10,615**

Results of Our Operations of Perenti

This section discusses and analyzes Perenti's historical results of operations for 1H24 compared to 1H23, FY23 compared to FY22 and FY22 compared to FY21. We discuss our results of operations on both a consolidated and a segmental basis.

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 Underlying EBIT(A) and Underlying EBITDA.

	Year ended June 30,			
	2021	2022	2023	2023
	Historical (A$ in thousands)			Pro Forma
Revenue	2,087,542	2,437,656	2,880,136	3,430,583
Other income	9,091	47,251	43,330	87,331
Materials expense	(628,091)	(734,512)	(914,643)	(1,028,305)
Labor costs	(875,850)	(1,037,993)	(1,143,405)	(1,409,913)
Rental and hire expense	(18,177)	(45,306)	(55,629)	(71,444)
Depreciation expense	(222,230)	(250,120)	(283,646)	(333,614)
Amortization expense	(39,303)	(29,042)	(33,998)	(48,721)
Finance costs	(63,452)	(56,316)	(64,609)	(69,298)
Finance income	495	397	3,675	3,804
Other expenses from ordinary activities	(227,656)	(238,531)	(260,275)	(323,540)
Impairment of assets	(70,563)	(23,162)	(4,728)	(4,728)
Profit/(loss) before income tax	**(48,194)**	**70,322**	**166,208**	**232,155**
Income tax expense	(4,109)	(27,836)	(63,622)	(79,106)
Profit/(loss) for the year	**(52,303)**	**42,486**	**102,586**	**153,049**
Profit/(loss) is attributable to:				
Equity holders of the Company	(55,140)	40,658	95,739	146,202
Non-controlling interests	2,837	1,828	6,847	6,847
Profit/(loss) for the year	**(52,303)**	**42,486**	**102,586**	**153,049**
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents	Cents	Cents
Basic earnings/(loss) per share	(7.8)	5.8	13.9	15.2
Diluted earnings/(loss) per share	(7.8)	5.7	13.4	14.7

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Revenue	1,438,510	1,632,163	1,798,531
Other income	24,944	39,232	10,418
Materials expense	(450,595)	(501,974)	(537,174)
Labor costs	(572,315)	(653,901)	(738,669)
Rental and hire expense	(27,868)	(28,877)	(33,534)
Depreciation expense	(144,242)	(161,286)	(175,154)
Amortization expense	(17,223)	(25,015)	(27,962)
Finance costs	(33,389)	(35,026)	(36,355)
Finance income	2,678	1,577	1,604
Other expenses from ordinary activities	(134,556)	(164,800)	(177,194)
Impairment of assets	(4,728)	—	—
Profit/(loss) before income tax	**81,216**	**102,093**	**84,511**
Income tax (expense)/benefit	(37,181)	(32,284)	(27,261)
Profit/(loss) for the year	**44,035**	**69,809**	**57,250**

	Six months ended December 31,		
	2022	2023	2023
	Historical (A$ in thousands)		Pro Forma
Profit/(loss) is attributable to:			
Equity holders of the Company	39,661	64,791	52,232
Non-controlling interests	4,374	5,018	5,018
Profit/(loss) for the year	**44,035**	**69,809**	**57,250**
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents	Cents
Basic earnings/(loss) per share	5.7	8.0	5.4
Diluted earnings/(loss) per share	5.6	7.7	5.3

Segments

We determine our operating segments based on the internal reports reviewed by our Managing Director and Chief Executive Officer when making strategic decisions. Our Managing Director and Chief Executive Officer identifies our operating segments based on the nature of the services provided, jurisdiction where services are performed and the nature of risks and returns associated with each business as well as revenue and profit or loss before tax, and assesses the performance of such operating segments based on Revenue and EBIT(A).

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 revenue from sales to clients outside of the Perenti Group. However, as part of our portfolio of businesses, certain business lines provide support services to other businesses within the Perenti Group. For example, our Supply Direct and Logistics Direct businesses provide supplies and logistical services to our projects in Africa as well to other clients outside of the Perenti Group. Intragroup sales are reported below as "intersegment sales" and are eliminated upon consolidation.

As a result of the Acquisition as a subsequent development, we formed a new Drilling Services division (combining DDH1's and Ausdrill's businesses) more accurately reflect divisional accountability under the combined operating business model. As a result of Ausdrill's transfer to the Drilling Services division, the Contract Mining – Surface and the Contract Mining – Underground division were combined into the Contract Mining division, reflective of the type of services the respective business units provide.

Reportable segments before the Acquisition:

Contract Mining - Surface

The provision of surface mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

Contract Mining - Underground

The provision of underground mining services in Australia, Africa and North America.

Mining Services and idoba

Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services.

Reportable segments after the Acquisition:

Contract Mining

The provision of underground and surface contract mining services in Australia, Africa and North America.

Drilling Services

The provision of drilling services across all stages of the mine life cycle including specialized deep hole multi-intersectional directional Diamond Core drilling, underground Diamond Core drilling, drilling and blasting and in-pit grade control in Australia, Europe and North America.

Mining Services and idoba

Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services.

Corporate	**Corporate**
Corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk, investor relations and other corporate administration.	Corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk, investor relations and other corporate administration.

While we have restated our segments for 1H23 and as of December 31, 2022, so that the financial information presented is comparable to our new segments for 1H24 and as of December 31, 2023, we have not restated our segments for FY23, FY22, FY21. Therefore, the segments analysis below presents the historic segments for 1H24 (with Drilling Services (DDH1 Group) shown separately in 1H24) and 1H23, FY23, FY22, FY21, together with our new segmentation for 1H24 and 1H23.

The following tables shows the segment reporting based on reportable segments before and after the Acquisition for the periods indicated.

Segment reporting based on reportable segments before the Acquisition

Six months ended December 31, 2023 (1H 2024) (A$ in thousands)	Contract Mining						
	Surface	Underground	Drilling Services (DDH1 Group)	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue							
Sales to external customers	321,992	1,075,651	133,169	101,351	—	—	1,632,163
Intersegment sales	—	—	—	19,832	—	(19,832)	—
Total sales revenue	**321,992**	**1,075,651**	**133,169**	**121,183**	**—**	**(19,832)**	**1,632,163**
Underlying Segment EBITDA	**70,632**	**206,292**	**27,799**	**29,891**	**(22,141)**	—	**312,473**
Underlying Segment EBIT(A)	**24,956**	**119,702**	**15,250**	**13,773**	**(25,129)**	—	**148,552**
Gain on purchase	—	—	29,371	—	—	—	29,371
Customer relationships intangibles	—	(18,321)	(4,059)	—	—	—	(22,380)
idoba Product Development	—	—	—	(7,305)	—	—	(7,305)
Transaction, restructuring costs and other	(43)	(141)	(247)	(1,370)	(5,764)	—	(7,565)
Foreign exchange (loss)/ gain, net	(302)	(1,963)	(230)	(2,646)	10	—	(5,131)
Reported Segment EBIT	**24,611**	**99,277**	**40,085**	**2,452**	**(30,883)**	**—**	**135,542**

Six months ended December 31, 2022 (1H 2023) (A$ in thousands)	Contract Mining					
	Surface	Underground	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue						
Sales to external customers	340,632	1,002,214	95,664	—	—	1,438,510
Intersegment sales	—	—	11,598	—	(11,598)	—
Total sales revenue	**340,632**	**1,002,214**	**107,262**	**—**	**(11,598)**	**1,438,510**
Underlying Segment EBITDA	**81,578**	**207,576**	**20,929**	**(28,868)**	—	**281,215**
Underlying Segment EBIT(A)	**37,718**	**123,346**	**5,866**	**(32,322)**	—	**134,608**
Amortization expense	—	(14,858)	—	—	—	(14,858)
Impairment of assets	(4,728)	—	—	—	—	(4,728)
Transaction, restructuring costs and other	3,468	(238)	(1,357)	(2,861)	—	(988)
Foreign exchange (loss)/gain, net	(505)	(2,513)	(86)	997	—	(2,107)
Reported Segment EBIT	**35,953**	**105,737**	**4,423**	**(34,186)**	**—**	**111,927**

FY 2023 (A$ in thousands)	Contract Mining Surface	Contract Mining Underground	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue						
Sales to external customers	661,019	2,020,861	198,256	—	—	2,880,136
Intersegment sales	—	—	26,400	—	(26,400)	—
Total sales revenue	**661,019**	**2,020,861**	**224,656**	**—**	**(26,400)**	**2,880,136**
Underlying Segment EBITDA	**153,959**	**418,403**	**35,814**	**(55,569)**	—	**552,607**
Underlying Segment EBIT(A)	**62,172**	**256,676**	**7,286**	**(62,030)**	—	**264,104**
Customer relationships intangibles amortization	—	(29,141)	—	—	—	(29,141)
Impairment of assets	(4,728)	—	—	—	—	(4,728)
Transaction, restructuring costs and other	5,469	(244)	(2,163)	(5,373)	—	(2,311)
Foreign exchange (loss)/gain, net	(2,517)	92	(76)	1,719	—	(782)
Reported Segment EBIT	**60,396**	**227,383**	**5,047**	**(65,684)**	**—**	**227,142**

FY 2022 (A$ in thousands)	Contract Mining Surface	Contract Mining Underground	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue						
Sales to external customers	553,602	1,737,237	146,817	—	—	2,437,656
Intersegment sales	—	538	32,472	—	(33,010)	—
Total sales revenue	**553,602**	**1,737,775**	**179,289**	**—**	**(33,010)**	**2,437,656**
Underlying Segment EBITDA	**95,582**	**347,612**	**31,464**	**(48,245)**	—	**426,413**
Underlying Segment EBIT(A)	**30,153**	**184,614**	**13,151**	**(51,625)**	—	**176,293**
Amortization expense	(552)	(25,510)	(1,536)	(1,444)	—	(29,042)
Impairment of assets	—	(23,162)	—	—	—	(23,162)
Provisions relating to the exit from Mali	(11,619)	—	—	—	—	(11,619)
Transaction, restructuring costs and other	(721)	34	(3,757)	(5,466)	—	(9,910)
Foreign exchange (loss)/gain, net	(1,988)	2,068	97	(2,139)	—	(1,962)
Gain on sale of business, net	—	—	25,643	—	—	25,643
Reported Segment EBIT	**15,273**	**138,044**	**33,598**	**(60,674)**	**—**	**126,241**

FY 2021 (A$ in thousands)	Contract Mining: Surface	Contract Mining: Underground	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue						
Sales to external customers	476,142	1,475,974	135,391	35	—	2,087,542
Intersegment sales	—	—	16,952	—	(16,952)	—
Total sales revenue	**476,142**	**1,475,974**	**152,343**	**35**	**(16,952)**	**2,087,542**
Underlying Segment EBITDA	**60,062**	**338,274**	**31,424**	**(49,639)**	**—**	**380,121**
Underlying Segment EBIT(A)	**12,173**	**200,372**	**11,686**	**(53,444)**	—	**170,787**
Impairment of assets	(62,502)	—	(8,061)	—	—	(70,563)
Amortization expense	(476)	(38,571)	(256)	—	—	(39,303)
Implementation of AMS strategic review	(13,573)	—	—	—	—	(13,573)
Trade receivable provisions and bad debts arising from AMS strategic review	(11,995)	—	—	—	—	(11,995)
Provision for stock obsolescence in BTP	—	—	(9,946)	—	—	(9,946)
Foreign exchange (loss)/gain, net	(2,108)	(4,995)	(3,387)	3,338	—	(7,152)
Transaction, restructuring costs and other	104	(693)	(121)	(2,782)	—	(3,492)
Reported Segment EBIT	**(78,377)**	**156,113**	**(10,085)**	**(52,888)**	**—**	**14,763**

Segment reporting based on reportable segments after the Acquisition

Six months ended December 31, 2023 (A$ in thousands)	Contract Mining	Drilling Services	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue						
Sales to external customers	1,295,514	235,298	101,351	—	—	1,632,163
Intersegment sales	—	—	19,832	—	(19,832)	—
Total sales revenue	**1,295,514**	**235,298**	**121,183**	**—**	**(19,832)**	**1,632,163**
Underlying Segment EBITDA	**256,739**	**47,984**	**29,891**	**(22,141)**		**312,473**
Underlying Segment EBIT(A)	**135,476**	**24,432**	**13,773**	**(25,129)**	—	**148,552**
Gain on purchase	—	29,371	—	—	—	**29,371**
Customer relationships intangibles	(18,321)	(4,059)	—	—	—	**(22,380)**
idoba Product Development	—	—	(7,305)	—	—	**(7,305)**
Transaction, restructuring costs and other	(184)	(247)	(1,370)	(5,764)	—	**(7,565)**
Foreign exchange (loss)/gain, net	(2,256)	(239)	(2,646)	10	—	**(5,131)**
Reported Segment EBIT	**114,715**	**49,258**	**2,452**	**(30,883)**	**—**	**135,542**

Six months ended December 31, 2022 (A$ in thousands)	Contract Mining	Drilling Services	Mining Services and idoba	Corporate	Inter-segment Eliminations	Consolidated
Segment revenue						
Sales to external customers	1,243,695	99,151	95,664	—	—	1,438,510
Intersegment sales	—	—	11,598	—	(11,598)	—
Total sales revenue	**1,243,695**	**99,151**	**107,262**	**—**	**(11,598)**	**1,438,510**
Underlying Segment EBITDA	**272,892**	**16,261**	**20,929**	**(28,868)**	**—**	**281,215**
Underlying segment EBIT(A)	**154,183**	**6,881**	**5,866**	**(32,322)**	**—**	**134,608**
Customer relationships intangibles	(14,858)	—	—	—	—	**(14,858)**
Transaction, restructuring costs and other	3,230	—	(1,357)	(2,861)	—	**(988)**
Impairment of assets	(4,728)	—	—	—	—	**(4,728)**
Foreign exchange (loss)/gain, net	(2,895)	(123)	(86)	997	—	**(2,107)**
Reported Segment EBIT	**134,932**	**6,758**	**4,423**	**(34,186)**	**—**	**111,927**

Perenti Limited results of operations for the six-month period ended December 31, 2023, compared with the six-month period ended December 31, 2022

Revenue

Revenue from continuing operations was A$1,632.2 million in 1H24, an increase of A$193.7 million, or 13.5%, compared to A$1,438.5 million in 1H23. Excluding DDH1's contribution of A$133.2 million since the Acquisition on October 6, 2023, the increase in revenue was attributable to increases in meters drilled and the volume of material moved resulting in improved operational performance in the underground business, particularly at Zone 5 in Botswana, Geita in Tanzania and Red Chris in Canada, and favorable currency movements.

Other Income

Other income was A$39.2 million in 1H24, an increase of A$14.3 million, or 57.3%, compared to A$24.9 million in 1H23. The increase was primarily attributable to $29.4 million of gain recognized from the acquisition of DDH1 as the fair value of net assets acquired exceeded the fair value of the consideration paid. The 1H23 other income included a $10.8 million settlement received in relation to a fire claim in Ghana.

Expenses

The following table sets out expenses for 1H23 and 1H24:

	Six months ended December 31,			
	2022	**2023**	**Movement**	**Percentage change**
	(A$ in thousands)			
Materials	(450,595)	(501,974)	(51,379)	11.4%
Labor	(572,315)	(653,901)	(81,586)	14.3%
Rental and hire	(27,868)	(28,877)	(1,009)	3.6%
Depreciation expense	(144,242)	(161,286)	(17,044)	11.8%
Amortization expense	(17,223)	(25,015)	(7,792)	45.2%
Finance Costs	(33,389)	(35,026)	(1,637)	4.9%
Other expenses from ordinary activities	(134,556)	(164,800)	(30,244)	22.5%
Total expenses	**(1,380,188)**	**(1,570,879)**	**(190,691)**	**13.8%**

Materials expenses

Materials expenses were A$502.0 million in 1H24, an increase of A$51.4 million, or 11.4%, compared to A$450.6 million in 1H23. Excluding DDH1's material expenses of A$23.8 million since its acquisition on October 6, 2023, the increase in material expenses was attributable to increased activity in line with the increase in revenue in the underground business, particularly at Zone 5 in Botswana, Geita in Tanzania and Red Chris in Canada.

Labor expenses

Labor expenses were A$653.9 million in 1H24, an increase of A$81.6 million, or 14.3%, compared to A$572.3 million in 1H23. Excluding DDH1's labor expenses of A$62.7 million since its acquisition on October 6, 2023, the increase in labor expenses was attributable to increased activity in line with the increase in revenue in the underground business, particularly at Zone 5 in Botswana, Geita in Tanzania and Red Chris in Canada. The labor expenses were also impacted by union-mandated national labor cost increases in Ghana.

Rental and hire expenses

Rental and hire expenses were A$28.9 million in 1H24, an increase of A$1.0 million, or 3.6%, compared to A$27.9 million in 1H23. The increase is primarily a result of the inclusion DDH1's rental and hire expenses in 1H24 offset by a reduction due to the Dugald River exit and a reduction of rental hire at the Cowal project.

Depreciation expense

Depreciation expense was A$161.3 million in 1H24, an increase of A$17.0 million, or 11.8%, compared to A$144.2 million in 1H23. Excluding DDH1's depreciation of A$12.4 million since its acquisition on October 6, 2023, the increase in depreciation is in line with the increased capital expenditure required for expanding our operations within the underground business. The increase was partially offset by a decrease in depreciation in Africa as a result of extending the Subika contract under a capital light model that resulted in asset sales to Newmont in FY23.

Amortization expense

Amortization expense was A$25.0 million in 1H24, an increase of A$7.8 million, or 45.2%, compared to A$17.2 million in 1H23. The increase is largely due to the amortization recognized on the customer-related intangibles arising from DDH1's acquisition (A$4.1 million) and accelerated amortization on the Yaramoko project in Burkina Faso based on revised mine life estimates.

Finance costs

Finance costs were A$35.0 million in 1H24, an increase of A$1.6 million, or 4.9%, compared to A$33.4 million in 1H23. The increased in finance costs was due to increased interest rate resulting from an increase in base rates, as central banks continued to respond to elevated inflation.

Other expenses from ordinary activities

Other expenses from ordinary activities were A$164.8 million in 1H24, an increase of A$30.2 million, or 22.5%, compared to A$134.6 million in 1H23. Excluding DDH1's other expenses of A$17.8 million since its acquisition on October 6, 2023, the increase in other expenses was driven by increase in travel and accommodation expenses in line with operational activity, a provision recorded against a receivable due from Panoramic Resources, which had entered into administration, and the increase in consulting costs mainly due to the acquisition of DDH1.

Impairment of assets

No impairment of assets in 1H24, a decrease of A$4.7 million, or 100%, compared to A$4.7 million in 1H23. In 1H23, we decided to sell the plant and equipment and inventory in our wholly-owned subsidiary, Power Solutions Africa Sarl (PSA), for total consideration of A$6.2 million (US$4.5 million). The difference between the consideration and asset carrying values resulted in an impairment to plant and equipment and inventory of A$4.7 million.

Income tax expense

Income tax expense was A$32.3 million in 1H24, a decrease of A$4.9 million, or 13.2%, compared to an income tax expense of A$37.2 million in 1H23. The effective tax rate in 1H24 was 31.6%. The decrease in tax expense was mainly attributable to the impacts from corporate restructuring activities completed in 1H23.

Profit for the year

Profit for the year was A$69.8 million in 1H24, an increase of A$25.8 million, or 58.5%, compared to A$44.0 million in 1H23. The improved profit for the year was partly attributable to the gain recorded on the acquisition of DDH1, which was offset by a doubtful debt provision of A$8.1 million that was recorded in 1H24 against Panoramic Resources, as a result of their underground Savannah nickel mine ceasing operations and going into care and maintenance.

Segmental Analysis

The following discussion is presented based on the segmental classification prior to the Acquisition.

Contract Mining – Underground

Segment Revenue

External sales revenue for Underground Mining was A$1,075.7 million in 1H24, an increase of A$73.4 million, or 7.3%, compared to A$1,002.2 million in 1H23. The increase in revenue was attributable to increases in meters drilled and the volume of material moved resulting in improved operational performance particularly at Zone 5 in Botswana, Geita in Tanzania and Red Chris in Canada.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Contract Mining – Underground was A$119.7 million, a decrease of A$3.6 million, or 3.0%, compared to A$123.3 million with a margin of 11.1% (as compared with a margin of 12.3% in 1H23). The results were impacted by the recognition of an A$8.0 million provision for doubtful debt against Panoramic Resources, which had entered into administration.

Contract Mining – Surface

Segment Revenue

External sales revenue for Contract Mining – Surface was A$322.0 million in 1H24, a decrease of A$18.6 million, or 5.5%, compared to A$340.6 million in 1H23. The decrease in revenue was primarily driven by a prior year rate adjustment relating to the Iduapriem surface mining project in 1H23 and exiting the exploration business in Ghana, partially offset by a A$3.0 million increase in Ausdrill due to higher drill and blast activity across several projects.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Surface Mining was A$25.0 million in 1H24, a decrease of A$12.8 million, or 33.8%, compared to A$37.7 million in 1H23. This decrease was mainly attributable to the retrospective rate adjustments at the Iduapriem surface mining project in 1H23.

Drilling Services (DDH1 Group)

Segment Revenue

External sales revenue for the Drilling Services (DDH1 Group) was A$133.2 million in 1H24 contributing 8.2% of the Perenti Group's revenue.

Underlying Segment EBIT(A)

Underlying EBIT(A) for the DDH1 Group was A$15.3 million in 1H24 contributing 8.8% of the Perenti Group's Underlying EBIT(A) before corporate overheads in 1H24.

Mining Services and idoba Segment

Segment Revenue

External sales revenue, after eliminating for intersegment sales, was A$101.4 million in 1H24, an increase of A$5.7 million, or 5.9%, compared to A$95.7 million in 1H23. Mining Services revenue was higher on 1H23 as BTP improved demand and utilization of its rental fleet and growth from the parts business which was underpinned by strong demand for equipment rebuilds.

Underlying Segment EBIT(A)

Underlying EBIT(A) for mining services and idoba was A$13.8 million in 1H24, an increase of A$7.9 million, or 134.8%, compared to A$5.9 million in 1H23. This was primarily due to BTP's delivery of strong earnings on improved demand and utilization of its rental fleet. BTP results also improved due to a gain of A$3.6 million made on the sale of haul trucks to a rental client.

Perenti Limited results of operations for fiscal year ended June 30, 2023, compared with fiscal year ended June 30, 2022

Revenue

Revenue was A$2,880.1 million in FY23, an increase of A$442.5 million, or 18.2%, compared to A$2,437.7 million in FY22. This increase was mainly attributable to continued growth in Contract Mining due to the ramp-up of projects, including Motheo in Botswana and Cowal, Odysseus and Garden Well in Australia, increased meters drilled or volumes moved and improved commercials across certain projects and favorable movements in the exchange rate between the Australian dollar and the U.S. dollar. This growth was partially offset by a reduction in revenue from our exit of Egypt, Mali and the exploration business in Ghana. 83.4% of revenue growth during FY23 was sourced from Australia, North America and Botswana as part of our strategic plan to source returns from lower risk jurisdictions.

Other Income

Other income was A$43.3 million in FY23, a decrease of A$3.9 million, or 8.3%, compared to A$47.3 million in FY22. The decrease was primarily attributable to a gain of A$25.6 million from the divestment of our ownership in our subsidiary MinAnalytical Laboratory Services in FY22, decrease in apprentice grants by A$2.4 million and a decrease in miscellaneous income by A$2.9 million, partly offset by A$20.5 million gain on disposal of non-current assets to existing clients under renegotiated contract terms and project exits in FY23 and A$10.1 million settlement proceeds from a legacy fire claim in AMS Ghana.

Expenses

The following table sets out expenses for FY22 and FY23:

	Year ended June 30,			
	2022	2023	Movement	Percentage change
	(A$ in thousands)			
Materials	(734,512)	(914,643)	(180,131)	24.5%
Labor	(1,037,993)	(1,143,405)	(105,412)	10.2%
Rental and hire	(45,306)	(55,629)	(10,323)	22.8%
Depreciation expense	(250,120)	(283,646)	(33,526)	13.4%
Amortization expense	(29,042)	(33,998)	(4,956)	17.1%
Finance Costs	(56,316)	(64,609)	(8,293)	14.7%
Other expenses from ordinary activities	(238,531)	(260,275)	(21,744)	9.1%
Impairment of assets	(23,162)	(4,728)	18,434	(79.6%)
Total expenses	**(2,414,982)**	**(2,760,933)**	**(345,951)**	**14.3%**

Materials expenses

Materials expenses were A$914.6 million in FY23, an increase of A$180.1 million, or 24.5%, compared to A$734.5 million in FY22. In FY23, material expenses increased due to the continued ramp-up of the Motheo project in Botswana and Cowal, Odysseus and Garden Well in Australia as well as organic increase in operations from our awarded A$1.4 billion in new and extended contracts across Canada, Africa and Australia. This was partially offset by a reduction of expenses associated with our exit of Egypt, Mali and our exploration business in Ghana.

Labor expenses

Labor expenses were A$1,143.4 million in FY23, an increase of A$105.4 million, or 10.2%, compared to A$1,038.0 million in FY22. Despite stable headcount, the cost increase is due to labor hired at higher rates reflecting current market conditions for ramped up activities at Motheo in Botswana, Cowal, Odysseus and Garden Well in Australia.

Rental and hire expenses

Rental and hire expenses were A$55.6 million in FY23, an increase of A$10.3 million, or 22.8%, compared to A$45.3 million in FY22 driven by increase in short-term equipment rental by $10 million as a result of growth in the underlying business.

Depreciation expense

Depreciation expense was A$283.6 million in FY23, an increase of A$33.5 million, or 13.4%, compared to A$250.1 million in FY22. The increase is primarily due to the A$443.6 million additional capital expenditure incurred in FY22 to support growth in the underlying business. See "—Capital expenditures."

Amortization expense

Amortization expense was A$34.0 million in FY23, an increase of A$5.0 million, or 17.1%, compared to A$29.0 million in FY22 primarily due to accelerated amortization of customer relationships intangibles due to changes in the estimated mine life of a project in Burkina Faso and a contract exit in Australia.

Finance costs

Finance costs were A$64.6 million in FY23, an increase of A$8.3 million, or 14.7%, compared to A$56.3 million in FY22. This increase was attributable to higher average debt drawn from Perenti's revolving credit facilities, higher interest rates due to the increase in cash rates during FY23 and higher costs for the coupon payments under the US144A notes due to the weaker Australian dollar against the U.S. dollar when compared to FY22. These increases in net finance costs were partly offset by a A$1.5 million net gain made from the buyback of the US144A notes at 91.6% of their face value.

We had total debt of A$806.4 million as of June 30, 2023, as compared to A$901.9 million as of June 30, 2022.

Other expenses from ordinary activities

Other expenses from ordinary activities were A$260.3 million in FY23, an increase of A$21.7 million, or 9.1%, compared to A$238.5 million in FY22. This increase was due to an increase in travel and accommodation expenses by A$7.4 million in line with the increase in operations, increase in duties and taxes by A$6.8 million due to import duties as a result of project ramp-ups and provisions for value-added taxes and increases in bank charges from foreign jurisdictions of A$4.7 million.

Net foreign exchange losses, which were included in other expenses from ordinary activities, were A$0.8 million in FY23. In FY22, we had net foreign exchange losses of A$2.0 million.

Impairment of assets

In FY23, there was a non-cash impairment of A$4.7 million of property, plant and equipment and inventory due to the sale of the Power Solutions Africa business in Senegal. A non-cash impairment of A$23.2 million was recorded in FY22 due to the exit from the Sukari contract in Egypt, which was part of the Barminco acquisition in 2019. The exit resulted in an impairment of the entire remaining value of the customer related intangibles balance allocated to that contract.

Profit before income tax

Profit before income tax was A$166.2 million in FY23, an increase of A$95.9 million, or 136.4%, compared to A$70.3 million in FY22. This increase was driven by growth across both contract mining and mining services, stronger operational performance across all jurisdictions and improved commercial outcomes.

Income tax expense

Income tax expense was A$63.6 million in FY23, an increase of A$35.8 million, or 128.6%, compared to an income tax expense of A$27.8 million in FY22. This increase was mainly attributable to the higher profit before tax due to improved operating conditions. Our effective tax rate was 38.3% in FY23, compared to 39.6% in FY22. This rate is higher than the Australian corporate tax rate of 30% due to the impact of dividend withholding tax incurred, functional currencies, items of income/expenditure that are not assessable/deductible for tax and transfer pricing adjustments. 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$102.6 million in FY23, an increase of A$60.1 million, or 141.5%, compared to A$42.5 million in FY22. This increase was primarily due to increased revenue growth of 18.2% and increased NPAT margins of 3.6% in FY23 compared to 1.7% in FY22. NPAT margins increased due to strong operational performance across the business, improved commercials across several projects, profits from asset sales and favorable foreign currency movements.

Segmental Analysis

The following discussion is presented based on the segmental classification prior to the Acquisition.

Contract Mining - Underground

Segment Revenue

External sales revenue for Underground Mining was A$2,020.9 million in FY23, an increase of A$283.6 million, or 16.3%, compared to A$1,737.2 million in FY22. The result was bolstered by strong operational performance from productivity improvements due in part to accelerated easing of the labor market and improved commercial outcomes, including the realization of contractual rise and fall provisions and the ramp-up of growth projects in FY23.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Underground Mining was A$256.7 million in FY23, an increase of A$72.1 million, or 39.0%, compared to A$184.6 million in FY22. This increase was due to the ramp up of projects and increased meters drilled or volumes moved, at Cowal, Garden Well, Odysseus and Spotted Quoll in Australia, Red Chris in Canada and Subika and Obuasi in Ghana. The result also reflected A$19.0 million in profits from asset sales to existing clients under renegotiated contract terms, project exits and the impact of favorable foreign currency movements. Underlying Segment EBIT(A) margin for Underground Mining was 12.7% in FY23, compared to 10.6% in FY22, as a result of the new contracts and scope increases described above.

Contract Mining - Surface

Segment Revenue

External sales revenue for Surface Mining was A$661.0 million in FY23, an increase of A$107.4 million, or 19.4%, compared to A$553.6 million in FY22. This increase was driven by the ramp-up of the Motheo project in Botswana and improved commercial outcomes across our African surface projects including the A$11.3 million FY22 rate adjustment, for the Iduapriem surface mining project, recorded in FY23.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Surface Mining was A$62.2 million in FY23, an increase of A$32.0 million, or 106.2%, compared to A$30.2 million in FY22. This increase was primarily driven by ramp up of production at Motheo and scope extensions at Mako in Senegal and Super Pit in Western Australia. The increase was also due to the significant turnaround in the African surface mining business over the past two years and the investment in growth projects. Also, in FY23, Perenti completed its strategic exit from Mali receiving proceeds from our assets classified as held for sale at June 30, 2022 and also divested our power generation assets in Senegal. The

Underlying Segment EBIT(A) margin for Surface Mining was 9.4% in FY23, compared to 5.4% in FY22. The increase in margin was primarily driven by the A$11.3 million FY22 rate adjustment for the Iduapriem surface mining project recorded in FY23.

Mining Services and idoba

Segment Revenue

External sales revenue for Mining Services and idoba was A$198.3 million in FY23, an increase of A$51.4 million, or 35.0%, compared to A$146.8 million in FY22. The increase was attributable to increased demand for BTP parts sales, despite labor constraints and improvement to fleet utilization during FY23 and Supply Direct actively sourcing high-quality, lower-cost materials from several new international product lines. The segment's profits were impacted in the period partly as a result of costs incurred transitioning to the company's operating model with work underway to rationalize the cost base of the division.

Underlying Segment EBIT(A)

Underlying EBIT(A) for mining services and idoba was A$7.3 million in FY23, a decrease of A$5.9 million, or 44.6%, compared to A$13.2 million in FY22. The decrease from the prior year was related to investment in idoba's technology-based product development programs, which aligns with the company's strategy to apportion free cash flow to future-facing investments and costs incurred by Mining Services related to operating model changes. Underlying Segment EBIT(A) margin for Mining Services and idoba was 3.7% in FY23, compared to 9% in FY22. The result and margin were impacted due to additional costs in the period as a result of transitioning to the company's operating model as each division now has accountability for building necessary capabilities and holding necessary resources to support its operational needs.

Perenti Limited results of operations for fiscal year ended June 30, 2022, compared with fiscal year ended June 30, 2021

Revenue

Revenue was A$2,437.7 million in FY22, an increase of A$350.1 million, or 16.8%, compared to A$2,087.5 million in FY21. The increase was attributable to demand for our services following healthy commodity markets and ramp-up of several projects across our portfolio, primarily in the Tier 1 jurisdictions of Australia, Botswana, and North America. Specifically, mobilizing new work in quality mining jurisdictions including the expansion into North America with the Red Chris project, underground development and production contracts at Cowal, Garden Well and Savannah in Australia and the ongoing ramp up at the Zone 5 underground project and the Motheo surface mining project both in Botswana. This growth was partially offset by a reduction in revenue from the exit of Egypt and Mali in FY22.

Other Income

Other income was A$47.3 million in FY22, an increase of A$38.2 million, or 419.8%, compared to A$9.1 million in FY21. This increase was primarily attributable to the divestment of our ownership in our former subsidiary, MinAnalytical Laboratory Services, for A$25.6 million, net of transaction costs as well as A$8.4 million increases to traineeship grants introduced as part of a COVID-19 stimulus to employ and train apprentices in Australia.

Expenses

The following table sets out expenses for FY21 and FY22:

	Year ended June 30, 2021	Year ended June 30, 2022	Movement	Percentage change
	(A$ in thousands)			
Materials	(628,091)	(734,512)	(106,421)	16.9%
Labor	(875,850)	(1,037,993)	(162,143)	18.5%
Rental and hire	(18,177)	(45,306)	(27,129)	149.2%
Depreciation expense	(222,230)	(250,120)	(27,890)	12.6%
Amortization expense	(39,303)	(29,042)	10,261	(26.1%)
Finance Costs	(63,452)	(56,316)	7,136	(11.2%)
Other expenses from ordinary activities	(227,656)	(238,531)	(10,875)	4.8%
Impairment assets	(70,563)	(23,162)	47,401	(67.2%)
Total expenses	**(2,145,322)**	**(2,414,982)**	**(269,660)**	**12.6%**

Materials expenses

Materials expenses were A$734.5 million in FY22, an increase of A$106.4 million, or 16.9%, compared to A$628.1 million in FY21. 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 Perenti Group due to the addition of the new Evolution Mining contract in Cowal and ramp up of the Savannah, Garden Well and Odysseus, Zone 5 underground and Motheo projects.

Labor expenses

Labor expenses were A$1,038.0 million in FY22, an increase of A$162.1 million, or 18.5%, compared to A$875.9 million in FY21. The increase was primarily driven by the increase in headcount from 7,881 to 8,939 to service expansion into North America with the Red Chris project, underground development and production contracts at Cowal, Garden Well, and Savannah in Australia, and the ongoing ramp-up at the Zone 5 underground project and the Motheo surface mining project, both of which are located in Botswana.

Rental and hire expenses

Rental and hire expenses were A$45.3 million in FY22, an increase of A$27.1 million, or 149.2%, compared to A$18.2 million in FY21. The increase was mainly due to ramp-up of the Iduapriem surface mining project in Ghana and growth in underground mining projects Australia.

Depreciation expense

Depreciation expense was A$250.1 million in FY22, an increase of A$27.9 million, or 12.6%, compared to A$222.2 million in FY21 primarily due to an increase in the level of capital expenditure in FY22. See "—Capital expenditures."

Amortization expense

Amortization expense was A$29.0 million in FY22, a decrease of A$10.3 million, or 26.1%, compared to A$39.3 million in FY21. The decrease was primarily due to the decrease in amortization of customer related intangibles as a result of exiting the Sukari project in Egypt.

Finance costs

Finance costs were A$56.3 million in FY22, a decrease of A$7.1 million, or 11.2%, compared to A$63.5 million in FY21. The decrease was primarily attributed to the A$8.1 million redemption premium on 2022 High Yield Bonds recorded in FY21.

We had total debt of A$901.9 million, as compared to A$768.0 million at the end of FY22 and FY21, respectively. The primary driver for this increase was the impact on the high yield bonds as a result of the strengthening U.S. dollar (relative to the Australian dollar) and a greater drawdown of revolving credit facilities to finance growth projects.

Other expenses from ordinary activities

Other expenses from ordinary activities were A$238.5 million in FY22, an increase of A$10.9 million, or 4.8%, compared to A$227.7 million in FY21. This increase was due to increase in recruitment, training and safety costs in line with increase in headcount and increase in freight costs due to supply chain pressures from COVID-19 increasing the need to hold spare parts. The increase in other expenses is partially offset by the decrease in trade receivable provisions as FY21 included a provision arising from AMS strategic review and bad debts and travel and accommodation expenses due to border restrictions.

Impairment of Assets

A non-cash impairment of A$23.2 million was recorded in FY22, a decrease of A$47.4 million, or 67.2% compared to A$70.6 million in FY21. A non-cash impairment of A$23.2 million was recorded in FY22 due to the exit of the Sukari contract in Egypt, which was part of the Barminco acquisition in 2019. In FY21, we recorded an impairment of property, plant and equipment of A$59.9 million and an impairment to inventory of A$10.7 million, which included an impairment of $8.1 million against property, plant and equipment for the BTP business, and an impairment of A$62.5 million against plant, equipment and inventory for the Surface Mining business in Africa due to strategic plans to exit certain jurisdictions and contracts in the region.

Profit before income tax

Profit before income tax was A$70.3 million in FY22, an increase of A$118.5 million, or 245.9%, compared to A$(48.2) million in FY21. This increase was primarily due to revenue growth across all segments (year-on-year increases of 17.7% in underground mining, 16.3% in surface mining, and 8.4% in mining services), gain on sale of a business, and lower impairment expense.

Income tax expense

Income tax expense was A$27.8 million in FY22, an increase of A$23.7 million, or 577.4%, compared to income tax expense of A$4.1 million in FY21. This increase was due to the higher profit result. The Perenti Group’s effective tax rate was 39.6%, compared to (8.5%) in FY21. This rate is higher than the Australian corporate tax rate of 30% due to the impact of dividend withholding tax incurred, functional currencies, items of income/expenditure which are not assessable/deductible for tax, recognition of previously unrecognized tax losses and transfer pricing adjustments.

Profit for the year

Profit for the year was A$42.5 million in FY22, an increase of A$94.8 million, or 181.2%, compared to loss of A$52.3 million in FY21. This increase was primarily due to profit on the sale of businesses and lower impairments in FY22.

Segmental Analysis

The following discussion is presented based on the segmental classification prior to the Acquisition.

Underground Mining Segment

Segment Revenue

External sales revenue for Underground Mining was A$1,737.2 million in FY22, an increase of A$261.3 million, or 17.7%, compared to A$1,476 million in FY21. The Underground Mining segment revenue improved over the comparable period as a result of the commencement of new contracts and ramp up of growth projects across our portfolio, primarily in the Tier 1 jurisdictions of Australia, Botswana and North America. This included securing a four-year, $520.0 million contract at Cowal in New South Wales, extension at IGO’s Nova mine in Western Australia, ramp up of production activities at the Savannah, Garden Well and Odysseus projects as well as continual development at Red Chris and Barrick Gold’s Hemlo Project in North America.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Underground Mining was A$184.6 million in FY22, a decrease of A$15.8 million, or 7.9% compared to A$200.4 million in FY21. Segment EBIT(A) margin for underground decreased from

13.6% in FY21 to 10.6% in FY22 due to labor constraints and supply pressures across several Australian underground projects.

Surface Mining Segment

Segment Revenue

External sales revenue for Surface Mining was A$553.6 million in FY22, an increase of A$77.5 million, or 16.3%, compared to A$476.1 million in FY1. This increase was primarily driven by the ramp-up of the Iduapriem surface mining project in Ghana, commencement of our largest ever surface mining contract at the Motheo Project in Botswana and secured improved rates at the Mako Project in Senegal. Ausdrill also saw demand improve for its exploration, drill and blast and grade control services, new contracts, and extension of current works.

Underlying Segment EBIT(A)

Underlying EBIT(A) for Surface Mining was A$30.2 million in FY22, an increase of A$18.0 million, or 147.7%, compared to A$12.2 million in FY21. Segment EBIT(A) margin for surface mining increased from 2.6% in FY21 to 5.4% in FY22.

Mining Services and idoba Segment

Segment Revenue

External sales revenue for mining services and idoba was A$146.8 million in FY22, an increase of A$11.4 million, or 8.4%, compared to A$135.4 million in FY21. The increase was mainly supported by higher demand for BTP services realized through increased machine utilization.

Underlying Segment EBIT(A)

Underlying EBIT(A) for mining services and idoba was A$13.2 million in FY22, an increase of A$1.5 million, or 12.5%, compared to A$11.7 million in FY21. 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 9.0% in FY22, compared to 8.6% in FY21.

Results of Operations of DDH1 Limited

This section discusses and analyzes DDH1 Limited's results of operations for FY23 compared to FY22 and FY22 compared to FY21.

DDH1 Limited results of operations for fiscal year ended June 30, 2023, compared with fiscal year ended June 30, 2022

Revenue

Revenue from continuing operations was A$550.4 million in FY23, an increase of A$135.0 million, or 32.4%, compared to A$415.4 million in FY22. The revenue growth was driven by organic rig growth across the four brands due to solid demand in all regions globally, an increase in revenue per shift as well as the full year contribution of Swick Mining Services, compared to only five months in FY22. Also, 85.6% of revenue was sourced from production and resource definition projects, which are typically longer-term and less impacted by cyclicality or uncertainty within the industry.

Other Income

Other income was A$12.5 million in FY23, an increase of A$4.1 million, or 48.2%, compared to A$8.4 million in FY22. This increase was primarily attributable to the increase in traineeship grants as part of a government incentive introduced to employ and train apprentices in Australia.

Other gains and losses

Other gains and losses was A$2.1 million gain in FY23, an increase of A$4.4 million, or 193.1%, compared to A$2.3 million loss in FY22. This increase was primarily attributable to the gain in disposal of plant and equipment, net foreign exchange gains and lower losses on fair value of financial assets.

Expenses

The following table sets out expenses for FY22 and FY23:

	Year ended June 30,			
	2022	2023	Movement	Percentage change
	(A$ in thousands)			
Drilling consumables	(42,799)	(55,676)	(12,877)	30.1%
Fuel and oil expenses	(10,162)	(10,887)	(725)	7.1%
Service and repair expenses	(31,892)	(42,149)	(10,257)	32.2%
Engineering consumables and parts expenses	(1,097)	(4,950)	(3,853)	351.2%
Employee and contract labor expenses	(191,182)	(266,508)	(75,326)	39.4%
Hire of plant	(14,614)	(15,815)	(1,201)	8.2%
Travel expenses	(15,242)	(22,220)	(6,978)	45.8%
Administrative expenses	(10,955)	(16,198)	(5,243)	47.9%
Freight and couriers	(6,105)	(7,149)	(1,044)	17.1%
Other expenses	(2,854)	(4,174)	(1,320)	46.3%
Transaction expenses	—	(876)	(876)	100.0%
Business combination expenses	(3,820)	—	3,820	(100.0%)
Depreciation expense	(29,956)	(49,968)	(5,243)	47.9%
Amortization expense	(5,808)	(11,119)	(12,877)	30.1%
Interest income	7	129	122	1,742.9%
Finance Costs	(1,651)	(2,910)	(1,259)	76.3%
Total expenses	**(368,130)**	**(510,470)**	**(142,340)**	**38.7%**

Drilling consumables, Fuel and oil expenses, Service and repair expenses and Engineering consumables and parts expenses

Drilling consumables, fuel and oil expenses, service and repair expenses and engineering consumables and parts expenses were A$113.7 million, an increase of A$27.7 million or 32.2%, compared to A$86.0 million. The increase is primarily attributable to the requirement for consumables and parts in supporting the continued rig growth across all four brands.

Employee and contract labor expenses

Employee and contract labor expenses were A$266.5 million, an increase of A$75.3 million or 39.4%, compared to A$191.2 million. The increase is primarily attributable to the increased headcount from the Swick acquisition by 625 employees and increase in salaries and wages resulting from the tight labor market and inflationary pressures.

Hire of plant

Hire of plant was A$15.8 million, an increase of A$1.2 million or 8.2%, compared to A$14.6 million. The increase is primarily attributable to increase in operations from Swick acquisition.

Travel expenses

Travel expenses was A$22.2 million, an increase of A$7.0 million or 45.8%, compared to A$15.2 million. The increase is primarily attributable to the increased travel activity from the Swick acquisition and increase of up to 50% in airfares as compared to FY22.

Administrative expenses

Administrative expenses were A$16.2 million in FY23, an increase of A$5.2 million, or 47.9%, compared to A$11.0 million in FY22. The increase is primarily attributable to an increase in operations with Swick acquisition and an increase in the insurance costs.

Transaction expenses

Transaction expenses in FY23 of A$0.9 million is primarily in relation to Perenti and DDH1's scheme of arrangement.

Business combination expenses

Business combination expenses in FY22 of A$3.8 million is primarily in relation to the Swick acquisition.

Depreciation expense

Depreciation expense was A$50.0 million in FY23, an increase of A$20.0 million, or 66.8%, compared to A$30.0 million in FY22 primarily due to an increase in the property, plant and equipment from the Swick acquisition and increase in capital expenditure to support growth in operations.

Amortization expense

Amortization expense was A$11.1 million in FY23, an increase of A$5.3 million, or 91.4%, compared to A$5.8 million in FY22 primarily due to amortization customer related intangibles recognized as part of the Swick acquisition.

Finance costs

Finance costs were A$2.9 million in FY23, an increase of A$1.3 million, or 76.3%, compared to A$1.7 million in FY22. This increase was attributable to higher average debt drawn to support Swick operations and higher interest rates due to the increase in cash rates during FY23.

Income tax expense

Income tax expense was A$12.1 million in FY23, a decrease of A$5.4 million, or 31.0%, compared to an income tax expense of A$17.5 million in FY22. Despite the increase in the profit before tax, income tax expense decreased due to upfront tax deductions associated with the purchase of certain property, plant and equipment, true-up of prior year tax positions and change of treatment of Swick consumables and work-in-progress in the post-acquisition period to June 30 2022.

Profit for the year

Profit for the year was A$42.5 million in FY23, an increase of A$6.7 million or 18.6% compared to A$35.9 million in FY22. This increase was primarily due to increased revenue growth of 32.5%, stemming from strong operating performance including full year of Swick operations, scope expansions and efficiency improvements. However, this was partially offset by the high cost operating environment and softer exploration market, particularly in the second half of FY23.

Net cash from operating activities

Net cash from operating activities increased from A$84.1 million in FY22 to A$123.1 million in FY23, an increase of A$39.0 million or 46.3%. This increase was attributed to strong operational performance from the portfolio, scope expansions, increase in rigs and revenue per shift as well as the full year contribution of Swick Mining Services, compared to only five months in FY22.

DDH1 Limited results of operations for fiscal year ended June 30, 2022, compared with fiscal year ended June 30, 2021

Revenue

Revenue from continuing operations was A$415.4 million in FY22, an increase of A$120.8 million, or 41%, compared to A$294.6 million in FY21. This increase was driven by the acquisition of Swick and organic rig growth across the other DDH1 brands due to strong demand and higher fleet utilization resulting in an increase in revenue per rig and improved revenue per shift.

Expenses

The following table sets out expenses for FY21 and FY22:

	Year ended June 30,			Percentage
	2021	2022	Movement	change
	(A$ in thousands)			
Drilling consumables	(32,686)	(42,799)	(10,113)	30.9%
Fuel and oil expenses	(6,457)	(10,162)	(3,705)	57.4%
Service and repair expenses	(23,869)	(31,892)	(8,023)	33.6%
Engineering consumables and parts expenses	—	(1,097)	(1,097)	—
Employee and contract labor expenses	(132,091)	(191,182)	(59,091)	44.7%
Hire of plant	(8,501)	(14,614)	(6,113)	71.9%
Travel expenses	(10,412)	(15,242)	(4,830)	46.4%
Administrative expenses	(4,901)	(10,955)	(6,054)	123.5%
Freight and couriers	(3,909)	(6,105)	(2,196)	56.2%
Other expenses	(2,806)	(2,854)	(48)	1.7%
Transaction expenses	(7,431)	—	7,431	(100.0%)
Business combination expenses	—	(3,820)	(3,820)	—
Depreciation expense	(21,528)	(29,956)	(8,428)	39.1%
Amortization expense	(2,151)	(5,808)	(3,657)	170.0%
Interest income	1	7	6	600.0%
Finance Costs	(2,526)	(1,651)	875	(34.6%)
Total expenses	**(259,267)**	**(368,130)**	**(108,863)**	**42.0%**

Drilling consumables, Fuel and oil expenses, Service and repair expenses and Engineering consumables and parts expenses

Drilling consumables, Fuel and oil expenses, Service and repair expenses and Engineering consumables and parts expenses were A$86.0 million in FY22, an increase of A$23.0 million or 36.4%, compared to A$63.0 million. The increase is attributable to the requirement for consumables and parts in supporting the continued revenue growth from the Swick acquisition.

Employee and contract labor expenses

Employee and contract labor expenses were A$191.2 million in FY22, an increase of A$59.1 million or 44.7%, compared to A$132.1 million. The increase is attributable to the increased headcount from the Swick acquisition by 625 employees and increase in salaries and wages resulting from the tight labor market and inflationary pressures.

Hire of plant

Hire of plant was A$14.6 million in FY22, an increase of A$6.1 million or 71.9%, compared to A$8.5 million. The increase is attributable to increase in operations from Swick acquisition.

Travel expenses

Travel expenses was A$15.2 million in FY22, an increase of A$4.8 million or 46.4%, compared to A$10.4 million. The increase is attributable to the increased travel activity due to strong demand in all regions globally and the Swick acquisition.

Administrative expenses

Administrative expenses were A$11.0 million in FY22, an increase of A$6.1 million, or 123.5%, compared to A$4.9 million in FY22. The increase is attributable to increase in operations with Swick acquisition and increase in the insurance costs.

Transaction expenses

Transaction expenses in FY21 of A$7.4 million is primarily in relation to DDH1's listing costs.

Business combination expenses

Business combination expenses in FY22 of A$3.8 million is primarily in relation to Swick acquisition.

Depreciation expense

Depreciation expense was A$30.0 million in FY22, an increase of A$8.5 million or 39.5% compared to A$21.5 million in FY21, primarily due the Swick acquisition and increase in capital investment to facilitate current and future operations.

Amortization expense

Amortization expense was A$5.8 million in FY22, an increase of A$3.6 million or 163.6% compared to A$2.2 million in FY21. This increase was due to amortization of customer-related intangibles, primarily driven from the Swick acquisition.

Finance costs

Financing cost was A$1.7 million in FY22, a decrease of A$0.8 million or 32.0% compared to A$2.5 million in FY21, which was primarily driven by a reduction in interest on its term loan facility.

Income tax expense

Income tax expense was A$17.5 million in FY22, an increase of A$35.3 million or 198.3% compared to tax benefit of A$17.8 million in FY21. This variance was attributed to the previous acquisition of DDH1 Holdings Pty Ltd group, which resulted in FY21 deferred tax benefits of adjustment for consumables and work-in-progress, adjustment for step up value on listed shares and adjustment for step up value on property, plant and equipment.

Profit for the year

Profit for the year was A$35.9 million in FY22, a decrease of A$21.3 million or 37.2% compared to A$57.2 million in FY21. This increase was primarily due to the income tax expense in FY22 rather than the income tax benefit in FY21. However, the DDH1 Group generated a 31.2% increase in EBIT for FY22.

Net cash from operating activities

Net cash from operating activities increased from A$48.6 million in FY21 to A$84.1 million in FY22, an increase of A$35.5 million or 73.1%. This increase was primarily attributed to an increase in rigs, fleet utilization and revenue per shift both in DDH1's existing business and from the Swick acquisition.

Liquidity and Capital Resources of Perenti

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 for funding our existing operations, including our working capital and capital expenditure requirements, new projects and 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,		
	2021	2022	2023
	(A$ in thousands)		
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	2,214,811	2,515,724	3,009,036
Payments to suppliers and employees (inclusive of goods and services tax)	(1,818,019)	(2,056,808)	(2,486,359)
	396,792	458,916	522,677
Interest received	495	397	1,538
Interest and other costs of finance paid	(46,701)	(49,919)	(61,186)
Income taxes paid	(56,447)	(68,092)	(64,909)
Transaction costs relating to acquisition of subsidiary	—	—	—
Insurance recovery	2,124	—	—
Net cash inflow from operating activities	**296,263**	**341,302**	**398,120**
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles	(278,619)	(467,937)	(373,921)
Proceeds from sale of property, plant and equipment	85,400	26,715	76,729
Proceeds from sale of assets held for sale	—	31,158	16,338
Proceeds from sale of assets at FVOCI	—	56,625	—
Proceeds from sale of businesses	—	46,186	—
Cash removed on disposal of subsidiary	—	(1,897)	—
Cash acquired on acquisition of subsidiary	1,785	493	—
Payments for purchase of subsidiaries	(10,570)	(3,750)	—
Loan to non-controlling interest	(2,079)	—	—
Repayment of loan by non-controlling interest	—	609	168
Net cash outflow from investing activities	**(204,083)**	**(311,798)**	**(280,686)**
Cash flows from financing activities			
Proceeds from borrowings	675,752	310,926	340,106
Repayment of borrowings	(703,064)	(217,873)	(433,195)
Payments of lease liabilities	(30,458)	(26,432)	(28,611)
Payments for borrowing costs	(17,199)	(139)	(4,586)
Transactions with non-controlling interest	2,063	(36)	—
Dividends paid	(63,482)	(14,108)	—
Dividends paid to non-controlling interest	—	(2,610)	(435)
Proceeds from issues of shares, net of transaction costs	81	—	—
Payments for share buy-back, gross of transaction costs	—	(940)	(21,526)
Payments for Bonds buy-back, gross of transaction costs	—	—	(24,887)
Proceeds from disposal of a non-controlling interest	—	—	5,400
Redemption premium on 2022 High Yield Bonds	(8,143)	—	—
Net cash (outflow)/inflow from financing activities	**(144,450)**	**48,788**	**(167,734)**
Net increase/(decrease) increase in cash and cash equivalents	(52,270)	78,292	(50,300)
Cash and cash equivalents at the beginning of the financial year	327,491	264,741	348,519
Effects of exchange rate changes on cash and cash equivalents	(10,480)	5,486	9,141
Cash and cash equivalents at end of year	**264,741**	**348,519**	**307,360**

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,513,436	1,699,828
Payments to suppliers and employees (inclusive of goods and services tax)	(1,302,874)	(1,453,153)
	210,562	246,675
Interest received	703	1,657
Interest and other costs of finance paid	(32,079)	(32,095)
Income taxes paid	(20,759)	(32,687)
Transaction costs relating to acquisition of subsidiary	—	(11,649)
Insurance recovery	—	—
Net cash inflow from operating activities	**158,427**	**171,901**
Cash flows from investing activities		
Payments for purchase of subsidiaries, net of cash acquired	—	(36,017)
Loan to DDH1 Limited, pre-acquisition	—	(38,000)
Payments for property, plant, equipment and intangibles	(165,185)	(198,778)
Proceeds from sale of property, plant and equipment	13,339	8,383
Proceeds from sale of assets held for sale	10,051	10,522
Repayment of loan by related party	168	—
Net cash outflow from investing activities	**(141,627)**	**(253,890)**
Cash flows from financing activities		
Proceeds from borrowings	317,587	239,967
Repayment of borrowings	(304,230)	(84,505)
Payment of lease liabilities	(15,779)	(9,569)
Payments for borrowing costs	(4,173)	(168)
Payments for share buy-back, gross of transaction costs	(14,012)	(8,538)
Payments for Perenti notes buy-back, gross of transaction costs	(24,785)	—
Proceeds from disposal of a non-controlling interest in a subsidiary	5,400	—
Net cash (outflow)/inflow from financing activities	**(39,992)**	**137,187**
Net increase/(decrease) increase in cash and cash equivalents	(23,192)	55,198
Cash and cash equivalents at the beginning of the financial year	348,519	307,360
Effects of exchange rate changes on cash and cash equivalents	(2,856)	(5,822)
Cash and cash equivalents at end of year	**322,471**	**356,736**

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 inflow from operating activities was A$171.9 million in 1H24, an increase of 8.5% or A$13.5 million as compared to A$158.4 million reported for 1H23. Receipts from customers increased A$186.4 million (12.3%) and payments to suppliers and employees increased A$150.3 million (11.5%). These increases were due to growth in the underlying business and the inclusion of nearly three months of DDH1's operations since October 6, 2023. Cash tax paid was higher in 1H24 primarily due to the pre-payment of taxes in certain foreign jurisdictions at the end of FY22 and outcomes from implementing specific tax strategies, both of which reduced cash taxes in 1H23.

Net cash inflows from operating activities were A$398.1 million in FY23, an increase of A$56.8 million, or 16.6%, compared to A$341.3 million FY22. Receipts from customers increased by $493.3 million, or 19.6% reflecting improved performance, growth in the underlying businesses and favorable foreign currency conditions. Underlying EBITDA to operating cash flow (before interest and tax) conversion of 95%, was lower than FY22 (108%) due to higher working capital outflows from organic growth, overdue receivables and profits on asset sales that were recorded in EBITDA but with cash receipts classified as investing activities in the consolidated statement of cash flows. Cash tax paid was lower in FY23 primarily due to the pre-payment of taxes in certain foreign jurisdictions at the end of FY22 and outcomes from implementing certain tax strategies that reduced cash taxes in the period. Net interest payments increased by $10.1 million in FY23 due to average debt drawn from Perenti's revolving credit facilities, higher interest rates due to the increase in cash rates during FY23 and higher costs for the US144A coupon payments mainly due to the weaker Australian dollar against the U.S. dollar when compared to FY22.

Net cash inflows from operating activities were A$341.3 million in FY22, an increase of A$45.0 million, or 15.2%, compared to A$296.3 million in FY21, reflecting growth in the business segment revenue whilst maintaining margins, offset by higher operating expenditure and taxes paid.

Cash flows from investing activities

Net cash outflow from investing activities was A$253.9 million in 1H24, an increase of A$112.3 million, or 79.3% compared to A$141.6 million in 1H23. Sustaining and growth investment expenditure for property, plant and equipment and intangible assets, excluding proceeds from divestments and sale of plant and equipment, was A$198.8 million in 1H24 compared to A$165.2 million in 1H23, an increase of A$33.6 million. Cash flows from investing activities in 1H24 also included net consideration paid to DDH1 of A$74.0 million, comprising of cash paid to DDH1 shareholders on acquisition, net of cash acquired of A$36.0 million and a loan to DDH1 Limited, pre-acquisition of A$38.0 million paid to extinguish DDH1 debt facilities partially and cash acquired. Proceeds from the sale of property, plant and equipment (including assets held for sale) decreased to A$18.9 million from A$23.4 million in 1H23, with 1H23 positively impacted by asset sales in relation to our strategic exit from Mali.

Net cash outflows from investing activities were A$280.7 million in FY23, a decrease of A$31.1 million, or 10%, compared to A$311.8 million in FY22. Sustaining and growth investment expenditure for property, plant and equipment and intangible assets, excluding proceeds from divestments and sale of plant and equipment, was A$373.9 million in FY23 compared to A$467.9 million in FY22, a reduction of $94.0 million which was mainly due to the ramp-up of several growth projects in the surface and underground businesses in Africa and North America in FY22. During FY23, proceeds of A$93.1 million were received from the sale of assets in relation to our exit from Mali, Power Solutions Africa business in Senegal and the Subika Project in Ghana

Net cash outflows from investing activities were A$311.8 million in FY22, an increase of A$107.7 million, or 52.8%, compared to A$204.1 million in FY21. Total sustaining and growth capital invested during the year was $467.9 million as we continued to invest in large scale long-term projects. Our capital investment in the period was materially offset by the proceeds of portfolio management activities. In line with our strategy to divest non-core assets, our entire portfolio of both listed and unlisted financial assets at FVOCI were sold during the year ended June 30 2022. The sale of listed and unlisted corporate equity investments resulted in cash consideration before costs of $56.6 million. In FY22 proceeds from sale of assets held for sale for non-core property of A$31.2 million was realized. Also, the sale of operating businesses MinAnalytical and Well Control Solutions, after offset by the acquisition of Atomorphis and Orelogy, resulted in net proceeds of A$41.0 million.

Cash flows from financing activities

Net cash inflows from financing activities in 1H24 increased A$177.2 million from a net outflow of A$40.0 million in 1H23 to an inflow of A$137.2 million. During the period, we utilized our credit lines to fund growth capital and the DDH1 acquisition.

Net cash outflows from financing activities increased A$216.5 million from a net inflow of A$48.8 million in FY22 to net outflow of A$167.7 million in FY23. During FY23, Perenti made a net repayment of A$121.7 million of borrowings and lease liabilities, bought back US$17.1 million (A$26.8 million) or 3.8% of total US144A notes on issue at a total cost of A$24.9 million and continued to execute under its share buyback plan at a total payment of A$21.5 million. Proceeds of A$5.4 million were received from Sumitomo Corporation following their acquisition of a 10% stake in idoba.

Net cash outflows from financing activities decreased A$193.2 million to an inflow of A$48.8 million in FY22 from an outflow of A$144.5 million in FY21. Deduction in dividends paid, from A$63.5 million in FY21 to A$14.1 million in FY22, contributed to this increase. As well as the significant reduction in repayment of borrowings from A$703.1 million in FY21 to A$217.9 million in FY22. This has been partially offset by a reduction in proceeds in borrowings from A$675.8 million in FY21 to A$310.9 million in FY22.

Capital expenditures

Our business requires significant capital expenditure on mining equipment, which is often a front ended investment needed to deploy equipment at the commencement of a contract or where increase to contract scope is required under existing contracts. Our global footprint and the scale of our fleet combined with the capital intensity of the industry creates 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. Consequently, during periods of high or rapid growth, our capital expenditure generally increases. Where we have available equipment from our existing fleet, we will first look to deploy this equipment, prior to acquiring new equipment. Our mining equipment is generally depreciated over a three to five year period for underground contract mining, seven to ten years for surface contract mining equipment and seven to fifteen years for surface drilling equipment

We have historically funded capital expenditures through 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 revenue 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 revenue 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.

	Year ended June 30,		
	2021	**2022**	**2023**
	(A$ in thousands)		
Payments for property, plant and equipment and intangibles	(278,619)	(467,937)	(373,921)
Proceeds from sales of property, plant and equipment (including assets held for sale)	85,400	57,873	93,067
Net payments for property, plant and equipment	**(193,219)**	**(410,064)**	**(280,854)**
Sale of non-core assets	—	(31,158)	—
Net Capex	**(193,219)**	**(441,222)**	**(280,854)**
Capital expenditure	(278,619)	(467,937)	(373,921)

	Six months ended December 31,	
	2022	**2023**
	(A$ in thousands)	
Payments for property, plant and equipment	(165,185)	(198,778)
Proceeds from sales of property, plant and equipment (including assets held for sale)	23,390	18,905
Net payments for property, plant and equipment	**(141,795)**	**(179,873)**
Sale of non-core assets	—	—
Net Capex	**(141,795)**	**(179,873)**
Capital expenditure	(165,185)	(198,778)

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.

	As of June 30,		
	2021	2022	2023
	(A$ in thousands)		
Current trade and other receivables	325,893	391,101	435,220
Inventories	214,411	212,119	227,242
Current trade and other payables	(260,311)	(393,298)	(421,385)
Working Capital	**279,993**	**209,922**	**241,077**
Increase/(decrease) in Working Capital	**(78,600)**	**(70,071)**	**31,155**

	As of December 31,	
	2022	2023
	(A$ in thousands)	
Current trade and other receivables	390,095	523,425
Inventories	227,542	286,690
Current trade and other payables	(327,749)	(381,958)
Working Capital	**289,888**	**428,157**
Increase/(decrease) in Working Capital	**7,186**	**138,269**

Dividends

Our capital management policy, first published in December 2021, states that the declaration and payment of dividends are determined in line with the following guidelines:

- Where leverage is below 1.0 times, a dividend of up to 40% of Free Cash Flow will be paid.
- Where leverage is, or forecast to be, above 1.0 times, no dividends will be paid, unless there is a clear strategy to reduce leverage below 1.0 times in the near term.

Until FY22, we had declared dividends upon the release of our financial results to the Australian Securities Exchange each year in February and August. We declared and paid dividends of A$49.3 million and A$14.1 million in FY21 and FY22, respectively. The dividend amount of A$14.1 million in FY22 was reflective of the prior year's unfranked dividend of A$2.0 cents per ordinary share paid on October 20, 2021. In accordance with our capital management policy, no dividends were paid in FY23.

On February 19, 2024, Perenti's directors declared the payment of a fully franked interim dividend of A$2.0 cents per fully paid share to be paid on April 12, 2024. The aggregate dividend amount expected to be paid but not recognized as a liability as of December 31, 2023 is A$19.1 million. Perenti's Dividend Reinvestment Plan (DRP) is currently suspended until further notice.

Indebtedness, gearing and other financing arrangements

As of December 31, 2023, we had total debt of A$950.8 million including lease liabilities of A$52.1 million. As of December 31, 2023, we had cash and cash equivalents of A$356.7 million, resulting in net debt of A$594.1 million.

As of December 31, 2023, on an as adjusted basis giving effect to financial transactions subsequent to December 31, 2023 (including (a) the Notes offering and (b) the application of the net proceeds of the Notes offering (i) to partially redeem, in an aggregate principal amount of US$230.0 million, the outstanding 2025 Notes and (ii) to partially repay amounts drawn which are currently outstanding under the Syndicated Facility), excluding lease liabilities totaling A$52.1 million at their balance sheet value, our total borrowings 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 borrowings (actual)	7.7	631.3	259.8	—	898.8
Total borrowings (as adjusted)[1]	7.7	293.5	83.5	514.1	898.8

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, 2021, 2022 and 2023.

	Year ended June 30,		
	2021	2022	2023
	(A$ in thousands)		
Total debt	768,000	901,857	806,362
Less: cash and cash equivalents	(264,741)	(348,519)	(307,360)
Net debt	503,259	553,338	499,002
Total equity	1,298,063	1,322,360	1,426,291
Total capital(1)	**1,801,322**	**1,875,698**	**1,925,293**
Gearing ratio	**27.9%**	**29.5%**	**25.9%**

Note:

(1) Total capital represents the sum of net debt and total equity.

	Six months ended December 31,	
	2022	2023
	(A$ in thousands)	
Total debt	888,947	950,803
Less: cash and cash equivalents	(322,471)	(356,736)
Net debt	566,476	594,067
Total equity	1,365,876	1,774,884
Total capital(1)	**1,932,352**	**2,368,951**
Gearing ratio	**29.3%**	**25.1%**

Note:

(1) Total capital represents the sum of net debt and total equity.

Contractual Obligations, Other Commitments and Lease Liabilities

The following table summarizes our commitments and lease liabilities as of December 31, 2023.

	≤ 1 year	> 1 year and ≤ 2 years	> 2 years and ≤ 5 years	> 5 years
	(A$ in thousands)			
Capital commitments	88,350	—	—	—
Lease liabilities	21,311	17,331	33,536	5,525

The above table includes lease liabilities of A$52.1 million that forms part of our total debt of A$950.8 million as of December 31, 2023, 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 analyzes, see Note 11—Financial risk management to our consolidated financial statements for FY23 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 commodity 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 may use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures only and not for trading or other speculative endeavors. 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 and Risk 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. Group Treasury identifies, evaluates and hedges financial risks where applicable in close co-operation with our operating units. Our Board has oversight of overall risk management across the Perenti Group with the Board charter clearly stating the Board's risk management responsibilities. The Board and Audit and Risk Committee have also endorsed 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, 2023 included elsewhere in this Offering Memorandum.

We may hedge a portion of any outstanding 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 FY23 and FY22, our borrowings subject to variable interest rates were denominated in Australian and U.S. dollars.

As of December 31, 2023, 64.1% of Perenti's revolving facility had been drawn down and hence subject to variable interest rates.

Price risk

Our exposure to equity securities price risk arises from investments we held and classified in the balance sheet as available-for-sale.

In line with Perenti Limited's strategy to divest non-core assets, the entire portfolio of available-for-sale (listed and unlisted) financial assets were sold during the year ended June 30, 2022. The sale resulted in cash consideration before costs of A $56.6 million and a transfer from financial assets at FVOCI reserve to retained earnings of A $29.5 million in the statement of changes in equity.

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;
- Fair value determination of net assets acquired in business combinations
- 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 FY23 included elsewhere in this Offering Memorandum.

INDUSTRY

We operate in the mining and resources industry, principally providing contract mining and drilling services to our customers that are typically the mine operator, 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 proportion of our revenue for the pro forma six months ended December 31, 2023 that was generated by contract mining was 78%. The industry review therefore focuses on contract mining.

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

According to Wood Mackenzie, there are a number of benefits in utilizing contract miners including:

- being able to capitalize projects by having contractors perform one off tasks;
- achieving cost reduction and cost control;
- providing access to heavy or specialized equipment; and
- providing access to experience not available in-house.

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 allows mine operators to mitigate their capital investment in mining equipment and other assets that are required to extract resources. This allows the mine operators to focus on core capabilities such as managing their asset portfolio and to focus their investment of capital in exploration and the discovery of new resource, and sales and marketing.

Contract mining offers mine operators 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 at 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 operators and is particularly important for small and mid-cap mine operators 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 operators access to global best practice mining techniques. Outsourcing mining production may also enable small and mid-cap mine operators 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. Existing underground mines are also getting deeper as further resources are discovered at greater depths in order to extend mine life. This has been supported by 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 supporting the transition towards underground mining.

Together with the increasing need for raw materials and exhaustion of shallow mineral deposits, the industry is shifting focus on developing more underground mining assets. As underground contract mining comprises majority of our revenue base, we are well-positioned to capture any potential growth in underground mining. In 2023, underground contract mining contributed 70.2% of our revenue, growing by roughly 30% compound annual growth rate ("CAGR") over the previous five years.

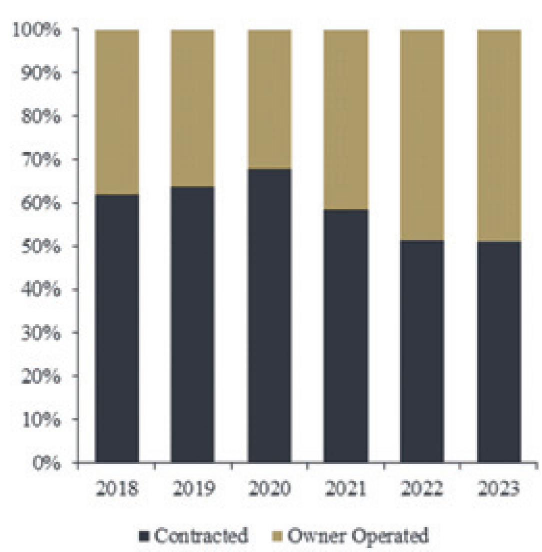
According to Wood Mackenzie, decarbonization in the mining industry has evolved over the last decade, as majority of diversified miners have committed to net-zero operational emissions by 2050. This includes both direct emissions from operations, including equipment and processes as well as indirect emissions from electricity used by operations. Power purchase agreements have been a cost-effective method for miners to reduce indirect emissions by opting into renewable sources for purchasing power. Bio or renewable fuels made from plant materials are currently being deployed to help reduce direct emissions, whilst mine optimization planning and the use of artificial intelligence and autonomous equipment are attempting to aid miners in decarbonizing their mines. We began developing mining electrification and decarbonization service offering in 2022. In collaboration with technology companies and original equipment manufacturers, we support mine operators throughout the mining value chain, from pre-feasibility studies through to execution, operations and maintenance.

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.

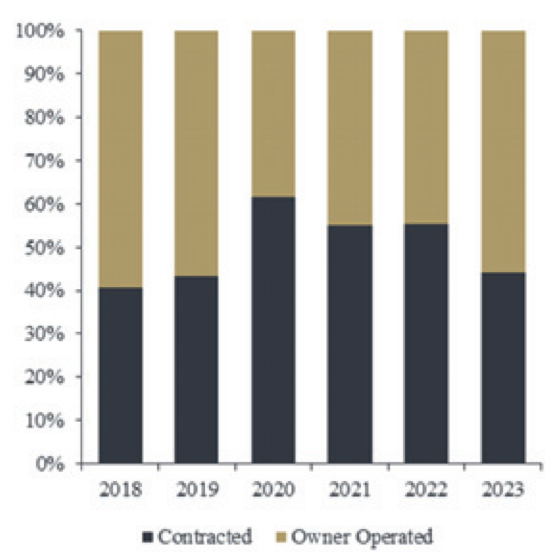
Australia's contract mining industry

Contract mining in Australia is an established and mature industry, with contract miners having become a conventional part of the mining and resources industry. According to Wood Mackenzie, contractor market share over the period of 2018 to 2023 averaged 59% and 50% for surface and underground mines respectively. Contract miners are prevalent throughout the Australian mining industry and are contracted across a range of commodities.

Australian Surface Contractor Market Share 2018 to 2023



Australian Underground Contractor Market Share 2018 to 2023



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 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 and Macmahon.

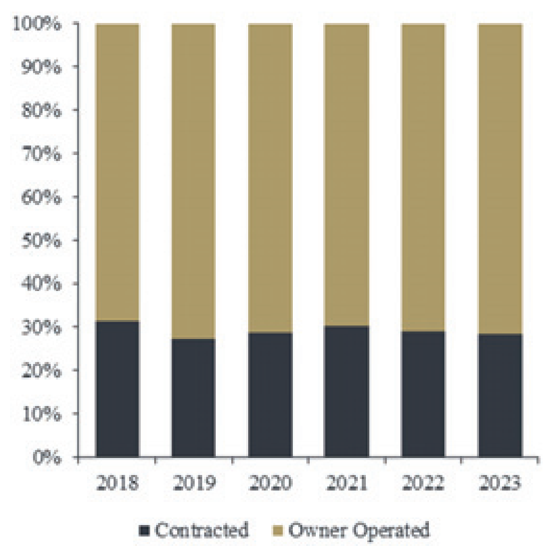
Underground mining is expected to increase in the future as mining companies target underground deposits to meet demand considering declining reserves and ore grades at surface mining operations. As the valuable commodities or reserves at mines become deeper, and the grade becomes more challenging to 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 contract mining is expected to provide industry benefits for contract miners and an opportunity for Perenti to benefit from industry growth.

Africa's contract mining industry

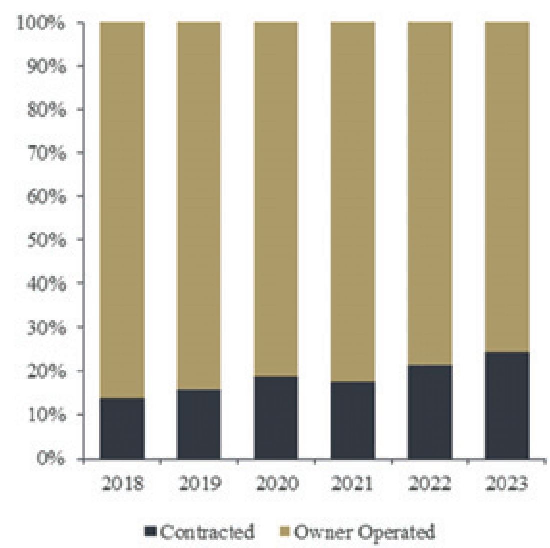
Overall, the contract mining industry is less developed in Africa. This is a result of the scale of operations, where smaller mine operators prefer to both own and operate and there is less cost pressure due to more cost-effective local labor, and further supported by legislation that favors local employment and limits contractors' 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. Some key contract players include Elandiwave, JCHX mining, Byrnecut, Capital Drilling, EC Mining, Moolman, and Kiabli Mining Service, JCHX mining.

African Surface Contractor Market Share 2018 to 2023



African Underground Contractor Market Share 2018 to 2023



Source: Wood Mackenzie

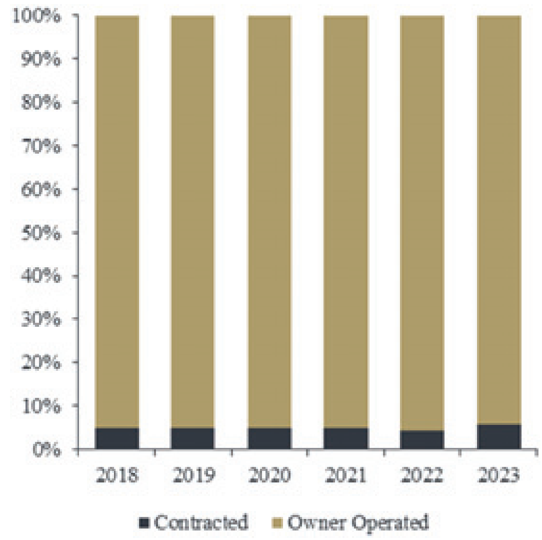
North America's contract mining industry

Like in Australia, contract miners in North America are typically used in phases that entail large volumes of material movement, while day to day production mining activities are usually undertaken by the asset owner.

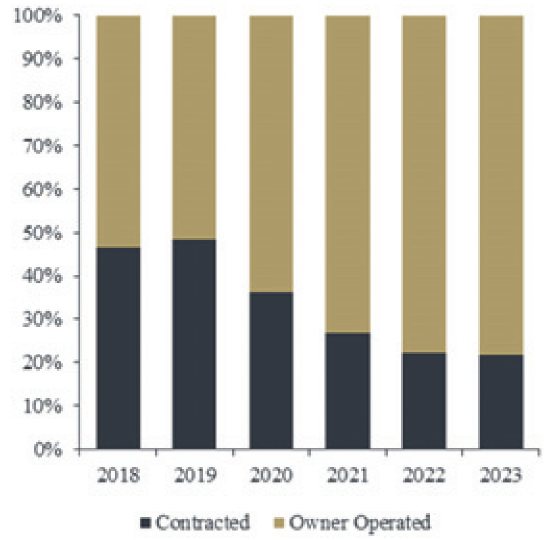
North American surface mining is dominated by owner operators with contract mining accounting for only 5% of material movement in 2018. However, the use of contractors is on the rise; in 2023, contractors accounted for about 6% of material movement. Increasing employment cost and difficulties in finding suitable skilled labor in North America could be the potential motivating factors for mine operators to transfer this risk to contractors.

Contractors play a more significant role in North American underground mines. However, unlike surface mines, ore movements by contractor have been declining the past few years. This is caused by the decline in material movement of contracted underground gold mines, in particular, the improving ore grade and lower strip ratio of Hemlo and Young-Davidson.

North American Surface Contractor Market Share – 2018 to 2023



North American Underground Contractor Market Share – 2018 to 2023



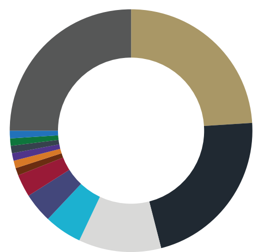
Source: Wood Mackenzie

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 a leader in underground contract mining services in Australia and Africa, and we hold the largest underground mining market share across Australia, Africa and North America, on an aggregate basis.

According to Wood Mackenzie, and amongst our direct competitors we are the global leader in 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.

Combined Global Underground Market Share

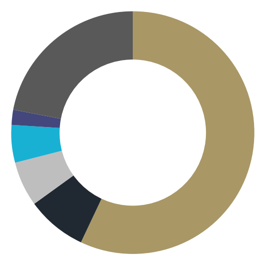


Perenti	24%
Byrnecut	22%
Redpath	11%
Cementation	5%
Macmahon	4%
Ledcor	3%
Kiewit	1%
Elandiwave	1%
Procon	1%
JCHX Mining	1%
Shaft Sinkers	1%
Pybar	1%
Others	25%

Australian Underground Market Share

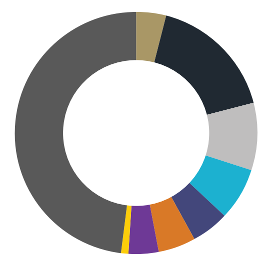
Perenti	24%
Byrnecut	37%
Redpath	15%
Macmahon	8%
Pybar	1%
Others	15%

African Underground Market Share



Perenti	57%
Elandiwave	8%
JCHX Mining	6%
Shift Sinkers	5%
Brynecut	2%
Others	22%

North American Underground Market Share



Perenti	4%
Cementation	17%
Ledcor	9%
Redpath	7%
Kiewit	5%
Procon	5%
Byrnecut	4%
Dumas	1%
Others	48%

Source: Wood Mackenzie

Commodity Market Outlook

Our customers' ability to generate revenue is primarily influenced by demand for various commodities, and the resulting commodity prices. Our mining services revenues are principally influenced by production volumes and the long run decision of the mine operators to continue producing at a mine, rather than short-term fluctuations in commodity prices. Mine operators 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.

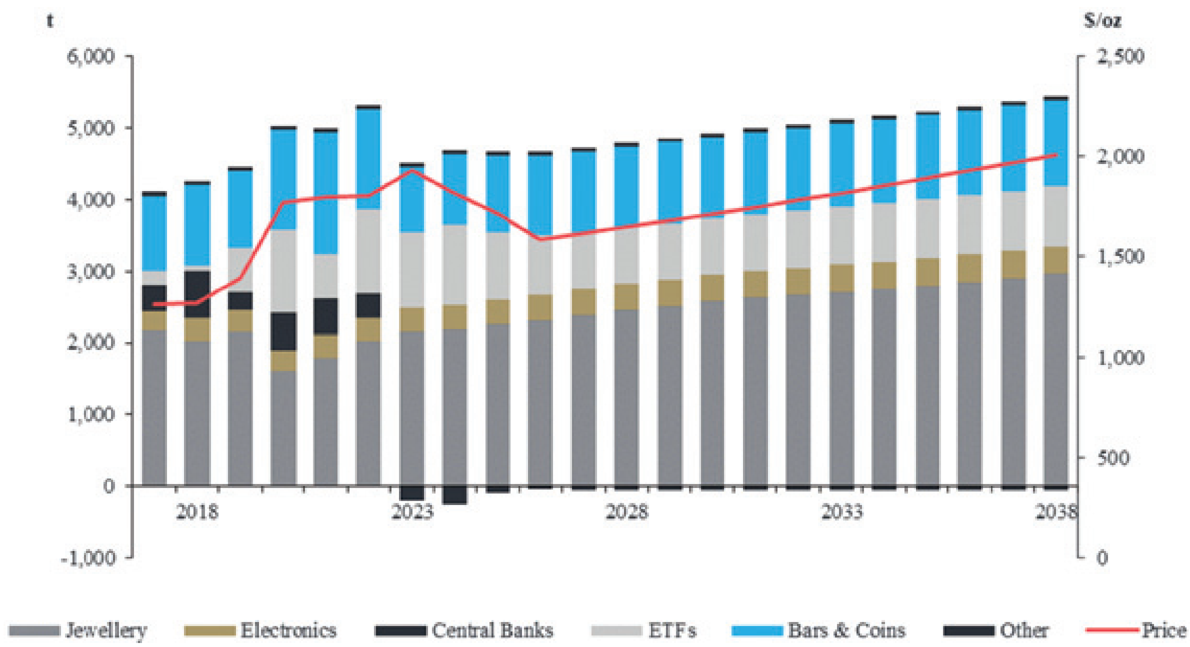
Gold

Gold is mined on every continent except for Antarctica. According to Wood Mackenzie, gold demand in 2023 was 4,316 tons following a decade high in demand in 2022 of 5,312 tons. Gold's perception as a store of wealth and its inflation hedging properties continues to prevail, particularly in countries with historic experiences of hyperinflation and currency extinction. According to Wood Mackenzie, gold demand is expected to grow at a compound annual growth rate of 1.5% over the period from 2023 to 2038, and to reach 5,382 tons in 2038 driven by increases in bar and coin, jewelry and ETF demand.

Gold has many diverse uses; however, jewelry is the largest driver of demand for gold, representing approximately 50% of gold demand in 2023. Jewelry demand has declined in recent years, from a peak of 2,382 tons in 2014 to a low of 2,059 tons in 2016 before China and India led a recovery to 2,138 tons in 2019. Demand remains below historical averages, however demand is expected to increase by 4% in 2024 (compared to 2023) to 2,176 tons. Wood Mackenzie expects that demand for gold in jewelry will increase again from 2024, growing at a rate of 2.2% CAGR (2023 to 2028), aided by the continued economic growth in major demand countries, including China and India.

Gold's properties as a corrosion-free metal with high conductivity make it valuable in the production of electronic goods and technical equipment. These include everyday applications/devices like smartphones, smart TVs and other high-end consumer electronics. Demand is driven by industrial production in large manufacturing centers such as Japan, the US and China, as well as the cost of using gold compared to copper, its primary competitor. Overall, growth in the electronics sectors will remain relatively muted throughout the forecasted period. Demand is expected to decrease from 352 tons in 2023 to 340 tons in 2024. Following this decline, Wood Mackenzie expects gold demand in electronics to steadily increase to reach 390 tons by 2038.

Gold Demand by Sector and Gold Price



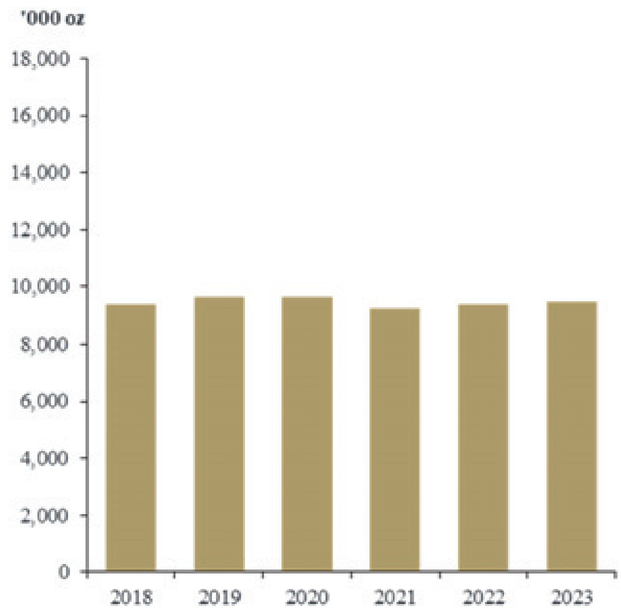
Source: Wood Mackenzie

A form of demand that is unique to gold is investment demand, where gold is used as an asset class in investment portfolios. Gold is typically bought by individuals in either bar or coin form. Demand for gold in bar and coin form peaked in 2021 at 1,684 tons. Following the economic uncertainty surrounding the Covid-19 pandemic an increase in brisk retail investment drove bar and coin demand to a 9 year high. In 2023, the bar and gold demand decreased to 921 tons from 1,401 tons in 2022. Wood Mackenzie expects that bar and coin demand will increase at 1.8% CAGR between 2023 and 2038 to reach 1,202 tons. This is primarily due to increases in demand in China and India, where economic growth and emergence of a significant middle class will increase spending.

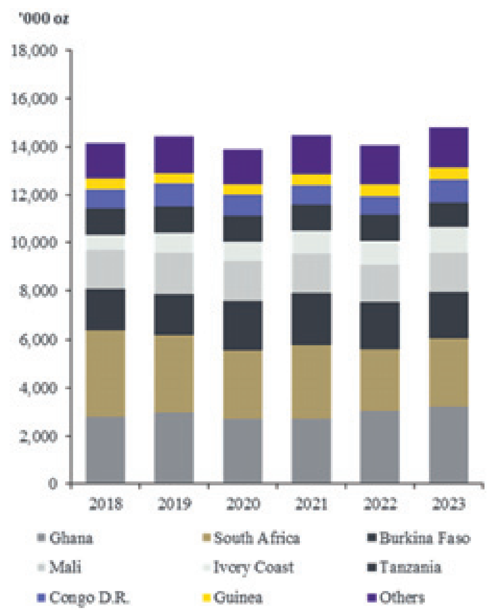
Demand for gold backed ETFs, whilst volatile, has increased from 69 tons in 2018 to 1,043 tons in 2023. In 2024, ETF demand is expected to further increase to 1,131 tons. ETF demand is expected to decrease in 2025, where the demand stabilizes, averaging around 800 tons for the remainder of the forecast. Gold price has grown from US$1,268.0.0/oz in 2018 to US$1,930.0/oz in 2023. For 2024, risks remain skewed to the downside, factors feeding into gold's safe-haven appeal include the Israel-Gaza conflict, the Russia-Ukraine conflict, persisting geopolitical risks (US-China trade tensions among others) and inflation, banking crisis, protests and industrial action and a growing list of economies experiencing economic crises, such as Argentina, Egypt, Pakistan, Bangladesh, South Africa, and Sri Lanka. Gold continues to be a commodity not just driven by supply-demand fundamentals but also a currency very sensitive to the macroeconomic events and investor sentiment.

Furthermore, de-dollarization is picking up momentum with countries moving away from the U.S. dollar. The sanctions imposed by the US on Russia due to its ongoing invasion of Ukraine together with increasing trade conflicts with China have made countries rethink their dependence on the dollar. The BRICS nations (Brazil, Russia, India, China and South Africa) are planning to introduce a trading currency, backed by gold and many central banks have significantly increased their appetite for gold in a move to diversify their forex reserves. Wood Mackenzie expects such moves will create major tailwinds for gold demand and price as central banks use it as a reserve currency. Considering the above, Wood Mackenzie estimates the 2024 and 2025 price guidance to be US$1,816/oz and US$1,713/oz respectively.

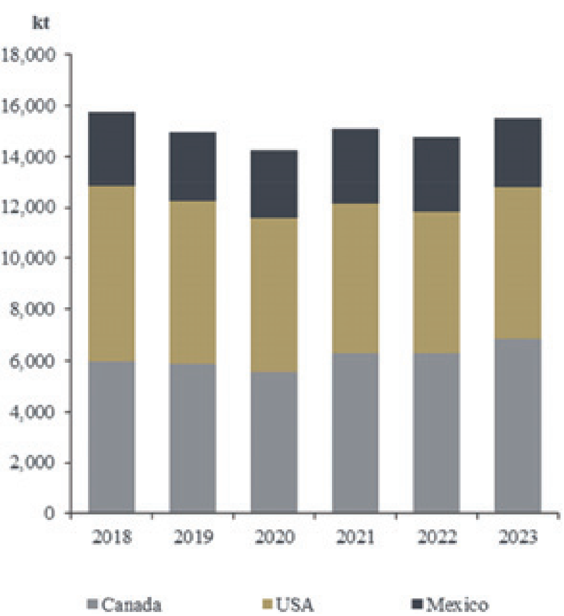
Australian Gold Supply
2018 to 2023



African Gold Supply by Country
2018 to 2023



North American Gold Supply by Country
2018 to 2023



Source: Wood Mackenzie

Australia was one of the world's largest gold producers in 2023, producing 9,458 koz. Australia has a diverse range of gold producers, with similar production levels across its three largest producers. Northern Star Resources is currently the largest gold producer in Australia, accounting for 14% of the country's output in 2023, whilst Newmont, Newcrest and Gold Fields have consistently each accounted for 9% to 13% of Australia's gold output year on year. Mine production increased by 1.1% year-on-year, primarily attributed to higher output from Kalgoorlie Consolidated Gold Mines in WA (Northern Star) and the ongoing ramp-up of the Cowal underground operation of Evolution Mining in NSW. According to Wood Mackenzie, base case gold output is expected to reach 9,276 koz in 2024.

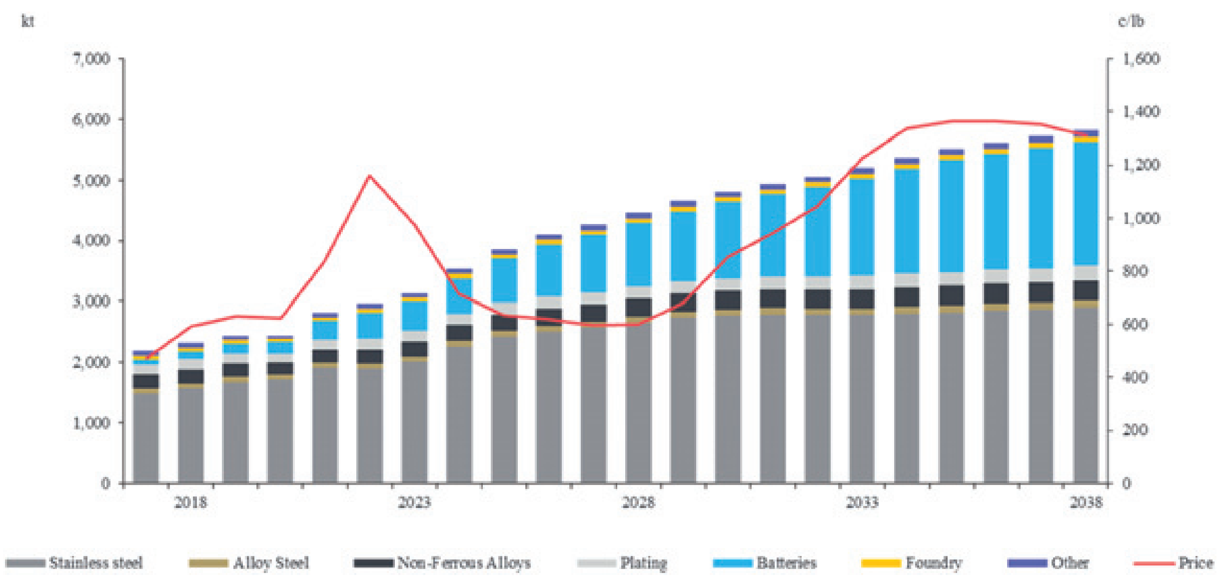
African gold production levels increased from 14,160 koz to 14,827 koz from 2018 to 2023. South Africa has consistently been the region's largest gold producer until 2022, when it was overtaken by Ghana. Ghana's production has increased from 2,791 koz in 2018 to 3,200 koz in 2023, representing 22% of Africa's gold production, driven by increased production at Ahafo and restart at Obuasi. Gold production is concentrated in 8 companies, which collectively accounted for 67% of production in 2023. The top 3 producers are Barrick Gold, AngloGold, and Endeavour Mining. According to Wood Mackenzie, base case gold output is expected to increase to 15,538 koz in 2024.

North America's gold supply has fluctuated around an average of 15,049 koz in the past five years, with Canada overtaking USA as the largest gold supplier in 2021, mainly driven by increases in production across existing operations, in addition to new projects becoming active. Canada produce 6,861 koz in 2023, an increase of 9% from the year prior. North America's gold supply is dominated by eight companies accounting for 65% of the region production 2023. The top three producers are Barrick Gold, Agnico and Newmont Corp. Wood Mackenzie's forecast expects North America's base case to increase by 5.5% in 2024, reaching 17,786 koz from 16,864 koz in 2023.

Nickel

Global nickel demand has risen steadily driven by the stainless steel and batteries sectors, reaching 3,317 kt in 2023. Demand for nickel is principally influenced by its use in the manufacture of stainless steel, which represented 64% of demand for nickel in 2023, followed by the batteries sector, accounting for 15% of demand.

Nickel Demand by Sector and Nickel Price



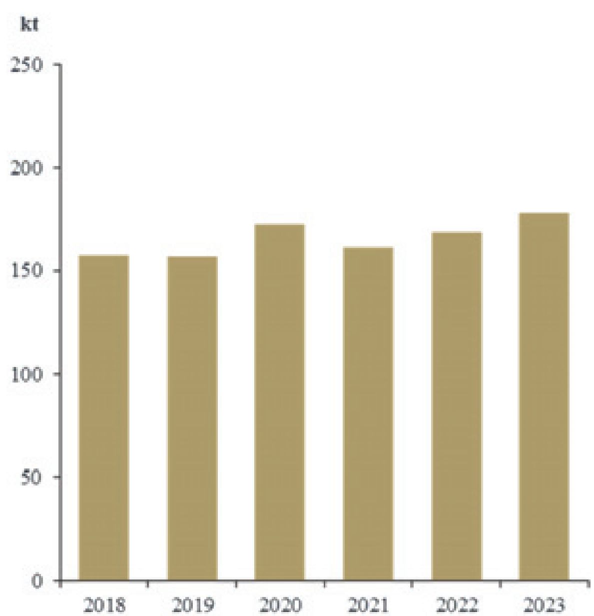
Source: Wood Mackenzie

Over the long term, nickel demand is expected to grow to 5.8 Mt by 2038 (4.2% CAGR 2023-2038). China will remain the main driver of demand over the long term by virtue of its stainless-steel industry, followed by India and Indonesia. Chinese and Asian demand for nickel will receive a further boost from the expansion in demand for nickel sulphate ($NiSO_4$) in battery cathode materials, chiefly for EV batteries. Wood Mackenzie estimates that Asian companies account for around 88% of global $NiSO_4$ production.

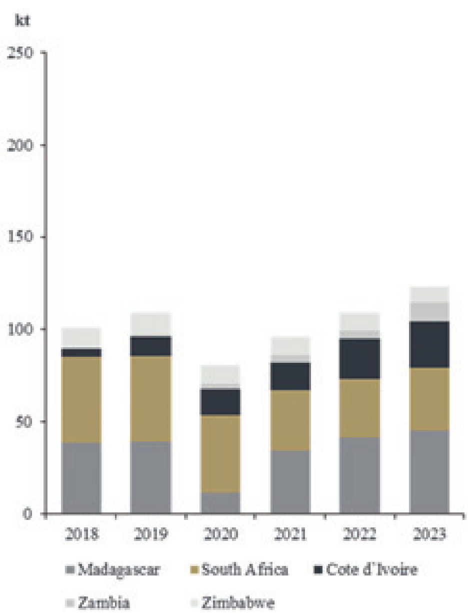
Demand for nickel will continue to be dominated by stainless steel, which is expected to increase by 894 kt between 2023 and 2038 (CAGR 2.5%). Wood Mackenzie anticipates that nickel demand from the battery sector will see much more rapid growth as it more than quadruples from 479 kt in 2023 to 2.05 Mt in 2038 (CAGR 10.2%). Other traditional uses of nickel, including alloy steel, plating, and foundry, are expected to grow slowly at between 1.2% and 2.1% CAGR between 2023 and 2040. The nickel market balance has been moving between surplus and deficit over the last 5 years as Indonesian NPI supply ramps up combined with changes in demand growth rates.

The nickel market experienced a supply deficit in 2021, which resulted in a rally in nickel prices which extended into early 2022. However, strong production in 2022, specially relating to the increase in Class 2 nickel production in Indonesia created a market surplus which has continued to grow into 2023. Wood Mackenzie expects the current market surplus to continue through to 2028/2029 as new supply projects and expansion come online ahead of forecast demand. Despite nickel demand increasing at a rate of 7.3% CAGR from 2023 through to 2028, the ongoing expansion in Indonesian nickel supply will keep the market in surplus over the next five years and may extend longer if the pace of Indonesian expansion is sustained. This market surplus is expected to put downward pressure on nickel prices, which are forecast to average 714 c/lb in 2024 and decline to a low of 598 c/lb by 2027. However, from 2029 the global nickel market is expected to move into a structural deficit due to continued strong growth of demand for nickel for use in EV batteries, which is expected to outstrip supply from existing and planned nickel projects. The market deficit is expected to push prices higher, with prices trending up to 1311 c/lb in 2038.

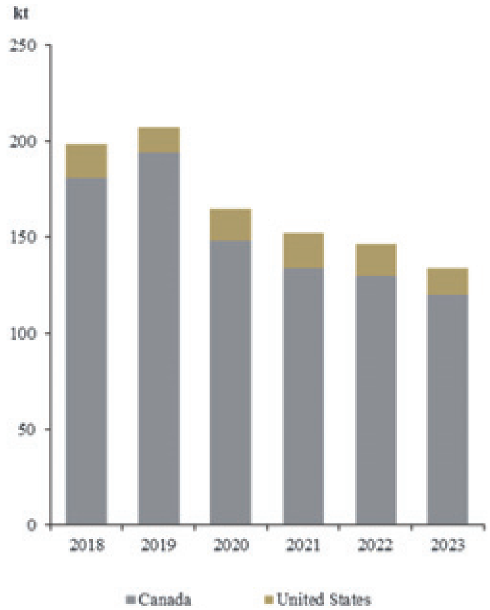
Australian Nickel Supply
2018 to 2023



African Nickel Supply by Country
2018 to 2023



North America Nickel Supply by Country
2018 to 2023



Source: Wood Mackenzie

Australia is the fifth largest producer of nickel globally, producing 178 kt in 2023. Australian nickel supply has grown by 8% in 2023 as a result of expanded production at Nickel West mines, Murrin Murrin and Nova Bollinger. In Australia, nickel production is concentrated with the top producers, BHP Group, Glencore and IGO Limited accounting for 70% of nickel output in 2023. First Quantum Mineral reentered the market in 2020 as the 4th largest producer of nickel, accounting for 12% of Australia's output. This was a result of output restarting at the Ravensthorpe mine following two years of no production. Mincor Resources NL who exited the nickel industry since 2016 as a result of mine depletions re-entered the market in 2022, and in 2023 became the 5th largest producer of nickel in Australia, as production at the KNO ramps up. In July 2023 Mincor was acquired by Wyloo Metals. Wood Mackenzie's base case expects nickel production to increase from 180 kt in 2023 to 204 kt in 2024.

In Africa, the nickel industry is relatively small, with only ten mines operating in 2023. Nickel deposits are principally found in Madagascar, South Africa, Cote d'Ivoire, Zambia and Zimbabwe. Much of the region is still unexplored and has thus received an influx of exploration activity to support the region's output. However, producers often face issues working in Africa as mine developments have historically been hindered by political risk or by a lack of infrastructure. Madagascar and South Africa have consistently been the highest nickel producing countries in the region, accounting for 65% of the region's nickel output in 2023. Africa's nickel output is largely concentrated across its top 5 companies which accounted for 81% of Africa's output in 2023. Mackenzie expects Africa's nickel supply to decrease from 123 kt in 2023 to 92 kt in 2038.

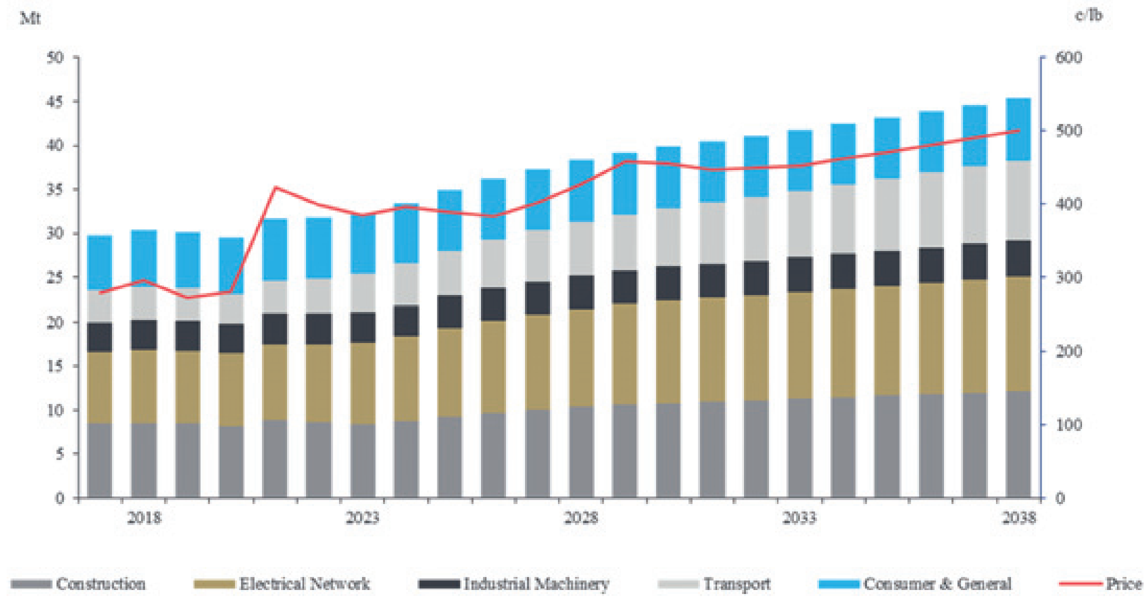
North America's nickel is supplied from the United States and Canada, Canada accounted for 89% of the region's output in 2023. Canada has seen a decrease in output from 181 kt in 2018 to 120 kt in 2023, largely due to a substantial decrease in production from the Voisey's Bay operation, in combination with small reductions in output from existing mines. The United States Eagle operation is the only active nickel mine which has maintained a stable output in the last five years. In 2023, nickel production in North America is produced by only four companies, with Vale, and Glencore accounting for 85% of North America's output in 2023 collectively, and Lundin Mining Corporation and Jilin Lein Nickel accounting for the remainder. Beyond 2024, the base case supply is expected to begin a downward trend reducing to 31 kt in 2038, with four mines expected to close in North America by 2028 due to reserve depletion.

Copper

Globally, copper demand has grown from 30.3Mt in 2018 to 32.1Mt in 2023 (1.1% CAGR), underpinned by decarbonization and its key electrical conductivity properties. Global copper consumption is forecast to grow at a CAGR of 2.3% between 2023 and 2038. While the pandemic and aftershocks of both the Russia-Ukraine and Israel-Gaza conflicts have caused fluctuations over the past year, copper's long-term demand prospects are firmly embedded in the energy transition. Copper's prospects over the longer term are expected to intensify on the back of decarbonization and the 'greening' of the economy, as well as the forces of industrialization, urbanization, and population growth.

Furthermore, increasing production of electric vehicles (EVs), which use up to four times as much copper as their diesel/gasoline counterparts, will provide a major boost in copper demand in the transport sector. However, a key risk remains the threat of substitution from competing products such as aluminum, steel, and composite materials.

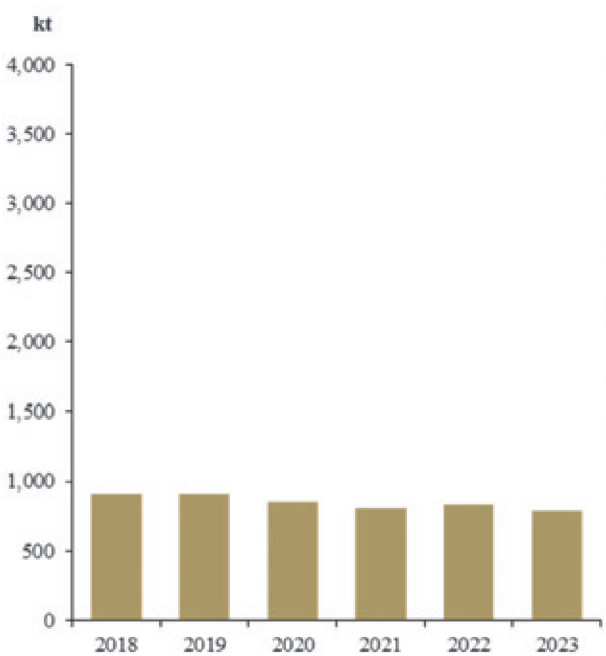
Copper Demand by Sector and Copper Price



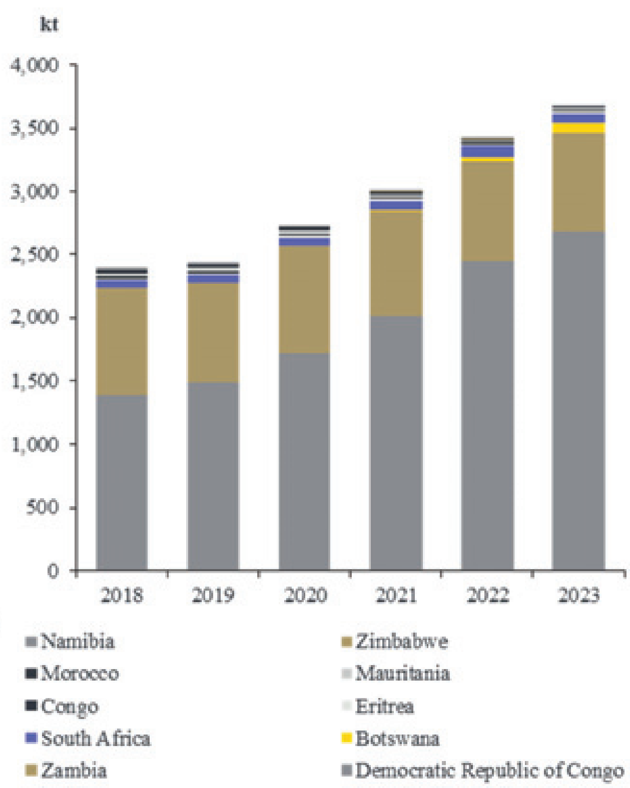
Source: Wood Mackenzie

Beyond 2025, against a backdrop of steady demand, the pace of base case mine supply growth will start to falter due to grade attrition and reserve depletion, driving an increase in price as the forecast progresses. 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 shuttered mines and undertake incremental expansions, mine life extensions and eventually develop the projects that are needed to close the implied supply gap.

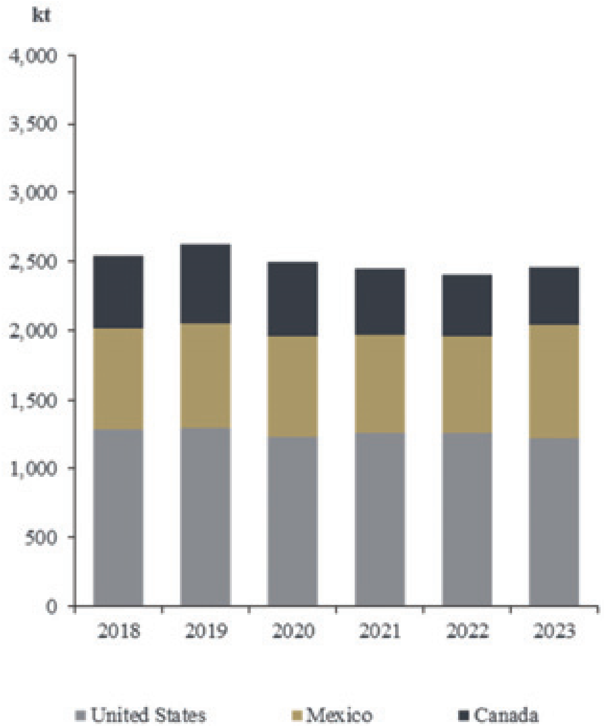
Australian Copper Supply
2018 to 2023



African Copper Supply by Country
2018 to 2023



North American Copper Supply
2018 to 2023



Source: Wood Mackenzie

Australia was the ninth largest producer of copper globally in 2023 producing 791 kt. Production has been trending down since 2019 where production reached 909 kt. The decline in production in recent years was due to declining ore grades and more challenging geological conditions. Copper production in Australia is quite concentrated, with the top eight producers accounting for 85% of production in 2023, and the top three producers, BHP, Newcrest and Glencore accounting for 62% in 2023. A significant proportion of the very small copper producers are primary gold miners that produce a small amount of copper as by-product to their gold operations. Base case copper output from Australia is expected to increase from 791 kt in 2023 to 820 kt in 2024.

Africa's copper mining industry is significant, and output from the Copperbelt (Democratic Republic of Congo and Zambia) accounted for 15% of global copper mine production, or 3,460 kt, in 2023. In contrast to Australia, copper production in Africa is less concentrated with the top eight producers accounting for less than 56% of production, although the top two producers account for 20% of total production in the region. Production from the top eight producers has increased significantly since 2018, from 1,486 kt to 2,044 kt in 2023 (6.6% CAGR).

North America's production of copper has remained stable in the last five years. The United States is the largest producer, accounting for 50% of the regions production in 2023, followed by Mexico (33%) and Canada (17%). North America's top eight copper producers account for 77% of the region's copper output. North America's three largest producers Freeport-McMoRan, Southern Copper (ex SPCC) and Rio Tinto accounted for 57% of North American production in 2023. According to Wood Mackenzie, North America's base case is expected to 2,635 kt in 2024 from 2,461 kt in 2023.

BUSINESS

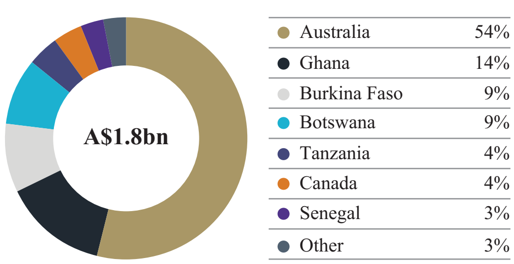
Our Company

We are a production oriented diversified mining services provider with operations in 12 countries across Australia, North America, Europe and Africa. In operation since 1987, we listed on the ASX in 1994, and we are now an ASX 300 constituent with a market capitalization of approximately A$931.6 million as of April 4, 2024. For the pro forma year ended June 30, 2023, we had revenue of A$3,430.6 million and Underlying EBITDA of A$671.4 million. For the pro forma six months ended December 31, 2023, we had revenue of A$1,798.5 million and Underlying EBITDA of A$336.8 million. As of December 31, 2023, we were contracted to provide services across more than 60 projects, employed approximately 11,000 people worldwide and had a property, plant and equipment balance (inclusive of right-of-use assets), predominantly comprising our mobile mining equipment, of A$1.3 billion. Our head office is located in Perth, Western Australia.

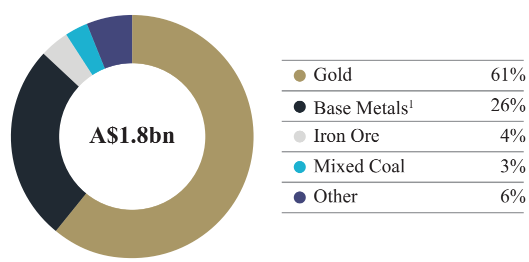
Our principal activity is the provision of contract mining services, drilling services and other value add mining services primarily to customers that are in the production phase of their mining operations. Our orientation towards the production phase provides increased earnings stability and resilience through the commodity price cycle. These services are essential for our customers to operate their mines and remain in production. We principally provide underground and surface contract mining, development and production-related services to our mining clients across Australia, North America, Europe and Africa. These services include hard-rock specialized services, high speed decline development and production services, load and haul, crusher feed, drilling and blasting, and mine grade control. 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. Following our acquisition of DDH1 in October 2023, for consideration of A$329.7 million, A$279.7 million of which was in the form of Perenti shares, we now operate one of the largest drill fleets globally (measured by the number of drill rigs) and provide customers with access to a broad range of specialized underground and surface drilling services. We primarily provide our services to customers in the gold and base metals sectors.

The charts below illustrate the diversity of our revenue by geography and by commodity for the pro forma six months ended December 31, 2023.

Revenue by Geography – Pro forma six months ended December 31, 2023



Revenue by Commodity – Pro forma six months ended December 31, 2023

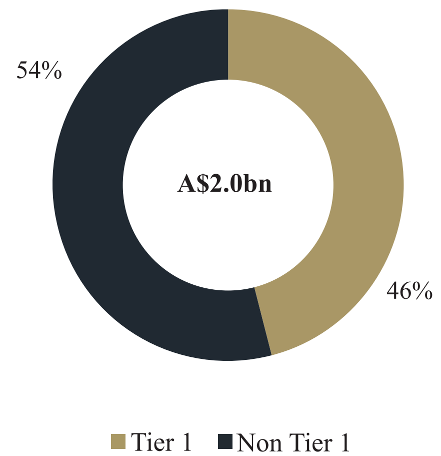


Note:

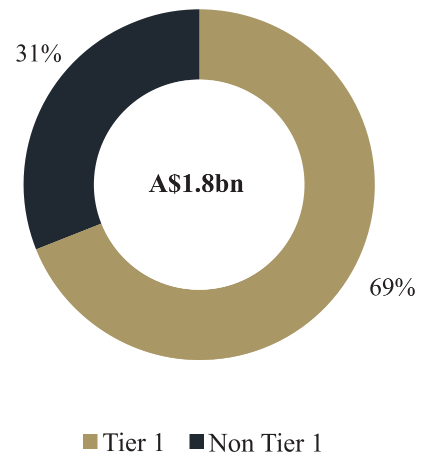
(1) Base metals includes copper and nickel

We continue to prioritize growth in countries which have lower sovereign risk and an investment grade credit rating. We refer to these countries as Tier 1 jurisdictions. The charts below illustrate the composition of our revenue from Tier 1 jurisdictions in FY20, being the first full year after the Barminco acquisition, and in the pro forma six months ended December 31, 2023.

Revenue from Tier 1 Jurisdictions – FY20



Revenue from Tier 1 Jurisdictions – Pro forma six months ended December 31, 2023



Note:

(1) Tier 1 jurisdictions are countries that have received a sovereign rating from either Moody's, S&P Global or Fitch which is investment grade.

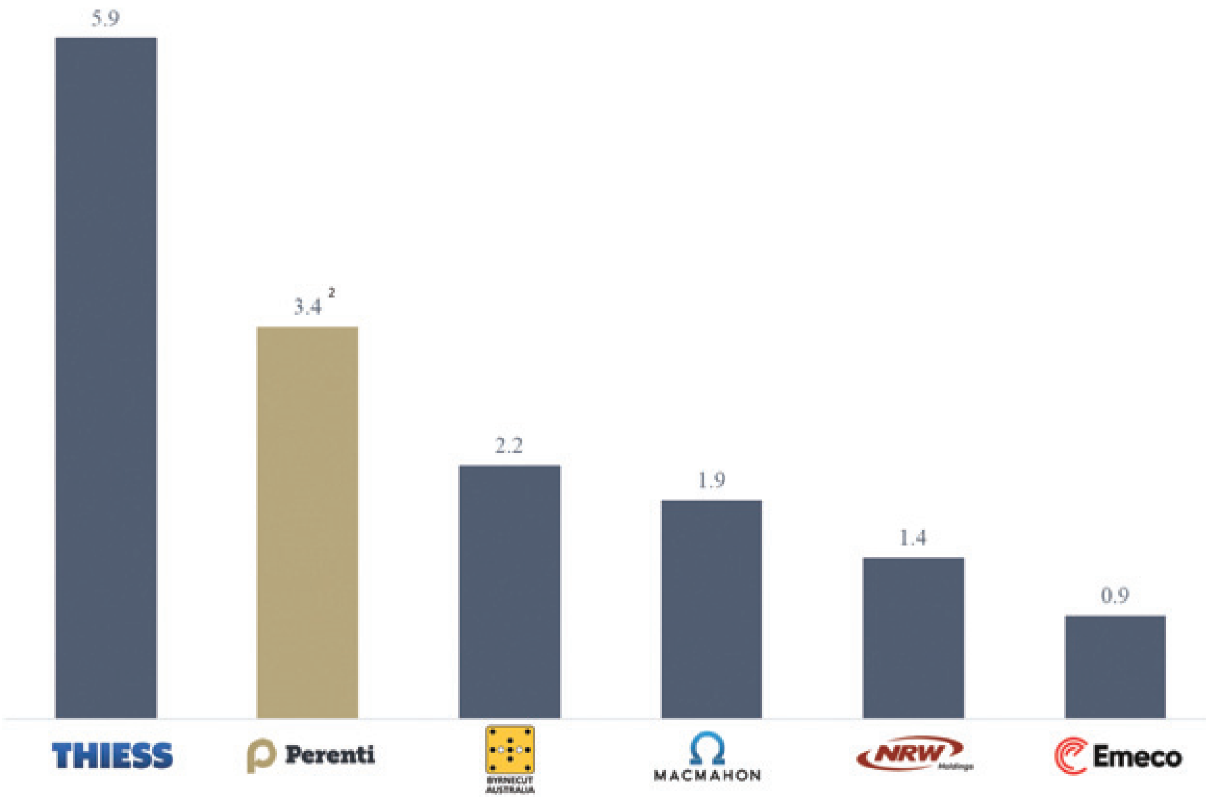
Our Business Strengths

We are a market leading provider of a diversified portfolio of complex services to the global mining industry

We believe that we have established a market leading reputation for productivity, reliability and efficiency with respect to our services, including for our technical expertise in highly specialized mining and drilling operations. 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 Environment, Social and Governance (ESG) policy, safety, risk management and productivity, which enables us to contract with larger counterparties with a stronger focus on control systems, compliance and governance. Our scale, extensive operating history across our customers' mines and reputation mean we are invited to tender for most significant new contracts. This enables us to be selective in the contracts that we elect to pursue and maintain financial discipline including our margins when we respond to tenders.

Our scale also provides us with experience across different mining applications and commodities and enhances our ability to provide highly skilled labor and high quality equipment to our customers and to mobilize resources to mine sites promptly, which we believe is a competitive advantage. We have access to a substantial base of contract performance data across our contracted order book, including revenue, cost and equipment reliability data, resulting in improved tendering accuracy and stability of margins and earnings. Finally, our scale provides us with economies of scale and purchasing power with suppliers.

Australian Mining Services Businesses by Revenue[(1)] (A$ billion)



Notes:

(1) Revenue based on latest available filings. Thiess FY23 annual revenue for the year ended December 31, 2023. Byrnecut FY22 revenue based on filings for Byrnecut Offshore Pty Ltd and Byrnecut Australia Pty Ltd for financial year ended December 31, 2022. MacMahon FY23 annual revenue for the year ended June 30, 2023. Emeco FY23 annual revenue for the year ended June 30, 2023. NRW is FY23 revenue for its mining segment for the year ended June 30, 2023.

(2) Perenti pro forma FY23 revenue.

The services we offer our customers require technical expertise and specialization. Underground mining in particular is highly complex, with requirements for specialized equipment and skills that serve as a significant barrier to entry. We have extensive experience managing and operating 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. Many of our customers value our technical expertise and experience, especially as many underground mining operations become deeper and also to mine certain critical minerals, demand for which is increasing.

Our safety performance is evaluated in all of our mining services tenders and is one of the most significant evaluation criteria used by our customers in determining the appointment of the mining services contractor. 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 business model focuses on the more stable production phase of the mining value chain

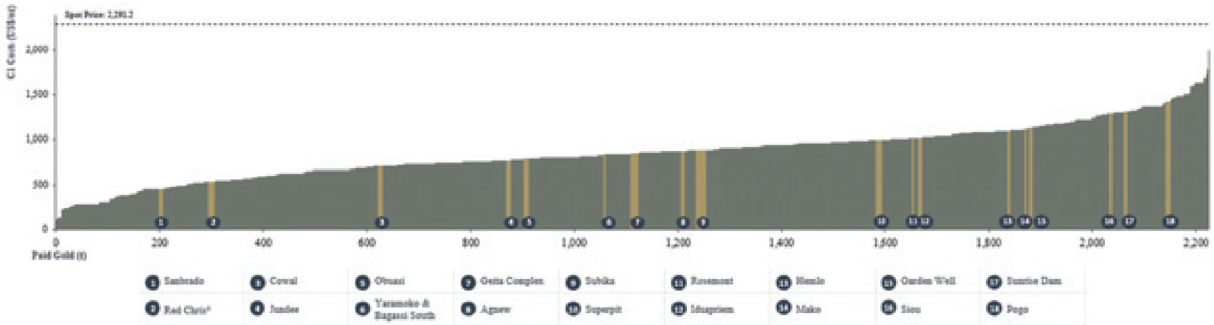
Production based revenue

We earn most of our revenue from services that are critical to producing mines, which provides us with relatively stable and predictable revenue. Our orientation towards 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. Production related mining services contributed 94% of our contract mining and drilling services sales revenue in the pro forma six months ended December 31, 2023. We are typically the exclusive provider of contract mining services at the mines at which we are contracted. We cannot be easily replaced without mine owners risking significant production downtime or interruption.

Cost competitive mines

We 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, approximately 90% of our customers have a C1 cash cost below US$1,400.0/oz, which is below the spot price for gold as of December 31, 2023 of US$2,017.9/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),(3)



Notes:

(1) FactSet Spot price as at March 26, 2024.

(2) Sourced from Wood Mackenzie report dated March 2024 showing a selection of Perenti's contracted mines.

(3) Chart starts at US$108/oz.

(4) Newcrest plans to transition the current open pit mine at Red Chris to an underground block cave operation. The 2030 cost position of Red Chris is displayed here to reflect a normalized cost level after the expansion is complete.

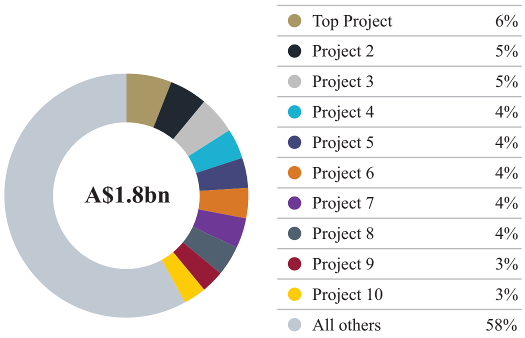
Our business model is also aligned with favorable industry trends that are emerging in the mining sector. These trends include:

- New mines increasingly going underground with surface mine deposits becoming depleted, as surface mines face increasing social-license challenges, and existing underground mines becoming deeper with more complex geology. As a market leader in underground hard-rock contract mining and drilling services with strong technical capacity, we are well placed to benefit from this trend;
- Global decarbonization and energy transition driving strong long term demand for critical minerals, such as copper and nickel, which will require new mines to be developed to meet this demand. We are well-placed to benefit from this trend with approximately 26% of revenue (pro forma six months ended December 31, 2023) currently generated from copper and nickel mines; and
- Miners are increasingly focused on their carbon footprint and ESG/sustainability with a preference to partner with suppliers that can add value. With our scale and technical expertise, we are well placed to bring best practice across a range of areas, including health and safety, technology (for example, fleet electrification), and environmental management to drive more sustainable operations for our customers.

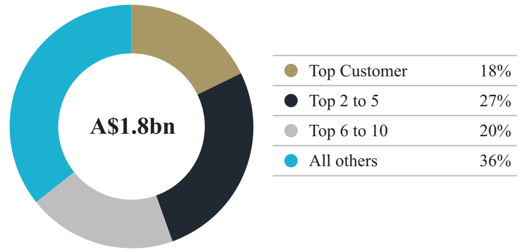
We operate a business that is highly diversified by project, customer, commodity, and geography

Our operating scale provides diversification benefits across our business, with our earnings diversified by contract type, project, customer, commodity, service provided and geography. Our expertise and capability to provide a broad service offering to our customers provides us with the ability to target opportunities at multiple mines during the various stages of the mining lifecycle. Our revenue is diversified across both contract mining and drilling services, which gives us the flexibility to take advantage of growth opportunities in each segment of mining activity, limits our operational risk, specific site disruptions and risk of over-exposure to a particular activity and helps to promote stable financial performance over time. Our revenue from our largest project accounted for 6% of our pro forma six months period ended December 31, 2023 revenue, and our revenue from our top 10 largest projects accounted for 42% of our pro forma six months ended December 31, 2023 revenue. This diversification reduces the financial impact of losing any particular contract.

Revenue by Project – Pro forma six months ended December 31, 2023



Revenue by Customer – Pro forma six months ended December 31, 2023



The services we provide, the equipment we operate and processes we utilize are transferable across commodities that we mine for our customers, which enables us to tender for a wide range of contracts and commodities.

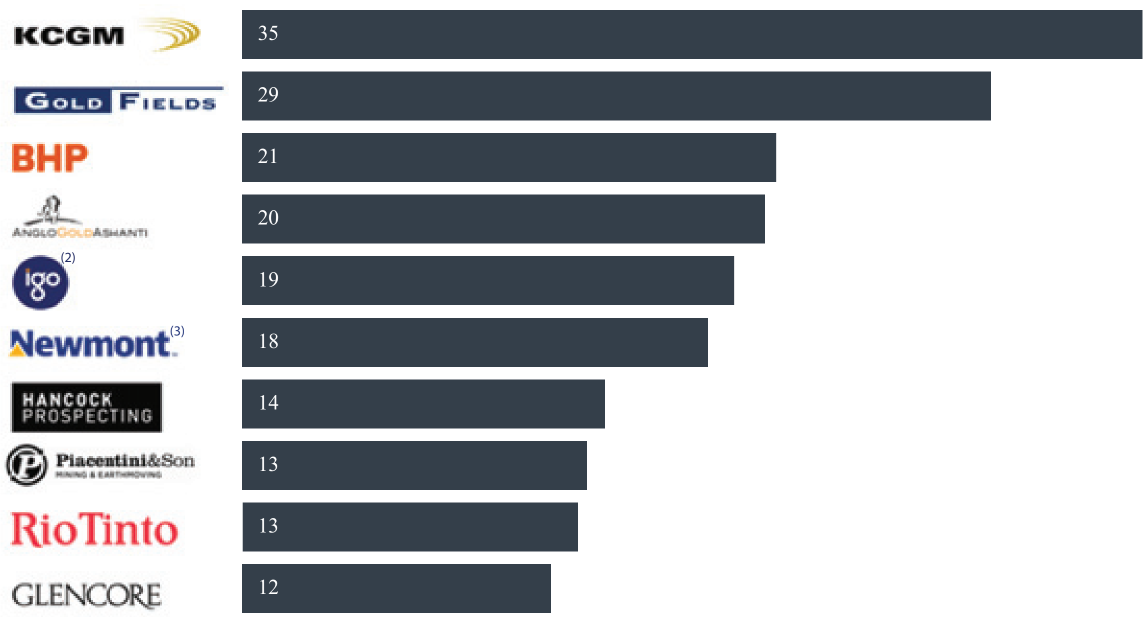
Gold is our largest commodity exposure, which reflects our origins as a provider of contract drilling services in Kalgoorlie, an established gold producing region in Western Australia. While we have a higher exposure to gold, its defensive attributes and counter-cyclical nature to the economy and to 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 exposure includes copper and other base metals which are critical minerals to global decarbonization.

Our business is underpinned by strong long-term customer relationships and a highly disciplined and lower risk contracting model

Long-standing customer relationships

We have long-standing relationships with many of our customers and often provide services to our customers at multiple mine sites. These relationships typically survive well beyond the initial contractual period, with the average length of relationship with our top ten customers (by length of relationship) at December 31, 2023 exceeding 19 years. We have had a relationship greater than 12 years with each of those top 10 customers. Three of our top ten customers (by length of relationship) were acquired from the DDH1 acquisition, being Hancock Prospecting, Rio Tinto and Glencore. We believe our longstanding relationships and strong contract renewal rate with our customers reflect our strong operational performance, in addition to our strong brand and market reputation for productivity, reliability, and safety. They also reflect 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.

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



Notes:

(1) Length of customer relationship as of December 31, 2023.

(2) Relationship inclusive of IGO's acquisition of Western Areas.

(3) Relationship inclusive of Newmont's acquisition of Newcrest.

Our strong relationships are demonstrated through our track record of contract renewals and extensions, with a contract renewal rate above 95% for underground contract mining as at December 31, 2023. Our contract renewal rate 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. Once we are the incumbent operator at a site, we have better technical information to tender for renewals compared to our competitors, which provides a further barrier to entry.

Recent Major Contract Wins and Renewals Announced

Customer	Relationship Type	Type[(1)]	Commodity[(2)]	Mine	Date Announced	Term (Years)	Contract Value (A$m)[(3)]	Segment	Location
Evolution Mining	Existing	New	Gold	Cowal	Jun-22	4.0	520	Underground	Australia
Resolute	Existing	Renewal	Gold	Mako	Dec-22	4.0	272[(4)]	Surface	Senegal
Northern Star	Existing	Renewal	Gold	Kalgoorlie Super Pit	Feb-23	5.0	160	Surface	Australia
Barrick	Existing	Renewal	Gold	Hemlo	Feb-23	1.0	61[(5)]	Underground	Canada
igo	Existing	Renewal	Nickel	Flying Fox	Apr-23	0.8	30	Underground	Australia
Newcrest Mining Limited	Existing	Renewal	Gold	Red Chris	Apr-23	1.0	90	Underground	Canada
Newmont	Existing	New	Gold	Subika	May-23	5.0	630	Underground	Ghana

Customer	Relationship Type	Type(1)	Commodity(2)	Mine	Date Announced	Term (Years)	Contract Value (A$m)(3)	Segment	Location
AngloGoldAshanti	Existing	Renewal	Gold	Sunrise Dam	Aug-23	1.0	120	Underground	Australia
Sandfire	Existing	New	Copper	Motheo (A4)	Sep-23	6.1	360	Surface	Botswana
BHP	Existing	Renewal	Metallurgical Coal	BHP Mitsubishi Alliance	Sep-23	2.0	27	Surface	Australia
Regis Resources	Existing	Renewal	Gold	Garden Well and Rosemont	Sep-23	0.5	70	Underground	Australia
Gold Fields	Existing	Renewal	Gold	Agnew	Jan-24	1.0	125	Underground	Australia
AngloGoldAshanti	Existing	Renewal	Gold	Obuasi	Jan-24	1.0	180	Underground	Ghana
Fortuna Silver Mines Inc.	Existing	Renewal	Gold	Yaramoko	Jan-24	2.0	115	Underground	Burkina Faso
Regis Resources	Existing	Renewal	Gold	Garden Well and Rosemont	Apr-24	3.0	393	Underground	Australia

Notes:

(1) Type is defined as a new contract or renewal.

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

(3) Contract value refers to expected revenue over the term of the contract, which includes the assumed exercise of extension options. Table includes major contract wins only.

(4) Amount converted at an exchange rate of 0.68 AUD:USD

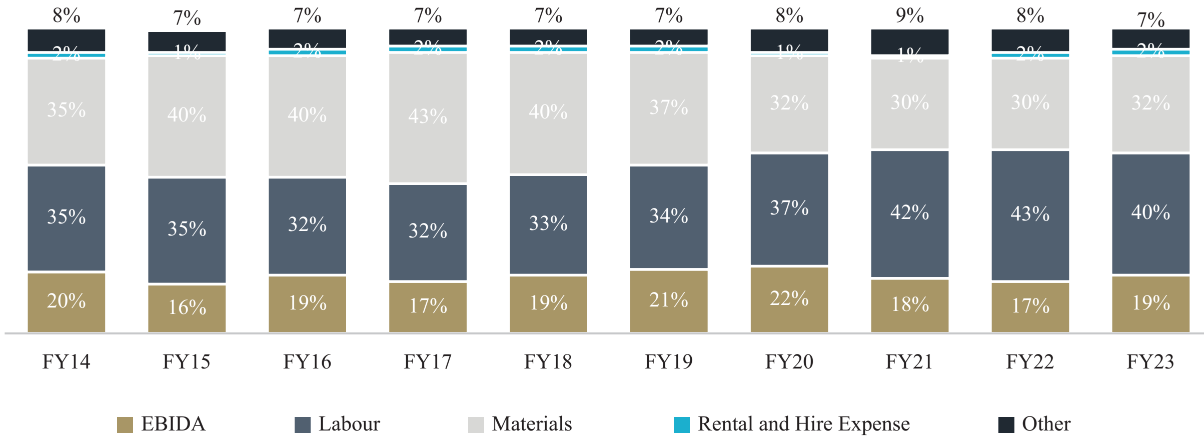
(5) Amount converted at an exchange rate of 0.90 AUD:CAD

Low risk contracting model

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 protect against erosion of our margins. Our contracts are typically structured with a base fee and variable fee component which include, in each case, our embedded margin. The schedule of rates contracting approach ultimately seeks to and align revenue to the underlying cost structure of our services, where approximately 75% of our costs are variable. We typically invoice our customers at the end of each month, with payment terms of generally 30 days.

Our contracts contain a number of mechanisms to protect our margins, including clauses that allow for the renegotiation of our unit rates if our customer varies their tendered mine plan by more than an agreed threshold. Our contracts also include 'rise-and-fall' provisions which means that the unit rates for our services can be periodically increased or decreased in line with changes in our underlying costs such as labor and consumables (for example, tires and spares, equipment parts, oil and fuel). We have no exposure to fixed price or turnkey contracts. These contract protection mechanisms have been critical to our ability to maintain an average EBITDA margin of approximately 19% through the cycle.

Underlying EBITDA Margins and Cost Structure[(1)]



Note:

(1) Underlying EBITDA margins and cost structure calculated as a proportion of revenue. Our contracts also include payments from our customers for the costs associated with mine site demobilization and remobilization that are generally high, which decreases the likelihood of early termination of a contract.

We operate our business with a sizeable tangible asset base of well-maintained fleet and equipment

We have a large, high quality fleet of 1,296 pieces of standardized mobile mining equipment as of December 31, 2023, made by many of the world's leading manufacturers of mining equipment. Globally, we operate a large, modern fleet of drills, totaling 484 as of December 31, 2023. The value of our property, plant and equipment (inclusive of right-of-use assets) balance as of December 31, 2023, was A$1.3 billion. Our fleet strategy focuses on owning fleet and equipment that can be used in a wide range of applications and in the production of different commodities. 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.

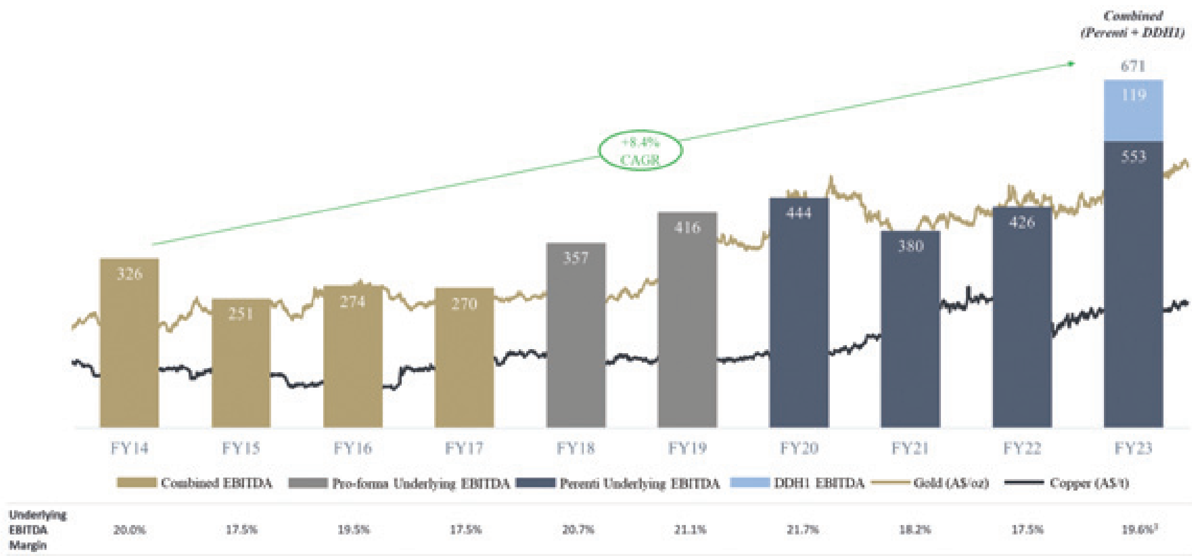
Our in-house fleet management program, which tracks maintenance costs and utilization of equipment and projects expected capital expenditure requirements on equipment, helps us to extend the average life of equipment, contributing to our reliability and our ability to respond to client needs and optimize 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 appropriate operating conditions, which in turn maximizes productivity. We have demonstrated earnings resilience through the cycle.

Strong earnings resilience

Our resilient financial profile is supported by our production focus, long-term contracts, strong customer relationships, incumbent position at existing, cost-competitive mine sites and high barriers to entry of the contract mining and drilling services industry.

We have a track record of sustaining our margins through commodity cycles. Both our revenue and operating costs are linked to production volumes, which helps us maintain margins as activity levels rise and fall. Over the past 10 years, including the last significant commodity price correction during FY14 to FY16, as well as COVID-19 disruptions during FY20 to FY22, we have consistently and steadily grown our earnings.

Underlying EBITDA (A$m) and Commodity Prices(1),(2)



Source: Perenti company filings and FactSet Market data as at December 2023.

Notes:

(1) Combined EBITDA is calculated to illustrate the impact of the Barminco acquisition. Presented as Ausdrill, Barminco and AUMS on a combined basis for periods FY14 to FY17, pro-forma underlying FY18 to FY19 (EBITDA adjusted to include pro forma adjustments for Barminco acquisition and to exclude impairment of non-current assets, share of JV profits and onerous provisions) and underlying for FY20 to FY23.

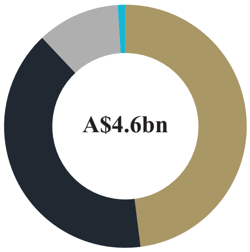
(2) Commodity prices rebased to Gold A$/oz.

(3) Inclusive of DDH1.

Our strong financial profile and earnings are underpinned by a large order book, coupled with our strong track record of contract renewals and extensions. Our order book as of December 31, 2023 had an aggregated contracted value of A$4.6 billion, of which A$1.3 billion relates to FY24. We believe that our large order book, which provides earnings visibility, coupled with our strong pipeline of anticipated contract rollovers and tendering opportunities, underpin a robust financial outlook. Our order book is weighted towards underground contract mining with 48% of expected revenue from existing contracts relating to underground operations and 40% of expected revenue from existing contracts relating to surface contract mining. Of the total contracted value, 64% is expected to be derived from Tier 1 jurisdictions. In accordance with our strategies, we aim to prioritize orderbook growth in Tier 1 jurisdictions. As of December 31, 2023, we were in the process of negotiating contract rollovers and variations with existing clients which, if successful, may increase our order book by A$5.2 billion over 5 years. For further discussion on the impact of recent contracts developments, see "—Recent Developments—Impact of New Contracts, Renewals and Extensions."

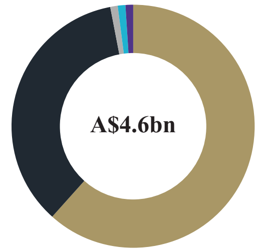
Our pipeline includes 63 opportunities which we anticipate may generate the possibility of tendering for a mining services contract in the next 24 months. We estimate that if all of these contracts are put out to tender on terms consistent with our experience, the potential revenue opportunity would be approximately A$14.0 billion based on data made available by mine owners. We have existing relationships with approximately 52% of owners of these projects and the projects are predominantly located in jurisdictions where we currently operate. The pipeline of tendering opportunities is split approximately 91% / 9% between underground mining, and surface mining based on their anticipated revenue contribution. Opportunities in Tier 1 jurisdictions comprise 73% of our potential revenue in our tendering pipeline.

Order Book by Business Segment – As at December 31, 2023



Contract Mining - Underground	48%
Contract Mining - Surface	40%
Drilling Services	11%
Mining Services	1%

Order Book by Commodity – As at December 31, 2023

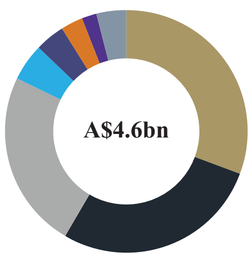


Gold	61%
Base Metals[1]	35%
Iron Ore	1%
Coal	1%
Other	1%

Notes:

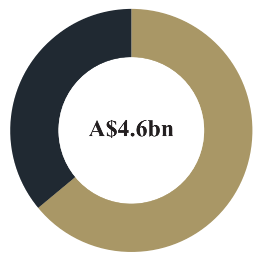
(1) Base metals includes copper and nickel

Order Book by Geography – As at December 31, 2023



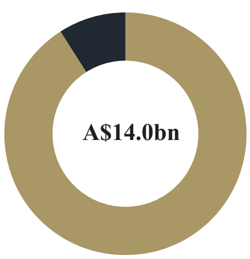
Australia	31%
Botswana	28%
Ghana	24%
Burkina Faso	5%
Senegal	4%
Tanzania	3%
USA	2%
Other	4%

Order Book by Jurisdiction – As at December 31, 2023



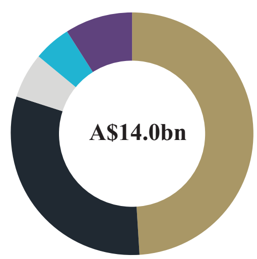
Tier 1 jurisdictions	64%
Non-Tier 1 jurisdictions	36%

Pipeline by Business Segment – As at December 31, 2023



Contract Mining – Underground	91%
Contract Mining – Surface	9%

Pipeline by Commodity – As at December 31, 2023

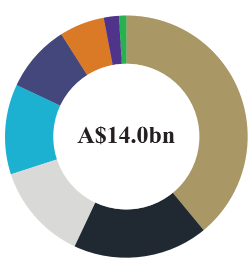


Gold	49%
Base Metals[1]	31%
Diamonds	6%
Lithium	5%
Other	9%

Note:

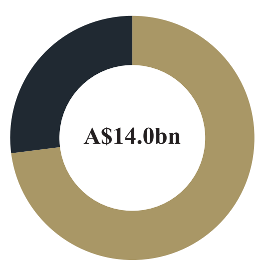
(1) Base metals includes copper and nickel

Pipeline by Geography – As at December 31, 2023



Australia	39%
Tanzania	18%
Canada	13%
Botswana	12%
USA	9%
Ghana	6%
Cote d'Ivoire	2%
Burkina Faso	1%

Pipeline by Jurisdiction – As at December 31, 2023

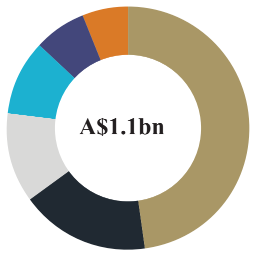


Tier 1 Jurisdictions	73%
Non-Tier 1 Jurisdictions	27%

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

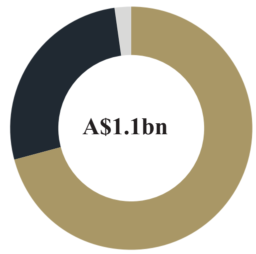
Contract Mining—Underground Revenue Diversification – Pro forma six months ended December 31, 2023

Geography



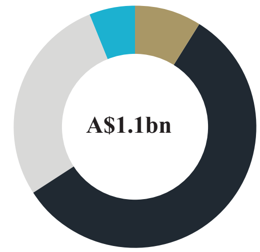
Australia	48%
Ghana	17%
Burkina Faso	12%
Botswana	10%
Tanzania	7%
Canada	6%

Commodity



Gold	71%
Base metals[1]	27%
Other	2%

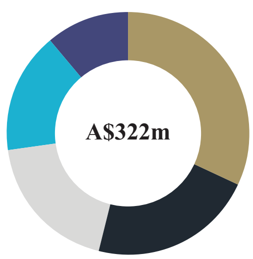
Project



Top project	9%
Top 2 to 10 projects	57%
Top 11 to 20 projects	28%
All others	6%

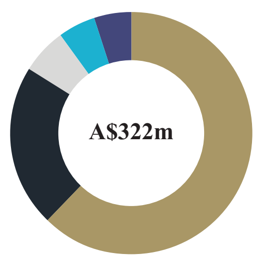
Contract Mining - Surface Revenue Diversification – Pro forma six months ended December 31, 2023

Geography



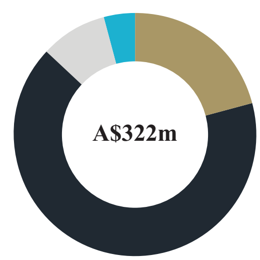
Australia	32%
Ghana	22%
Botswana	19%
Sengeal	16%
Burkina Faso	11%

Commodity



Gold	63%
Base metals[1]	22%
Iron Ore	6%
Mixed Coal	5%
Other	5%

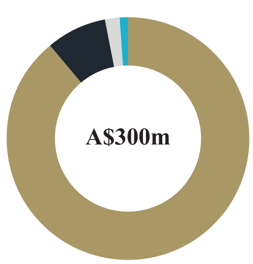
Project



Top project	21%
Top 2 to 10 projects	66%
Top 11 to 20 projects	9%
All others	4%

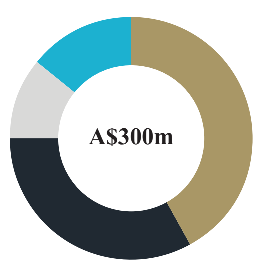
Drilling Services Revenue Diversification – Pro forma six months ended December 31, 2023

Geography



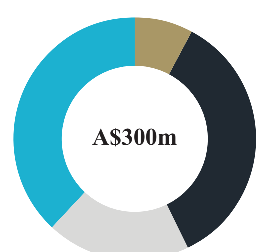
Australia	89%
North America	8%
Portugal	2%
Spain	1%

Commodity



Gold	42%
Base metals[1]	33%
Iron Ore	11%
Others	14%

Project



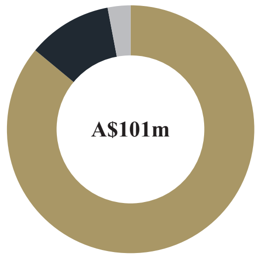
Top project	8%
Top 2 to 10 projects	35%
Top 11 to 20 projects	19%
All others	38%

Note:

(1) Base metals includes copper and nickel.

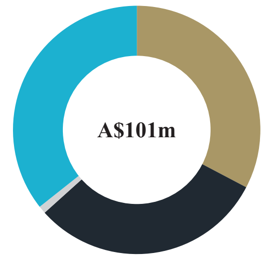
Mining Services and idoba Revenue Diversification – Pro forma six months ended December 31, 2023

Geography



Australia	86%
South Africa	11%
Ghana	3%

Commodity



Mixed Coal	33%
Iron Ore	31%
Nickel	1%
Others	36%

Prudent financial management

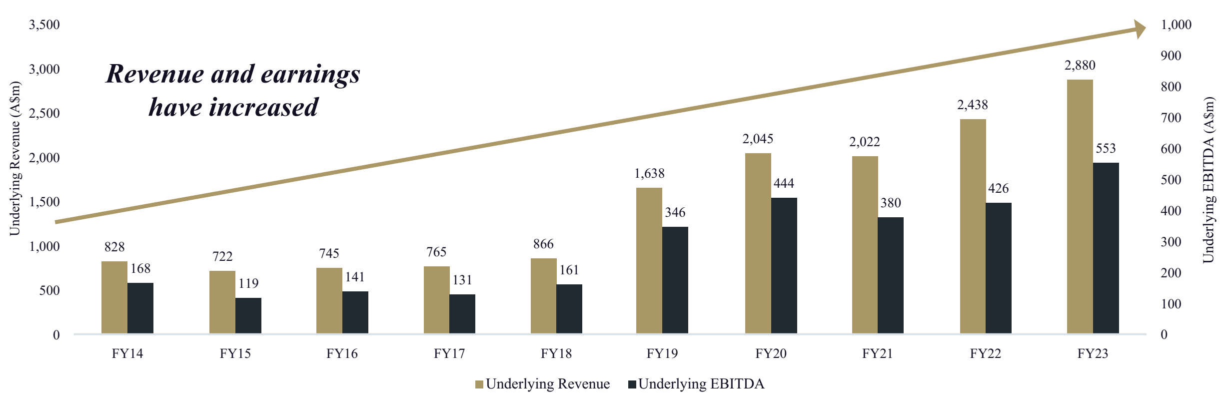
We have a strong track record of prudent financial management through commodity price cycles and have multiple levers to sustain cash flow generation in the event of a cyclical downturn. We focus on maintaining a prudent capital structure to provide maximum operational and financial flexibility through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

We are also able to reduce or defer capital expenditure and are able to redeploy our fleet across our operations, which assists us in generating cash flows if activity levels decline. In previous downturns, we have 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 business 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 FY19. We have also prudently funded the A$329.7 million acquisition of DDH1 in October 2023, with A$279.7 million of the consideration in the form of Perenti shares. 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. In December 2021, we updated our publicly stated net debt/EBITDA target to be less than 1.0x and remain below this target as at December 31, 2023 (0.9x).

Our Underlying Revenue and Underlying EBITDA over the period from FY14 to FY23 are illustrated in the charts below.

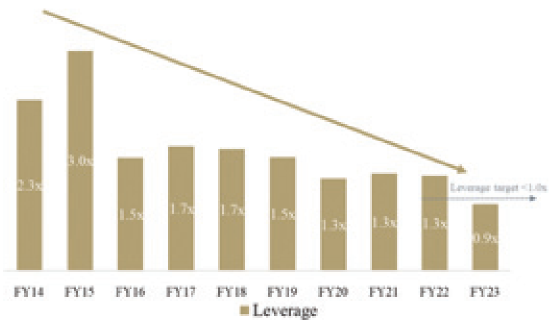
Underlying Revenue[1] and EBITDA



(1) Note: Underlying revenue excludes A$1.5 million in FY20 and A$65.7 million in FY21 from the exited projects as part of AMS strategic review.

Our leverage, net cash inflow from operating activities and Net Capex over the period from FY14 to FY23 are illustrated in the charts below:

Leverage (x)(1)



Net Cash Inflow from Operating Activities and Net Capex (A$m)(1)

Note:

(1) Net Capex is defined as payments for property, plant and equipment less proceeds from routine sale of property, plant and equipment and assets held for sale. Leverage 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.”

Our business is led by a highly experienced management team and Board of Directors

Our management team has significant experience in the international mining industry. Our Managing Director and Chief Executive Officer, Mr. Mark Norwell, has over 25 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 35 years of industry 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 Ms. Diane Smith-Gander AO, who was previously Chair of ASX-listed DDH1 Limited and joined the Board on October 16, 2023 following the Acquisition on October 6, 2023. Ms. Smith-Gander has extensive Australian and international experience in banking and finance, technology, and strategic and management consulting. Prior to joining the Board, Ms. Smith-Gander was also a Partner of McKinsey & Company in the United States, chaired previously ASX-listed contractor Broadspectrum and served on the Wesfarmers board for more than a decade. Ms. Smith-Gander is also the Chair of ASX-listed Zip Co Limited, the Committee for Economic Development of Australia and HBF Health Limited.

Our Strategies

Perenti’s 2025 strategy is focused on enhancing and growing our portfolio of complementary mining services businesses to deliver sustainable long-term returns to stakeholders. Our strategy is supported by our purpose of creating certainty and enduring value for our clients and communities, our people and our stakeholders. Delivery of our strategy is enabled through five strategic focus areas:

Business Performance

At the heart of our strategy is the operational performance of our divisions and high-quality project execution that aim to deliver sector-leading cash profits through the achievement of sector leading production metrics. The 2025 strategy sets aspirational financial targets for the business, and through concentrated focus and effort we have already exceeded our previous revenue growth target of A$2.5 billion, reduced our leverage to less than 1.0x and are closing in on our 10% EBIT(A) margin target. We will maintain our focus on leveraging our trusted client relationships and widely recognized operational capability to further grow the business, both in new and existing geographies. Allocating capital to Tier 1 jurisdictions, and diligently progressing our North

American mining services growth strategy remains a priority for the business. Our service offering is agnostic in terms of commodity type, and we evaluate projects based on the operating jurisdiction, the quality of our contractual counterparty and the underlying mining asset.

The acquisition of DDH1 enhances Perenti's position as one of the leading ASX-listed contract mining services company, and provides the ability to offer a complete range of specialized surface and underground drilling services and re-weights portfolio back to Australia. We believe that the transaction improves our margins, is EPS accretive and will provide significant operational, listing and tax synergies. Integration execution of DDH1 is well progressed and we realized A$5.2 million of cash synergies during the six months ended December 31, 2023.

Capital Management

We are strongly committed to maintaining strong balance sheet metrics as demonstrated by our achievement of leverage less than 1.0x before FY25 and more broadly by our track record of successfully accessing both debt and equity capital markets. We have a strong focus on working capital management, and continue to maximize our Underlying EBITDA to cash conversion. We actively manage our business portfolio to ensure that existing businesses are value accretive and fit within the strategic direction of the business. We plan to continue to explore capital-light contracting structures to drive an increase in free cash flow generation as evidenced by the five-year Subika contract with AngloGold Ashanti. Additionally, we plan to continue to investigate new capital light service offerings that are complementary to the existing portfolio.

Organizational Health

We continue to strengthen our robust, scalable and lean management systems which serve to ensure that we have the governance systems in place to support sustainable growth and ensure accountability, fairness and transparency across the business. These systems are monitored and improved through our governance, audit, internal controls and risk management systems.

People and Culture

As a services business, our people represent our greatest asset and we remain committed to investing significant resources in both developing the leadership capability within the business and promoting a safe and respectful workplace culture. Through our leaders living our principles we believe that we will continue to attract, retain and engage quality people that deliver outstanding results for our clients, communities, and investors.

Data and Analytics

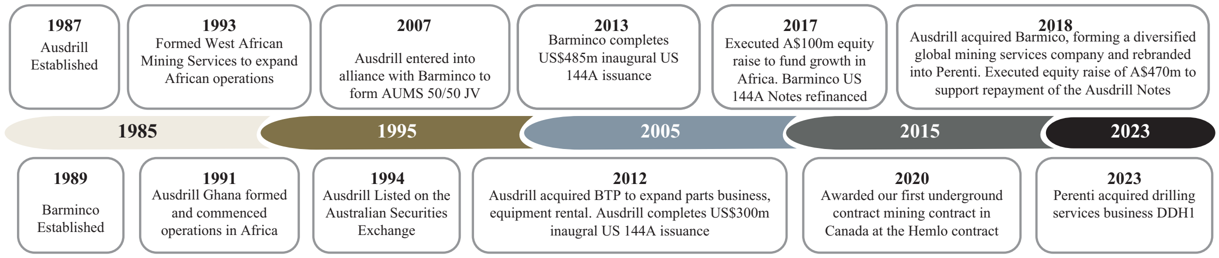
We have identified technology advancement and the associated data as critical to driving the long-term competitiveness and profitability of the business. As a result, we have established our internal technology division, idoba, which includes Sumitomo Corporation as a strategic shareholder, to develop the important platform and product offerings that aim to deliver significant benefits in the harnessing the value of this data. idoba's analytical capability will be available to provide services to not only Perenti, but also the broader mining industry.

The increasing technology complexity and ability to undertake real time data analytics will likely increase barriers to entry in the mining services industry. New mining technologies will also allow us to add additional operational capabilities, improve our product offering and drive further business growth. We are focused on strengthening relationships with original equipment manufacturers which we expect to lead the investment into research and development of new technologies.

Our Board and Group Executive are currently in the process of designing the 2030 strategy which will build upon our current business performance.

Company History

We were established in 1987 to provide contract drilling services to mining companies operating in Kalgoorlie, Western Australia. In our 37 years of operation, we have grown from a one-drill contract mining operation in Kalgoorlie, Western Australia servicing junior and mid-tier clients to a production oriented, diversified mining services provider servicing some of the world's largest mining companies.



Our Operations

As a production-oriented mining services provider with operations across Australia, North America, Europe and Africa, our contracts are diversified by service, customer, geography, and commodity.

We are a leading provider of mining services in Australia and believe we have earned a reputation with our customers for strong performance built over more than 37 years of operation. The mining sites at which we operate in Australia are primarily based in Western Australia, with a presence in Queensland, South Australia, Northern Territory and New South Wales. Our market leading position has been further strengthened through our recent acquisition of Australia's largest drilling services provider, DDH1. In the pro forma six months ended December 31, 2023, we derived 54% of our revenue from Australia.

We have provided contract mining services in Africa since 1991 in a number of countries. The mining sites that we are currently contracted to include those in Botswana, Burkina Faso, Ghana, Senegal and Tanzania, and our Supply Direct business is domiciled in South Africa. We remain selective with the countries in which we operate to reduce our operational and financial risk and focus on jurisdictions where the government supports the development of the mining industry. In the pro forma six months ended December 31, 2023, we derived 31% of our revenue from African countries (excluding Botswana) and 9% from Botswana, a Tier 1 jurisdiction.

Barminco commenced work in Ontario, Canada in FY20 through its contract with Barrick Gold Corporation, which was its first mining services contract in North America. Barminco has continued its North American expansion through its contract at Newcrest's Red Chris mine in Canada which was awarded in FY21. Swick Mining Services has also operated in North America since FY10 on various underground drilling projects. In the pro forma six months ended December 31, 2023, approximately 5% our revenue was derived from North America.

We have prioritized growth in Tier 1 jurisdictions over the past three years and as a result, revenue from these regions has increased from 46% in FY20 to 69% in the pro forma six months ended December 31, 2023, reducing our exposure to country risk and improving the quality of our earnings.

We actively monitor our risk profile across our existing operations and regions to ensure it remains within the risk appetite set by our Board. Where risk levels in a country or region exceed our risk appetite, we may decide to exit that country or region. Consistent with our strategy to manage operating and financial risk, we have withdrawn from Mali (and no longer have operations there) and are no longer pursuing growth opportunities in Burkina Faso, although we will continue to support current customers at the mines in which we operate.

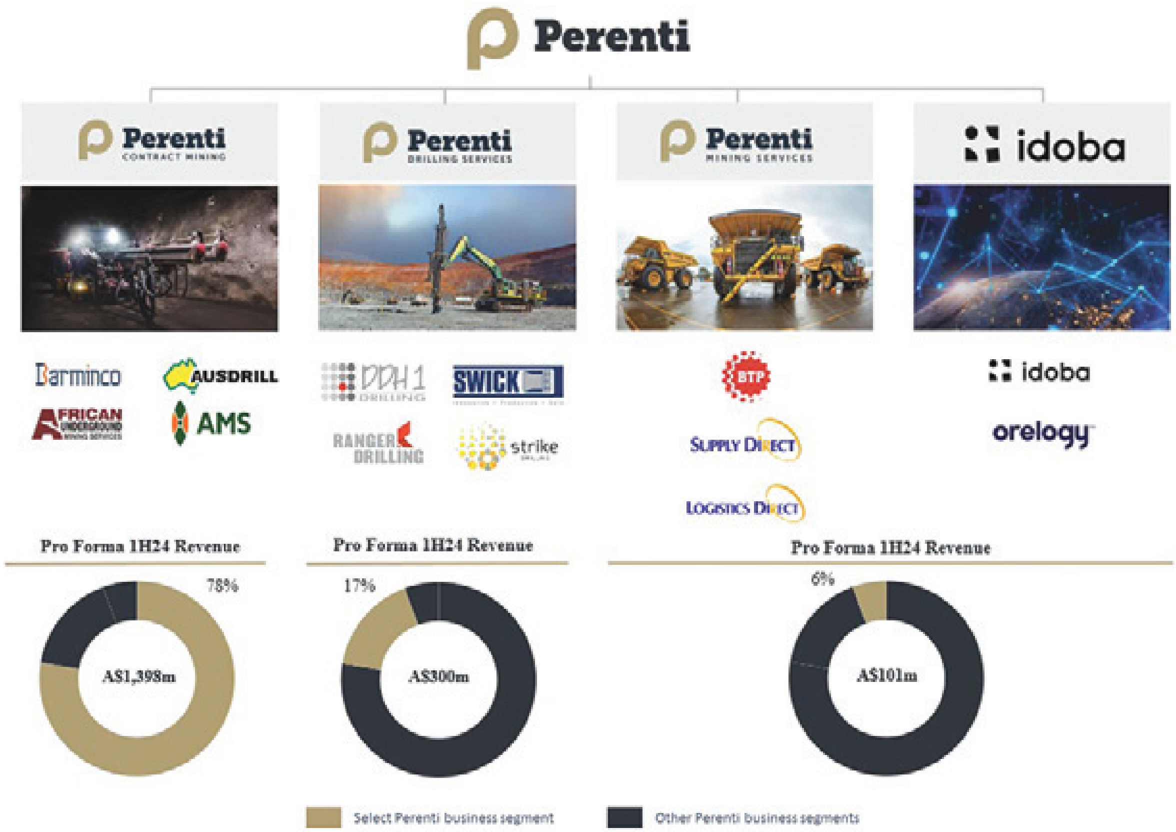
We believe there are growth opportunities across a range of commodities and markets in which we operate. We continue to see a strong pipeline of potential opportunities in Australia and believe that we are well positioned to convert these opportunities to new contractual awards given a reputation with our customers for strong performance. We view North America as an attractive region for further expansion of our underground mining capabilities, with identified opportunities in that region accounting for 22% of our pipeline of anticipated tendering opportunities as of December 31, 2023. In addition, we view Botswana (rated A3 by Moody's and BBB+ by S&P Global), to be an attractive jurisdiction with a significant number of potential mining opportunities, a stable political environment, strong governance systems and a skilled workforce. We commenced underground mining operations under our contract with Khoemacau Copper Mining in December 2019. We also commenced surface mining operations for the T3 project in February 2022 and A4 project in September 2023 under our contract with Sandfire Resources.

Operating Segments

We group our businesses into the following operating segments, as follows:

- Contract Mining, including surface mining and underground mining, which we carry out through our Barminco, African Underground Mining Services (AUMS), Ausdrill and African Mining Services (AMS) businesses;
- Drilling Services, which comprises the operations we acquired in the DDH1 acquisition, including the DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services businesses;
- Mining Services and idoba,
  - Mining Services includes our BTP, Supply Direct and Logistics Direct businesses; and
  - idoba, which comprises our idoba mining technology business, including its Orelogy subsidiary.

The chart below shows selected financial information for the Perenti Group and each of our operating segments for the pro forma six months ended December 31, 2023.



Contract Mining

Contract Mining—Underground

Underground mining services are provided by Barminco and AUMS, which currently operate in Australia, Canada, Botswana, Burkina Faso, Ghana and Tanzania. In our underground mining business, we provide specialist underground contract mining services employing decline access mining methods mainly through the use of our own personnel and equipment. We provide underground contract mining services at sixteen projects globally, and primarily service the gold and base metals industries.

We are a market leader in the underground hard-rock production-related contract mining sector in Australia and Africa. We predominantly offer production mining services, including drilling, charging, blasting, loading (including operation of remotely-controlled 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.

In Australia, we have seven mining projects located in the states of Western Australia, New South Wales and Queensland. In Canada, we have two mining projects in Ontario and British Columbia. We see significant potential in the North American market, with both Canada and the United States comprising 24% of our Underground pipeline as of December 31, 2023, being the largest contributors after Australia at 38%. In Africa, our underground mining operations include three projects in Ghana, one project in Tanzania, two projects in

Burkina Faso and one project in Botswana. 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.

Contract Mining—Underground is our largest reportable segment. Our Contract Mining—Underground segment had sales revenue of A$1,075.7 million and Underlying EBITDA of A$206.3 million in the pro forma six months ended December 31, 2023, and sales revenue of A$2,020.9 million and Underlying EBITDA of A$418.4 million in the pro forma year ended June 30, 2023. This represented a contribution of 59.8% and 58.9% of our pro forma sales revenues for the six months ended December 31, 2023 and year ended June 30, 2023 respectively. Our segmental Underlying EBITDA margin was 19.2% and 20.7% for the pro forma six months ended December 31, 2023 and pro forma year ended June 30, 2023 respectively

Our Underground Mining segment is characterized by higher 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 and lower capital costs.

Our customers in the Contract Mining—Underground segment include some of the world's largest resources companies as well as mid-tier miners. Customers are predominantly miners of gold and base metals. Key clients include AngloGold Ashanti, Gold Fields, Newcrest, IGO Limited, Khoemacau Copper Mining, Regis Resources and Evolution Mining. For a discussion of our material contracts, see "—Customer Contracts."

We expect our Contract Mining—Underground 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.

Contract Mining—Surface

Surface mining services are provided by AMS and Ausdrill, which currently operate in Australia, Botswana, Burkina Faso, Ghana and Senegal. The range of services we provide include 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, and load and haul. In Africa we provide the full suite of services, however, in Australia our services have been limited to exploration and drill and blast. We provide surface contract mining services at seventeen projects globally, and primarily service the gold and base metals industries.

In Australia, we operate at thirteen mining projects located in the states of Western Australia, New South Wales and Queensland. In Africa, we operate one mining project in Ghana, one mining project in Burkina Faso, one mining project in Botswana and one mining project in Senegal.

Our Contract Mining – Surface segment had sales revenue of A$322.0 million and Underlying EBITDA of A$70.6 million in the pro forma six months ended December 31, 2023, and sales revenue of A$661.0 million and Underlying EBITDA of A$154.0 million in the pro forma year ended June 30, 2023. This represented a contribution of 17.9% and 19.3% of our pro forma sales revenues for the six months ended December 31, 2023 and the pro forma year ended June 30, 2023 respectively. Our segmental Underlying EBITDA margin was 21.9% and 23.3% for the pro forma six months ended December 31, 2023 and pro forma year ended June 30, 2023 respectively.

Our key customers include Resolute Mining, KCGM (a joint venture between Northern Star and Saracen), BHP, Resolute Mining, Gold Fields, West African Resources, Sandfire Resources and AngloGold Ashanti. For a discussion of our material contracts, see "—Customer Contracts."

Our Contract Mining—Surface segment has a 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.

Drilling Services

We provide drilling services through our DDH1 Drilling, Ranger Drilling, Strike Drilling and Swick Mining Services businesses. We provide drilling services across all stages of the mine life cycle (excluding mine rehabilitation) and have both underground and surface drilling capability, including specialized deep hole multi-intersectional directional diamond core drilling, drilling and blasting and in-pit grade control. Our Swick Mining Services business also manufactures its own drill rigs for use in underground drilling and is in the process of internally developing an electric drill rig. We provide drilling services across Australia, Europe and North America, with approximately 83% of our revenue base derived from production and resource definition services, and approximately 40% of revenue derived from underground mines in the pro forma six months ended December 31, 2023 period. Also within this period, we had drilling services revenue of A$299.5 million, representing 16.7% of total revenue for the period.

Our Drilling Services segment had sales revenue of A$299.5 million and Underlying EBITDA of A$52.3 million in the pro forma six months ended December 31, 2023, and sales revenue of A$550.4 million and Underlying EBITDA of A$118.8 million in the pro forma year ended June 30, 2023. This represented a contribution of 16.7% and 16.0% of our pro forma sales revenues for the six months ended December 31, 2023 and pro forma year ended June 30, 2023 respectively. Our segmental Underlying EBITDA margin was 17.5% and 21.6% for the pro forma six months ended December 31, 2023 and pro forma year ended June 30, 2023 respectively.

Our key customers include BHP, Rio Tinto, Hancock Prospecting, Glencore and Northern Star. For a discussion of our material contracts, see "—Customer Contracts."

Our drilling services segment has a fleet size of 196 surface and underground drill rigs.

Mining Services and idoba

Our Mining Services segment comprises various business units providing mining equipment hire, equipment rebuilds, component manufacturing and parts sales, field and maintenance services, and supply and logistics solutions. The businesses in this operating segment are BTP Group, which operates wholly in Australia, plus Logistics Direct and Supply Direct which operate predominantly in Africa. 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. Our Mining Services and idoba segment services mining clients in Australia and Africa.

idoba is a technology informed services and products business focused on the development of unique end to end digital and technology solutions, and provides consulting services through its subsidiary Orelogy. idoba's operations are predominantly in Australia.

Our Mining Services and idoba segment had sales revenue of A$101.4 million and Underlying EBITDA of A$29.9 million in the pro forma six months ended December 31, 2023, and sales revenue of A$198.3 million and Underlying EBITDA of A$35.8 million in the pro forma year ended June 30, 2023. This represented a contribution of 5.6% and 5.8% of our sales revenues for the pro forma six months ended December 31, 2023 and the pro forma year ended June 30, 2023 respectively. Our segmental Underlying EBITDA margin was 29.5% and 18.1% for the pro forma six months ended December 31, 2023 and pro forma year ended June 30, 2023 respectively.

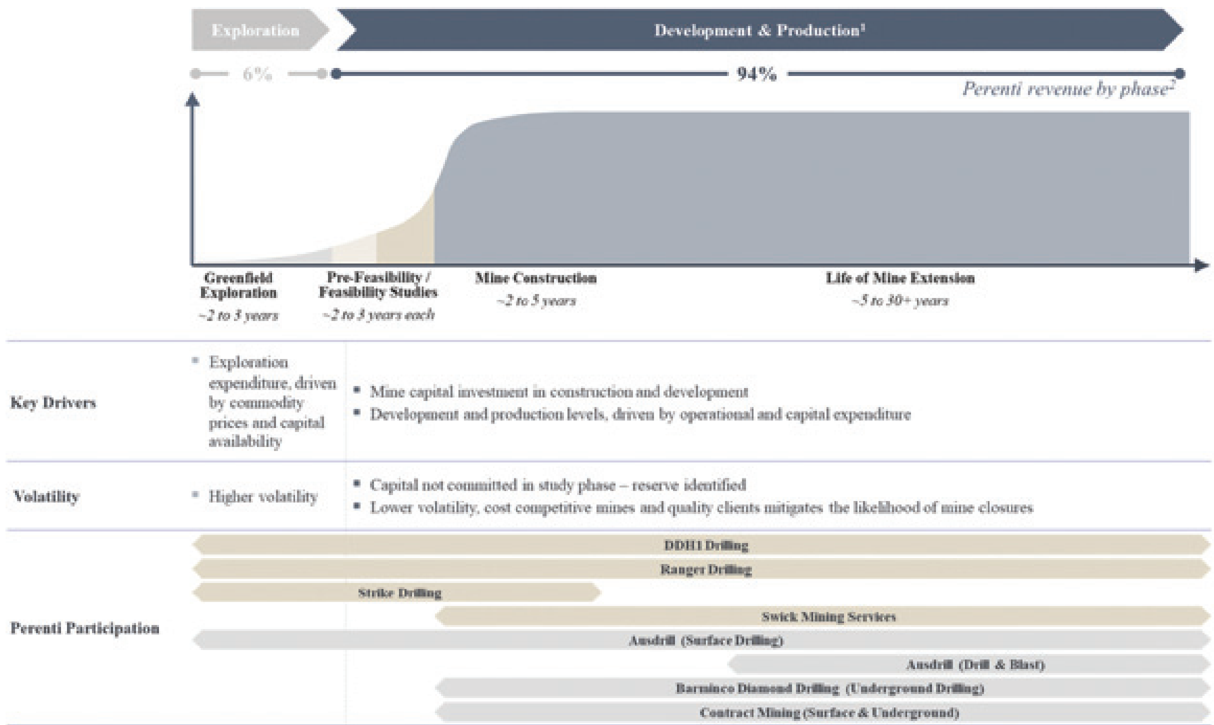
Our Services within the Mining Life Cycle

The life cycle of a mine can be generally broken down into the following phases: exploration, development, 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. Accordingly, when we refer to the production phase of a mining operation, we generally encompass the development phase as well.

Our core activity is providing contract mining and drilling services to owners of mines in the production phase, accounting for 94% of contract mining and drilling services revenue in the pro forma six months ended December 31, 2023.

Our contract mining services revenue is influenced primarily by mine owners' long-term decisions to continue producing at a site, and short-term fluctuations in commodity prices are influential only to the extent that they drive decisions to cease or reduce production. Our revenue is predominantly affected by the quantity of materials moved, meters drilled, or meters advanced. We have limited exposure to exploration activities, which can be more volatile and to an 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, can be more short-term from commencement to completion and can therefore result in greater earnings volatility than our core production-related activities. We have no direct exposure to the commodities produced at the mines that we service.

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.



Notes:

(1) Includes limited pre-feasibility and feasibility phases

(2) Revenue contribution based on combined contract mining and drilling services revenue only in the pro forma six months ended December 31, 2023.

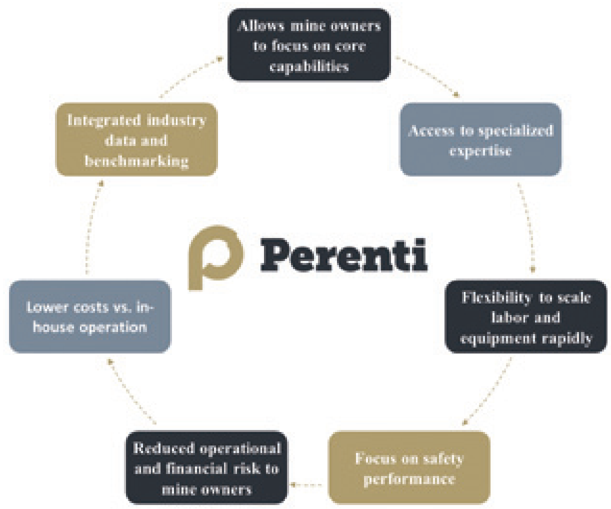
Our Value Add Service Offering

Our 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 have over 37 years of operating history providing mining services. Our customers benefit from having access to the specialized expertise and capability we have developed across many mine sites and we believe our offering provides our 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, trained labor force and long-standing supplier relationships. 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. Our strong focus on internal and external control systems are important for mine owners who are increasingly focused on maintaining a reputation for safety and risk management.

We believe that the combination of our operational 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 can lead to a lower overall cost of production.



Our Contracts

As a leading diversified global mining services provider we are generally invited to tender for significant new underground and surface contract mining opportunities. We believe that our scale and reputation provides us with a competitive advantage and enables us to be selective in the contracts we pursue and for which we submit a tender.

When evaluating potential new jurisdictions, we undertake a thorough diligence exercise to assess the new jurisdiction as well as specific operational characteristics of the potential mining environment. A new country opportunity and risk assessment is prepared for the Board addressing general country, political, social, security, economic, taxation, legal and other considerations. In certain circumstances and subject to the risk profile of a jurisdiction, we may consider acquiring political risk insurance to cover our capital invested in-country.

Our tender response process primarily focuses on dedicating resources to projects with the highest probability of success and which are likely to generate maximum value. We subject our tender decisions to a robust governance system, with material investment decisions subject to internal review by functional management and our investment committee. This process assesses each tender response against our capital allocation framework and a range of other criteria which include amongst other things project risks and returns. Detailed risk assessments are completed for each project, which along with cost and pricing analysis to establish appropriate pricing, supports our understanding of project margins and cash flows. During the tender process, we evaluate detailed technical information, and information with respect to the local geography, political situation, infrastructure and logistics. Site visits are conducted 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, along with target returns reflecting geographic, client and site risk factors. 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.

Our Mining Fleet

We own and operate a large, high quality fleet of 1,296 pieces of standardized mobile mining equipment as at December 31, 2023, made by many of the world's leading manufacturers of mining equipment including Sandvik, Caterpillar, Hitachi, Liebherr and Atlas Copco. We operate large drill fleets globally, with a modern fleet of 484 drills as of December 31, 2023. Our property, plant and equipment balance (inclusive of right-of-use assets) as of December 31, 2023, which predominantly includes our mobile mining equipment, was A$1.3 billion.

Mining Fleet Units by Segment

Category	Underground Mining	Surface Mining	Drilling Services	Mining Services	Total
Drills	136	152	196	—	484
Trucks	102	113	—	27	242
Loaders	107	16	—	11	134
Dozers	—	33	—	31	64
Excavators	—	28	—	1	29
Ancillary	213	103	—	27	343
Total	**558**	**445**	**196**	**97**	**1,296**

Our fleet strategy focuses on equipment that can be used in a wide range of applications across different commodities. This fleet strategy provides us with greater operational flexibility as we may 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 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.

We have strong relationships with our key equipment suppliers, including primarily Sandvik for underground mining equipment and Caterpillar for surface mining equipment. Our strong relationship with these suppliers improves 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 appropriate operating conditions, which in turn maximizes productivity.

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 operate a total of eight maintenance, repair and rebuild facilities.

Our Customers

We have a large and diverse customer base that includes some of the largest mining companies in the world, as well as mid-tier and emerging miners. We service clients operating across more than 60 contracts across 12 countries. We have strong relationships with our customers, with the average length of relationship exceeding 12 years for our top 10 customers by revenue in the pro forma six months ended December 31, 2023. Our contracts are generally at the individual mine or operating subsidiary level.

Customer	Commodity	Length of Relationship (years)	% of Pro Forma Six months ended December 31, 2023 Revenue
ASHANTI	Gold	20	18.1
igo (1)	Nickel	19	8.2
Newmont (2)	Gold	18	7.6
KHOEMACAU COPPER MINING	Copper	4	5.8
Gold Fields	Gold	29	5.0
Evolution Mining	Gold	10	4.9
REGIS RESOURCES	Gold	10	4.2
FORTUNA (3)	Gold	9	3.7
ENDEAVOUR MINING	Gold	5	3.5
Sandfire	Copper	2	3.4
Total			**64.4%**

Notes:

(1) Relationship inclusive of IGO's acquisition of Western Areas.

(2) Relationship inclusive of Newmont's acquisition of Newcrest.

(3) Relationship inclusive of Fortuna's acquisition of Roxgold.

Our top ten customers accounted for 64% of our revenue in the pro forma six months ended December 31, 2023, with several of our large customers having multiple contracts with us across their operations, providing a greater level of earnings diversification. We believe that our ability to maintain long-standing customer relationships and our high contract renewal rates reflect our strong track record of operational performance.

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."

Contractual Bidding Process

As a market leading provider of contract mining and drilling services in the markets in which we operate, we are generally invited to tender for significant mining services 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 June 2022, we have announced the signing of major contracts with approximately A$3.2 billion of contract value at award. All of these contracts 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 an aggregate contract value exceeding A$250.0 million or a mean annual contract value exceeding A$130.0 million per year, 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

We earn the majority of our revenue from the provision of mining services performed under schedule of rates contracts which are commercially "fee for service" arrangements. We do not have any fixed price, lump sum or turnkey contracts.

Our contracts are typically structured with a base fee and variable fee component which include, in each case, our embedded margin. This schedule of rates contracting approach ultimately seeks to align revenue to the underlying cost structure of our services, where approximately 75% of our costs are variable. The base fee and variable fee components comprise:

- Base Fee component—Typically structured to cover management's time and oversight including tender costs, equipment mobilization and demobilization, any fixed contract overheads, and capital costs and charges for our equipment which will be used in the performance of the contract. The base fee includes an embedded margin.
- Variable Fee component—Typically for each contract, there is an agreed set of unit rates for each of the services that can be performed by us at the customer's mine site. For example, the unit rates under a drilling contract are generally based on meters drilled, or for a mining services contract, there will be unit rates based on the type, volume and distance of material moved. Based on the services performed by us during a billing period, a total variable fee component will be calculated and charged to the customer. The unit rates for each service includes an embedded margin and will cover the costs of operating labor, equipment maintenance and mining consumables.

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. Our contracts generally include clauses that allow for the renegotiation of our unit rates if our customer varies their tendered mine plan by more than an agreed threshold, for example if the meters drilled or volume of material moved is increased or decreased beyond a specified threshold. Our contracts also include ‘rise-and-fall’ provisions which means that the unit rates for our services can be periodically increased or decreased in line with changes in our underlying costs such as labor and consumables (for example, tires and spares, equipment parts, oil and fuel).

While our contract lengths vary, most of our underground and surface contract mining contracts are for terms of between three and five years, and five to eight years, respectively. Most of our contracts can be terminated for convenience by the customer, however we have a strong track record of contract renewals and extensions. In addition, our contracts generally contain protections to ensure recovery of costs and provide returns in the case of early termination. These termination protections, include:

- early termination payments which provide us with the ability to recoup contract origination costs including equipment purchases and original mobilization costs. Early termination payments will typically reduce over the term of a contract as returns for these costs will be earned over this period;
- provisions for staff retrenchment; and
- demobilization costs.

These provisions contribute to stability of returns and recovery of costs incurred.

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 and source replacement equipment. Early termination of a contract could lead to the customer potentially experiencing production disruptions, downtime, or both.

Customer Contracts

The tables below show our material contracts for Contract Mining – Underground and Contract Mining—Surface and Drilling Services as of December 31, 2023, including the name of the customer, the name and location of the mining site, the underlying commodity and the contract end date. The end dates provided are as at December 31, 2023. However, many customers may have renegotiations and extensions in the pipeline, which will push the end date further.

Contract Mining—Underground

The table below sets out certain information about our material contracts under the Underground Mining Services segment:

Customer	Project	Location	Commodity	End
KCM	Zone 5	Botswana	Copper	Feb-25
AngloGold Ashanti	Obuasi	Ghana	Gold	Jan-25
AngloGold Ashanti	Sunrise Dam	Australia	Gold	Oct-24
Newmont	Subika	Ghana	Gold	Dec-27
Gold Fields	Agnew	Australia	Gold	Dec-24
Fortuna	Yaramoko	Burkina Faso	Gold	Dec-25
Endeavour	Siou	Burkina Faso	Gold	Jun-24
Evolution Mining	Cowal	Australia	Gold	Jun-27
AngloGold Ashanti	Geita Complex	Tanzania	Gold	Dec-24
IGO	Nova	Australia	Nickel	Jun-24
Regis Resources	Rosemont & Garden Well	Australia	Gold	Feb-24
Newcrest Mining	Red Chris	Canada	Gold	Mar-24
Barrick Gold	Hemlo	Canada	Gold	Mar-24
IGO	Spotted Quoll	Australia	Nickel	Jun-24
Regis Resources	Mount Colin	Australia	Copper	Apr-24
Newmont	Akyem	Ghana	Gold	Jan-25
Evolution Mining	Cowal DD	Australia	Gold	Jun-26

Contract Mining—Surface

The table below sets out certain information about our material contracts under the Surface Mining Services segment:

Customer	Project	Location	Commodity	End
AngloGold Ashanti	Iduapriem	Ghana	Gold	Jul-26
Sandfire Resources	Motheo T3	Botswana	Copper	Aug-29
Sandfire Resources	Motheo A4	Botswana	Copper	Oct-29
Resolute	Mako	Senegal	Gold	Dec-25
West African Resources	Sanbrado	Burkina Faso	Gold	Apr-25
BHP Iron Ore Pty Ltd	BHP Sites (MSA)	Australia	Iron Ore	Feb-24
BM Alliance Coal Operations	Qld Coal Fields	Australia	Coal	Sep-25
Gold Fields Limited	SIGM	Australia	Gold	Mar-24
BHP Billiton Nickel West Pty	Mt Keith	Australia	Nickel	Jun-25
Silverlake Resources	Deflector	Australia	Gold	Jun-24
Piacentini And Son Pty Ltd	Huntly & Willowdale	Australia	Bauxite	Jun-25
Middlemount Coal Pty Ltd	Middlemount	Australia	Mixed Coal	Apr-24
Idemitsu	Boggabri	Australia	Mixed Coal	Nov-24
Terracom	Blair Athol Mine Site	Australia	Mixed Coal	Apr-24
Evolution Mining	Mungari Mine	Australia	Gold	Jan-24
KCGM - Northern Star	Fimiston	Australia	Gold	Feb-27
Murchison Drilling	Pilgangoora	Australia	Lithium Tantalum	Jun-25
Mt Gibson Iron	Koolan Island	Australia	Iron Ore	Feb-24

Drilling Services

The table below sets out certain information about our material contracts under the Drilling Services segment:

Customer	Project	Location	Commodity	End
BHP Billiton	Olympic Dam	Australia	Copper	Aug-25
Metals X Bluestone	Renison	Australia	Tin	Aug-24
Newmont Australia Pacific	Tanami (Granites)	Australia	Gold	Mar-24
Northern Star Resources	Jundee	Australia	Gold	Nov-24
Perilya Broken Hill Limited	Broken Hill	Australia	Zinc	Jul-24
Genesis	Gwalia	Australia	Gold	Mar-24
Minas de Aguas Tenida	Matsa	Spain	Copper	Feb-24
Lundin Mining	Neves Corvo—Production	Portugal	Copper	Dec-26
Lundin Mining	Neves Corvo—Exploration	Portugal	Copper	Dec-26
Silverlake Resources	Daisy (Monger)	Australia	Gold	Jul-26
Newcrest	Telfer	Australia	Gold	Apr-24
BHP Leinster	LNO	Australia	Nickel	Apr-28
Abra Mining	Abra	Australia	Lead	Jun-25
Avebury Metals	Avebury Nickel Mine	Australia	Nickel	Mar-24
Catalyst	Henty	Australia	Gold	May-24
Evolution Mining	Ernest Henry	Australia	Copper	May-24
IGO	Nova	Australia	Nickel	Feb-24
AngloGold Ashanti	Sunrise Dam	Australia	Gold	Mar-26
Northern Star	Pogo	USA	Gold	Jun-25
29Metals	Golden Grove	Australia	Copper	Feb-25
BHP (DeepEX)	Olympic Dam	Australia	Copper	Jan-25
Adriatic Metals	Bosnia	Bosnia	Polymetalic	Dec-25
KINROSS Gold	Round Mountain Mine Site	USA	Gold	Dec-24
Rio Tinto	Rio Tinto	Australia	Iron Ore	Jan-27
BHP	BHP	Australia	Iron Ore	Feb-24
Roy Hill	Roy Hill	Australia	Iron Ore	Apr-24
Rio Tinto Winu Pty Ltd	Rio Tinto Winu Pty Ltd	Australia	Copper	Jan-25
Hancock Prospecting	Hancock Prospecting	Australia	Iron Ore	Jul-24

Competition

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.

Contract Mining

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 Byrnecut and Macmahon, and for surface mines include Action Drill and Blast (a subsidiary of NRW), SRG Global, McKay Drilling (a subsidiary of Major Drilling), Mitchell Services, Wallis Drilling and Top Drill.

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. Other contractors in this market include Elandiwave, JCHX mining, Byrnecut, Capital Drilling, EC Mining, Moolman and Kiabi Mining Services.

Within North America, the underground contract mining segment market is a fragmented marketplace, with our main competitors being Cementation, Ledcor, Redpath, Procon, Byrnecut and Kiewit.

Drilling Services

Our main competitors for our drilling services segment include Major Drilling (via their wholly owned subsidiary McKay Drilling), Mitchell Services, Foraco, Wallis Drilling (privately owned), Topdrill (privately owned) and Boart Longyear.

Mining Services and idoba

Our Mining Services and idoba segment comprises a number of businesses that provide general support services to the mining industry such as equipment hire, 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.

Sustainability

We aim to embed sustainability in everything we do. We recognize that considering social, environmental, ethical and economic aspects will assist us to fulfill our purpose and are committed to contributing to the social, environmental and economic development of the regions in which we operate. Over recent years, we have undertaken a materiality assessment to identify sustainability issues that are important to our business and our stakeholders. During FY23, our Group Executive Committee and Board has identified key sustainability priorities where we will focus our efforts. These priorities are preventing adverse life changing events, creating safe and respectful workplaces and achieving gender balance, partnering with our communities, and accelerating decarbonization.

We are committed to delivering on a number of key sustainability targets over the medium to long term, including: (i) ensuring no adverse life changing events; (ii) achieving net zero scope 1 and 2 greenhouse gas emissions by FY30 from a FY22 baseline, with 40% net reduction by end of FY26; and (iii) promoting diversity by targeting 33% female representation across our global workforce by end of FY33.

Safety

We are committed to providing a safe environment for employees, contractors and the community. Our safety performance is also critical to our reputation, enabling us to attract and retain employees, win business or extend existing work with our clients. Given the critical importance of safety in ensuring our business' success and our employees' well-being, we devote substantial resources to maintaining our safety systems, including designing and evaluating processes, training, monitoring and analyzing incidents. One of these processes is our approach to critical control management. We have established operator or maintainer-level tools, supported by leader-led verification activities. We also look at the supporting organizational systems with senior managers and technical teams conducting second-line assurance/verification activities.

We develop in-house safety awareness programs to drive employee engagement while considering safety matters. The programs are based on employee case studies and provide a holistic view of safety management, including work-related, non-work related and health-related injuries.

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 the prevention of adverse life changing events, we have, and may continue to, experience accidents (including fatalities). In February 2023, an incident occurred at MMG Limited's Dugald River Underground Mine near Cloncurry, Queensland with respect to three Barminco employees. While one employee was rescued and received medical treatment for minor injuries, the two other employees were fatally injured. On February 27, 2024, an incident occurred at the Mana mine in Burkina Faso which resulted in the fatal injury of an African Underground Mining Services employee.

In March 2023, we established a Safety Taskforce, which is governed by the Board's Safety and Sustainability Committee and includes two independent workplace safety experts, to support and continuously improve our safety performance. This work builds on a significant number of safety initiatives introduced in recent years including an independent review of our Contract Mining Division's safety culture, capability and processes last year. This work has been completed, and the results have been used to establish a divisional Safety Transformation Plan for Contract Mining, with progress overseen by the Safety Taskforce and the Board's Safety and Sustainability Committee.

The total recordable injury frequency rate ("TRIFR"), a measure of injuries per million hours worked, is often used to indicate performance. Our TRIFR increased from 4.5 in FY19 to 5.9 in 1H24. While the majority of these recordable injuries are from low-impact events that are not life-changing, we continue to prioritize reducing all injuries across the business.

The table below sets out our TRIFR for the periods indicated.

	Year ended June 30, (injuries per one million hours worked)					
	2019	**2020**	**2021**	**2022**	**2023**	**1H24**
TRIFR	4.5	4.9	5.1	6.9	5.4	5.9

Our Chief People and Sustainability Officer is a member of the Group Executive Committee, and is responsible for supervising our compliance with legislative and regulatory obligations, codes of practice and the standards to which we adhere. The Chief People and Sustainability Officer is also responsible for health and safety, with performance hurdles linked to safety performance.

We adhere to the mining safety and/or general occupational health and safety legislation in the countries/ jurisdictions in which we operate.

Internationally, we often have internal safety standards which exceed the minimum requirements, which is key to our ability to attract employees and customers. Our risk based management programs are focused on delivering high standards in mining safety performance and are integral to our health and safety strategy. A Perenti Governance Framework outlines our management systems, responsibilities and structure. Risk-based management programs specify management responsibilities and govern resource management, product delivery and measurement benchmarks. Several of our operating businesses are certified to ISO45001— Occupational Health and Safety Management Systems. Our safety performance is a key competitive advantage in being invited to tender for new contracts and retaining key operating personnel. A number of our business units are also certified to the following Australian and international standards:

- ISO 9001:2015 — Quality Management Systems
- ISO45001:2018 — Occupational Health and Safety Management Systems
- ISO 14001:2015 — Environmental Management Systems
- ISO 55001:2014 — Asset Management Standard

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.

In general, Australian state and territory WHS Acts set out general duties of PCBU, employees and others regarding WHS. Under the legislation, PCBUs 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.

We apply the same operating standards, including health and safety, to our international operations as we do to our Australian operations which, we believe, exceed the legal and regulatory obligations in international 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

We recognize that as global demand for natural resources continues to rise it is imperative our operations are managed to ensure the environment we work in can continue to exist, thrive and evolve. We work in partnership with our clients, suppliers and other stakeholders to protect and preserve the environments in which we work.

As a provider of mining services, our operations are subject to numerous environmental and regulatory requirements and standards. Environmental laws in Australia and other overseas justifications in which we operate, for example Ghana, Botswana, Canada and others, may impose certain duties and liabilities 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). Regulated environmental issues associated with our operations may include noise, emissions, water, effluent discharges and ecological impact. Under some of our mining services contracts we may be liable for risks associated with environmental damage to the extent we are responsible. These contracts may contain indemnities under which we are obligated to compensate the customer for certain losses resulting from environmental incidents for which we are responsible, subject to applicable liability caps and exclusions. 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 seek to achieve high environmental performance by:

- Setting objectives to pursue continual improvement in environmental performance in issues including energy use, climate change, water stewardship and biodiversity conservation.
- Implementing and maintain an environmental management system, aligned to ISO 14001, to ensure environmental risks and impacts are understood and managed.
- Empowering and develop our people to become environmental leaders.
- Striving to prevent pollution, divert waste from landfill and promote a circular economy.
- Complying with relevant environmental laws, regulations and standards.

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 Perenti 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 Perenti 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. In addition, we may take out trade creditor insurance when the exposure of the Perenti Group is considered high enough that non-payment would have a material impact.

Our Employees

As of December 31, 2023, we had 10,952 employees, calculated on a full-time equivalent basis. The table below outlines the number of total employees by year.

	As of June 30,			As of December 31,
	2021	2022	2023	2023
Number of Employees	7,881	8,937	9,016	10,952

The table below outlines employees as of December 31, 2023 by segment (based on reportable segments before the Acquisition) and location.

	As of December 31, 2023
By Segment:	
Contract Mining – Underground	6,033
Contract Mining – Surface	2,611
Drilling Services (DDH1 Group)	1,645
Mining Services	360
idoba	136
Corporate	167
By Location:	
Australia	5,151
International	5,801

Remuneration for shift work employees in our contract mining and drilling services 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 Mining Services and idoba segment 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.”

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 five 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.

Australia

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 Contract Mining – Underground Mining segment, one enterprise agreement, which was approved in March 2023 (and is effective for four years), covers 74.2% of the Australian workforce. 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.

Within our Drilling services segment, five enterprise agreements govern employment terms and conditions. These enterprise agreements cover approximately 41.6 % of the workforce. The remaining workforce is covered by individual common law contracts.

Within our Mining Services segment, one enterprise agreement govern employment covering approximately 40.3% of the workforce. The remaining workforce is covered by individual common law contracts.

International

In 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 Botswana, we employ our workforce directly. Our workforce is unionized and wage negotiations typically take place annually. For Barminco (Zone 5) we have a Recognition and a Memorandum of Agreement (MOA) in place with the union. At our Motheo operation we have a recognition agreement in place and we in process of concluding a MOA. The MOA defines the categories of employees that form part of the Recognition Agreement.

Our workforce is employed directly in Tanzania. The workforce is not officially unionized, but employees have the option to be represented and join a union if they elect to do so. Annual increases are applied to the National workforce which may vary from year to year.

At our North America operations, we do employ contractors through labor service agreements, however, less than 10% of our workforce are employed through those agencies. Our LSA partners are First Nations organizations that assist their communities with employing First Nations individuals. None of our sites are unionized and therefore not subject to collective bargaining.

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	48	Managing Director and Chief Executive Officer
Diane Smith-Gander, AO	66	Non-Executive Director and Chair
Alexandra Atkins	56	Non-Executive Director
Andrea Hall	57	Non-Executive Director
Timothy Longstaff	54	Non-Executive Director
Craig Laslett	62	Non-Executive Director
Andrea Sutton	52	Non-Executive Director

Mark Norwell—Managing Director and Chief Executive Officer. Mr. 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 the Executive General Manager—Strategy & Growth at Thiess Pty Ltd, and a member of Thiess' executive leadership team. Over a 25-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.

Diane Smith-Gander, AO—Non-Executive Director and Chair. Ms. Smith-Gander was previously Chair of ASX-listed DDH1 Limited and joined the Perenti Board on October 16, 2023 following the Acquisition on October 6, 2023. Prior to becoming a full-time company director in 2009, Ms. Smith-Gander enjoyed a successful executive career with ASX-listed Westpac Banking Corporation, primarily in banking operations, technology solutions and change management roles. Ms. Smith-Gander was also a Partner of McKinsey & Company in the United States.

Ms. Smith-Gander has extensive Australian and international experience in banking and finance, technology, and strategic and management consulting. Ms. Smith-Gander is also the Chair of ASX-listed Zip Co Limited, the Committee for Economic Development of Australia and HBF Health Limited.

Ms. Smith-Gander chaired previously ASX-listed contractor Broadspectrum and served on the Wesfarmers board for more than a decade. She is also a past director of cooperative CBH and privately held North Queensland Airports.

Ms. Smith-Gander was awarded an Officer of the Order of Australia (AO) in 2019 for her distinguished service to business, women's engagement in executive roles, gender equality and the community. She is a Fellow of both the Australian Institute of Company Directors and the Governance Institute of Australia, and is a past President of Chief Executive Women.

Alexandra Atkins—Non-Executive Director. Ms. Atkins was appointed as a Non-Executive Director on July 14, 2018. Ms. Atkins is also a Non-Executive Director of ASX-listed Aquirian Limited and a former director of The Australasian Institute of Mining and Metallurgy and International Women in Mining (London). She is also a member of 30% Club's National Steering Committee. Ms. Atkins 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 and regulate mines and in a "Big Four" accounting firm.

Ms. Atkins' 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). Her 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.

Ms. Atkins 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. She 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 Inspirational 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 15, 2019. Ms. Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry in roles involved in risk management, corporate and operational governance, internal audit, external audit, financial management and strategic planning. Ms. Hall commenced her career at KPMG in 1987, before retiring from the firm in 2012 as a Risk Consulting Partner.

Ms. Hall is an experienced non-executive director and currently serves as a non-executive director on the boards of listed and non-listed entities, including ASX-listed Evolution Mining Ltd, ARIA Pty Ltd, the AFL Fremantle Dockers, Western Power and the Commonwealth Superannuation Corporation. Ms. Hall is also a member of the ASIC Corporate Governance Consultative Panel.

Ms. Hall holds a Bachelor of Commerce degree from the University of Western Australia, a Graduate of the Australian Institute of Company Directors, and is also 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).

Timothy Longstaff—Non-Executive Director. Mr. Longstaff was appointed as a Non-Executive Director on August 16, 2021. Through his career in Australia and overseas, Mr. Longstaff brings a depth of experience in finance, strategy formulation, acquisitions and divestments, debt and equity capital markets, and investor engagement amongst asset-intensive industrial companies.

Mr. Longstaff holds a Bachelor of Economics degree, is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Graduate of the Australian Institute of Company Directors, and a Senior Fellow of the Financial Services Institute of Australia.

Mr. Longstaff started his career in the audit division of Price Waterhouse. He then had a 25-year career in investment banking, with many years in Managing Director and senior executive roles at top-tier global firms. He has been a strategic partner and advised the Boards and CEOs of leading Australian and international companies on numerous transformational M&A and capital markets transactions.

More recently, Mr. Longstaff served as Senior Advisor to the Federal Minister for Finance and Leader of the Government in the Senate, and the Federal Minister for Trade, Tourism, and Investment. Through this experience, Mr. Longstaff brings valuable global geo-political perspectives and insights into the workings of Government.

Mr. Longstaff is also a Non-Executive Director of ASX-listed Ingham's Group Limited; ASX-listed Aurizon Holdings Limited; Aurizon Network Pty Ltd; Snowy Hydro Limited; and of the George Institute for Global Health. Mr. Longstaff is also a member of the Australian Government's Takeovers Panel and a member of Chifley Associates.

Craig Laslett—Non-Executive Director. Mr. Laslett was appointed as a Non-Executive Director on February 28, 2022. Mr. Laslett is a Civil Engineer with nearly 40 years of engineering, project management and executive experience across some of Australia's largest publicly listed mining services and infrastructure companies, including a role as the Managing Director of Leighton Contractors, a subsidiary of the Leighton Holdings Group (now CIMIC Group). This experience included accountability for HWE Mining and Leighton Mining, providing open cut mining, underground mining, and materials processing services across operations in Australia and overseas.

Mr. Laslett is currently the Managing Director and Co-Owner of Leed Engineering & Construction Pty Ltd, a privately owned civil infrastructure contractor.

Mr. Laslett holds a Bachelor of Civil Engineering degree from the University of South Australia, formerly the South Australian Institute of Technology.

In addition to his professional career, Mr. Laslett is passionate about enhancing the contribution and value provided by the contracting and services industries, including representing the industry at board and governmental levels. This includes enhancing digital capability and supporting industry diversity and providing opportunities for Indigenous and disadvantaged youth.

Andrea Sutton—Non-Executive Director. Ms. Sutton was previously a Non-Executive Director of ASX-listed DDH1 Limited and joined the Perenti Board on October 16, 2023 following the implementation of the DDH1 scheme of arrangement on October 6, 2023. Ms. Sutton brings over 20 years of operational, technical and corporate experience within the mining industry.

Ms. Sutton's prior roles include Non-Executive Director of Energy Resources of Australia and Managing Director and Chief Executive of Energy Resources of Australia. Within ASX-listed Rio Tinto, Ms. Sutton has been the Head of Health, Safety, Environment and Security, Managing Director with the Support Strategy Review team, General Manager—Operations at the Bengalla mine, and General Manager – Infrastructure within Rio Tinto's Iron Ore business.

Ms. Sutton is a member of the Australasian Institute of Mining and Metallurgy, Engineers Australia, the Australian Institute of Company Directors and Chief Executive Women.

Ms. Sutton is Chair of the Water Corporation, a board member of the Australian Nuclear Science and Technology Organisation (ANSTO), and a Non-Executive Director of ASX-listed Red 5 Limited, ASX-listed Iluka Resources Limited, and Commonwealth company Australian Naval Infrastructure Pty Ltd (ANI).

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	48	Managing Director and Chief Executive Officer
Peter Bryant	57	Chief Financial Officer
Paul Muller	48	Member of the Group Executive Committee
Gabrielle Iwanow	46	President Contract Mining
Sybrandt Van Dyk	56	President Drilling Services
Ben Davis	45	President Mining Services and Chief People and Sustainability Officer
Sarah Coleman	44	President idoba
Cameron Bailey	53	Chief Strategy Officer
Raj Ratneser	54	Chief Legal and Risk Officer

Mark Norwell—Managing Director and Chief Executive Officer. See above under Board of Directors for a description of Mr. Norwell's experience and qualifications.

Peter Bryant—Chief Financial Officer. Mr. Peter Bryant has been our Chief Financial Officer since February 28, 2019. Mr. Bryant is an experienced CFO and was instrumental in the Barminco acquisition. He has served in various executive roles in different companies in mining, renewables and media. His experience spans financial and management roles with both public and private companies. Mr. Bryant started his career with global consulting firm EY, working in Australia, the United Kingdom and the United States.

In 1990, Mr. Bryant was admitted to the Institute of Chartered Accountants Australia and New Zealand and in 2020, Mr. Bryant was awarded a Fellowship.

Paul Muller—Member of the Group Executive Committee. Mr. Muller has more than 25 years' experience in the mining industry, working for both mining services providers and mine owners in Australia, Asia and Africa. Prior to joining Barminco, Mr. Muller held executive and senior leadership roles at mining and construction companies in Australia, Asia and Africa.

Mr. Muller holds a Bachelor of Engineering Degree. He is also a Fellow of the Australasian Institute of Mining and Metallurgy and a graduate of the Australian Institute of Company Directors.

Gabrielle Iwanow—President – Contract Mining. Ms. Iwanow was appointed as President – Contract Mining on November 22, 2023. As a leader, Ms. Iwanow has become known for progressive change and growth. Working at OZ Minerals, she developed pathways to double the size of the Prominent Hill copper-gold mine, growing it into one of the largest underground hard rock operations in Australia.

Prior to joining Perenti, Ms. Iwanow was the Managing Director and Chief Executive Officer of ASX-300 listed nickel producer, Mincor Resources, where she led the response to the on-market A$760m takeover of the company by Wyloo Metals.

In 2020, she was recognized with the Telstra Businesswomen's Award for Medium & Large Business in South Australia and included as one of the Top 100 Global Inspirational Women in Mining.

Ms. Iwanow is passionate about developing innovative and inclusive workplaces that evolve industry thinking. She is fluent in Spanish (and English) having lived and studied in Argentina. Ms. Iwanow is an avid supporter of the arts and charity.

Ben Davis—President Mining Services and Chief People and Sustainability Officer. Mr. Davis has served as Chief People & Sustainability Officer since May 2019 and President Mining Services since July 2022. 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. Mr. Davis' 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

Sarah Coleman—President – idoba. Ms. Coleman is an experienced mining and management consulting executive with an impressive background spanning operations, improvement, innovation, technology, and asset management. Ms. Coleman has worked with a wide range of top tier organizations across industries of mining, oil and gas, manufacturing, and healthcare.

Ms. Coleman has been recognized for her excellence including being named as a WA Business News Top 40 Under 40 in 2013, a CME Most Outstanding Young Professional female finalist in 2013, AIM WA 2015 State Owner Manager of the Year and was a Women In Industry Awards finalist in 2016.

Sybrandt Van Dyk—President Drilling Services. Mr. Van Dyk joined Perenti in 2023 as President of the newly created Drilling Services Division following Perenti's acquisition of DDH1 in October the same year.

Mr. Van Dyk was previously Managing Director and CEO of DDH1 Ltd, a business that included drilling brands DDH1 Drilling, Rangers Drilling, Strike Drilling and Swick Mining Services. Mr. Van Dyk brings more than 30 years of experience primarily within the resources sector. During his career, he has held a number of senior operational roles, including CEO and CFO of contract mining company Macmahon Holdings Ltd, COO of Western Australia and CFO of mining equipment distributor WesTrac Group. Mr. Van Dyk's career also spanned a number of senior positions within Kimberly-Clark in South Africa.

Mr. Van Dyk holds a B.Com (Hons) from the University of South Africa and is a member of the Institute of Chartered Accountants.

Raj Ratneser—Chief Legal and Risk Officer. Mr. Ratneser is a senior executive and qualified lawyer with more than 30 years' national and international experience across legal, commercial, governance, risk and internal audit primarily in the resources, engineering and construction industries.

Mr. Ratneser has served in a number of senior leadership and executive roles for a variety of businesses and his experience spans Australia, Africa, UK and North America. Raj holds Bachelor of Commerce and Bachelor of Law degrees from Murdoch University.

Cameron Bailey—Chief Strategy Officer. Mr. Bailey is a business and corporate development executive with more than 30 years' experience in mining, construction and the heavy industry environment. His expertise includes leading strategic and business development processes and initiatives, business planning, strategic and client relationships, 'work winning' activities and bid preparation combined with an underlying commitment to deliver sustainable and profitable revenue growth.

Mr. Bailey has held leadership and executive roles at a number of businesses and holds a Masters in Commerce and a Degree in Electrical Engineering from the University of NSW.

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;
- approving mergers, acquisitions, and divestitures in accordance with the Perenti Group Delegation of Authority;
- 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 ("the Group Executive Committee") including the Chief Financial Officer and the Company Secretary;
- overseeing annual performance reviews and succession plans for the Board, individual Directors and the Managing Director;
- approving remuneration changes for the Managing Director and the Group Executive Committee;
- 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 the Board expects management to operate;
- monitoring the risk culture within the Perenti Group and the extent to which it supports the ability of the Perenti Group to operate within its risk appetite, 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 any diversity targets and monitoring progress against them;
- approving the annual and interim financial statements, Directors' report, Director's declaration and disclosures accompanying the financial statements;
- approving annual budgets and monitoring financial performance against forecasts and prior periods;
- overseeing the integrity of the Perenti Group's accounting and corporate reporting systems, including external audit;

- monitoring and influencing the reputation and culture of the Perenti Group and its commitment to honesty, compliance and ethical conduct, including considering reports on material breaches of the Perenti Group's Code of Conduct and Anti-bribery and Anti-corruption Policy and significant matters raised under its Speak-Up Policy;
- approving the Perenti Group's remuneration framework and policy; and
- the initial appointment and recommendation for 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 management through the Managing Director. These delegations are reviewed as required. The Board's conduct is also governed by Perenti's Constitution.

Under the Board Charter:

- a majority of the Board will be independent non-executive directors;
- the Chair of the Board must be an independent non-executive director;
- the Chair is required to maintain a regular dialogue and mentoring relationship with the Managing Director and the Group Executive Committee; and
- the Board is to conduct a formal review of the performance of the Board, its Committees and individual Directors each year.

As of the date of this Offering Memorandum, the Board is comprised of five Non-Executive Directors, one Non-Executive Chair, and a Managing Director. The Board does not currently intend to invite any other Perenti 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 fulfill its responsibilities and held 13 full meetings of Directors during FY23. When necessary, additional meetings are convened to deal with specific issues that require attention before the next scheduled meeting.

Board Committees

The Board has established four standing Committees to assist in the discharge of its responsibilities:

- Audit and Risk Committee
- People and Remuneration Committee
- Safety and Sustainability Committee
- Nomination Committee.

As and when required, the Board establishes special purpose sub-committees to give detailed consideration to specific matters or projects.

Board Committees report to and make recommendations to the Board. The Chair of each Committee reports to the Board after each meeting.

All Non-Executive Directors have a standing invitation to attend Committee meetings with the consent of the relevant Committee Chair. Papers prepared for the Committees are made available to all Directors.

The Board regularly reviews and approves the Committee Charters, the Committee Chair and membership. Details of the number of Committee meetings held during the reporting period and attendance by Directors are set out in the Directors' Report in the Annual Report.

Each Committee has a Charter setting out its role and responsibilities, objectives, composition, structure, membership requirements and the manner in which the Committee is to operate. The current Charters are available on Perenti's website.

People and Remuneration Committee

The People and Remuneration Committee consists of Mr. Longstaff (Committee Chair), and Mses. Sutton, Hall and 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 responsibilities of the Committee are to monitor and review and, where appropriate, make recommendations to the Board in line with its Charter. These responsibilities include key activities on the following matters:

- Perenti's inclusion and diversity strategy and policy;
- Perenti's remuneration framework, policies and practices;
- Chair, Non-Executive Director, Managing Director & CEO, and Group Executive Committee remuneration;
- executive and senior leadership talent development;
- Managing Director & CEO, and Group Executive Committee succession planning;
- organizational culture;
- breaches of the Code of Conduct; and
- Perenti's incentive plans.

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 Laslett and Longstaff. 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. Longstaff are qualified accountants and all Audit and Risk Committee members are finance professionals.

A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section on the Perenti Group's website. The responsibilities of the Audit and Risk Committee are to monitor and review and, where appropriate, make recommendations to the Board in line with its Charter. These responsibilities include key activities on the following matters:

- certain financial and corporate information;
- relevant changes in legislation and corporate governance in relation to financial and risk reporting;
- material accounting policies and practices and the adequacy of the Perenti's financial controls;
- the adequacy of and compliance with Perenti's risk management framework and policy and the material and emerging business risks;
- procedures for the appointment, dismissal and rotation of external auditor, independence and performance of the external auditor, external audit reports and annual audit plan and work program;
- performance of internal audit function, the internal audit plan and work program and internal audit reports and recommendations;
- Perenti's tax risk governance framework and tax reporting;
- assessment of processes to ensure compliance with legal and regulatory requirements;
- reviewing the half and full year financial statements and the integrity of periodic corporate reports released to the market; and

- any material reports received through Speak Up or breaches of Perenti's Anti-Bribery and Corruption Policy.

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 fulfill 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 Audit and Risk 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.

Safety and Sustainability Committee

The Safety and Sustainability Committee consists of Mses. Sutton (Committee Chair) and Atkins, and Mr. Laslett. The Safety and Sustainability Committee operates in accordance with its charter which is available in the Corporate Governance section of the Perenti Group's website. The responsibilities of the Safety and Sustainability Committee are to monitor and review and, where appropriate, make recommendations to the Board in line with its Charter. These responsibilities include key activities on the following matters:

- sustainability policies and strategies;
- sustainability risk management;
- compliance with legal and regulatory obligations relating to sustainability;
- Perenti's performance in relation to sustainability matters and commitment;
- safety and safety investigations, including psychosocial safety;
- relevant changes in legislation, corporate governance, standards or expectations in relation to sustainability; and
- Perenti's sustainability reporting.

The Safety and Sustainability Committee Charter states that the Safety and Sustainability Committee shall have access to appropriate internal and external resources to enable it to fulfill its functions appropriately. The Safety and Sustainability Committee is authorized to seek advice from external consultants or specialists to assist with its functions.

Nomination Committee

The Nomination Committee consists of all Non-Executive Directors. The Safety and Sustainability Committee operates in accordance with its charter which is available in the Corporate Governance section of the Perenti Group's website. The responsibilities of the Nomination Committee are to monitor and review and, where appropriate, make recommendations to the Board in line with its Charter. These responsibilities include key activities on the following matters:

- criteria for appointment of new Directors;
- the composition of the Board and Committees;
- Director induction program;
- Board performance evaluation;
- Board skills matrix;
- Board succession planning;
- Director professional development program; and
- Director independence and associated disclosures.

The Nomination Committee Charter states that the Nomination Committee shall have access to appropriate internal and external resources to enable it to fulfill its functions appropriately. The Nomination Committee is authorized to seek advice from external consultants or specialists to assist with its functions.

Risk Management Policy

The Perenti Group has established a Risk Management Policy, a copy of which is available in the Corporate Governance section of the Perenti Group's website. The Risk Management Policy is designed to enable the Perenti Group to manage risk to:

- facilitate its engagement with clients;
- empower its people;
- enhance its decision making; and
- sustain its competitive advantage.

The policy requires Perenti, its employees, contractors and suppliers to:

- adopt a proactive approach to risk management, focusing on opportunities as well as threats, to create value for stakeholders and enhance competitive advantages;
- integrate risk management with sustainability imperatives, to safeguard the environment, promote social responsibility, and contribute to the well-being of stakeholders and the communities in which Perenti operates;
- empower employees to be responsible for identifying, assessing, and proportionately managing risks and operating within the risk appetite set by the Board, which is the amount and type of risk Perenti is willing to accept to achieve its strategic objective;
- through understanding the Perenti Group's exposure to risk (current and emerging), inform decision-making, and monitor performance, to ensure that the Perenti Group's risk profile is consistent with the Perenti Group's appetite for risk in alignment with the Perenti Group's strategy and strategic objectives;
- fosters a positive culture of risk management through engagement, collaboration, transparency, and training;
- implement processes for crisis management and business continuity planning that enable effectively responding to material risk events;

- incorporate risk management into decision-making processes with the aim of instilling risk management as a core element of organizational culture;
- assess the effectiveness of systems and controls through appropriate assurance mechanisms;
- create value by balancing risk against the reward for taking and accepting risk; and
- implement effective risk management strategies, including taking out insurance where deemed appropriate.

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. The detailed requirements and elements of the Code of Conduct are set out in the Perenti Code of Conduct Booklet which is provided to all employees, made available on the Company's intranet, and published on the Company's website.

PRINCIPAL SHAREHOLDERS

As of April 4, 2024, 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 (%)
Oaktree Capital Management LP	55,913,000	5.82%

The directors and executive officers of Perenti held an aggregate of 10,623,773 shares in Perenti as of April 4, 2024, which represented 1.11% 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 and the six-month period ended December 31, 2023, we entered into the related party transactions set forth below, which include the transactions with non-controlling interests. For additional information, please refer to the Perenti financial statements included elsewhere in this Offering Memorandum.

	FY21	FY22	FY23	1H24
	(A$ in thousands)			
Transactions with other related parties				
Dividends				
Non-controlling interests	—	2,610	435	—
Rental and hire charges				
Non-controlling interests	—	18,219	22,223	11,145

	As of June 30,			As of December 31,
	2021	2022	2023	2023
	(A$ in thousands)			
Loans to/from related parties				
Loans to key management personnel				
Beginning of period	188	186	186	189
Loans on the Acquisition	—	—	—	
Loan repayments made	—	—	—	(189)
Interest charged	9	8	10	—
Interest received	(10)	(8)	(7)	—
End of period	**186**	**186**	**189**	**—**
Loans from associates				
Beginning of period	2,705	1,290	1,159	1,201
Loan repayments to non-controlling interest	(1,200)	(1,867)	—	—
Loan from non-controlling interest	—	1,647	—	—
Impact of foreign exchange	(215)	89	42	(26)
End of period	**1,290**	**1,159**	**1,201**	**1,175**

Terms and conditions of related party transactions

All related party transactions were made on normal commercial terms and conditions.

Loans were extended to key management personnel on acquisition of Barminco group. The loans were made on normal terms and conditions. The outstanding balances were repaid in October 2023, representing the full and final settlement of all loans and obligations. Interest was payable at rates of 4.52% to 7.77% on outstanding loan balances. 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.

Syndicated Facility of Perenti

On June 24, 2022, we entered into a syndicated facility agreement under which HSBC Bank Australia Limited is facility agent, Global Loan Agency Services Australia Nominees Pty Ltd (originally CBA Corporate Services (NSW) Pty Limited) is security trustee, and the various lenders named therein are lenders.

The Syndicated Facility comprises various revolving and term loan tranches with an aggregate limit of A$445.0 million. Perenti Finance Pty Ltd and Perenti International Pty Ltd are the borrowers under the Syndicated Facility. The Syndicated Facility is guaranteed by some of our subsidiaries, each guaranteeing, subject to certain limitations, each other borrower's and guarantor's obligations.

On June 24, 2022, the borrowers and guarantors under the Syndicated Facility also entered into a common terms deed poll ("Common Terms Deed"). The security trustee and the agent (on behalf of the lenders under the Syndicated Facility) each obtain the benefit of the Common Terms Deed. The Common Terms Deed contains the key obligations and undertakings imposed on the borrowers and guarantors.

Structure of the Syndicated Facility

The Syndicated Facility structure comprises the tranches as tabled below:

Tranche	Maturity Date	Structure	Limit (A$m)	Currency
Tranche A1	July 8, 2026	Revolving loans and contingent instruments	20.0	A$
Tranche A2	July 8, 2026	Revolving loans and contingent instruments	25.0	A$
Tranche B1	July 8, 2027	Revolving loans	92.5	A$ and US$
Tranche B2	July 8, 2027	Revolving loans	70.0	A$ and US$
Tranche C	July 8, 2026	Revolving loans	167.5	A$ and US$
Tranche D	July 8, 2027	Term Loan	70.0	A$
Total			**445.0**	

Amounts borrowed under the Syndicated Facility may be used to fund the working capital and general corporate purposes of the Perenti Group.

Repayment, Prepayment and Cancelation

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 cancelation or prepayment, no premium, fee or penalty will be payable (other than break costs arising if repayments occur within an interest period).

Any outstanding amount under the Syndicated Facility is due on the maturity date for the relevant tranche as set out above.

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 Bid is charged; and

(b) in respect of U.S. dollar denominated loan a "Margin" over a base rate of SOFR on either a term or daily compounding basis 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 Syndicated Facilities. This establishment fee was paid on financial close of the Syndicated Facility and, in relation to each lender which has joined the syndicate since financial close, on the date that lender becomes a lender under the Syndicated Facility.

Guarantee and Security

Each guarantor irrevocably and unconditionally jointly and severally guarantees the payment obligations of each other borrower and guarantor under the Syndicated Facility and associated finance documents. The guarantors under the Syndicated Facility will also be guarantors of the Notes.

The Syndicated Facility is secured by real property mortgages and all present and after acquired property general security agreements granted by Perenti, the Issuer and each Australian Subsidiary Guarantor over certain real property and all other future acquired assets (including the shares held by any of those entities in its subsidiaries). The securities are granted in favor of Global Loan Agency Services Australia Nominees Pty Ltd (ACN 608 945 008) 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 Common Terms Deed contains particular covenants and undertakings, which are tested semi-annually on each of the Perenti Group reporting dates:

(a) the ratio of EBITDA to net interest expense for the preceding 12 month period must not be less than 3.0 times;

(b) the ratio of net debt to EBITDA for the preceding 12 month period must not be greater than 3.25 times;

(c) the percentage of net debt to net debt plus equity must not be greater than 50%; and

(d) the guarantors must comprise no less than 85% of EBITDA and 85% of total assets and any wholly-owned Australian or Canadian subsidiary contributing more than 5% of EBITDA and/or total assets is required to be a guarantor ("Guarantor Coverage Test").

We note that despite the Guarantor Coverage Test, where the subsidiary is not an Australian or Canadian entity, we are not required to accede a guarantor to the Common Terms Deed and Syndicated Facility 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 Common Terms Deed include non-payment, breach of financial undertakings, non-compliance with obligations, insolvency, misrepresentation, cross default, enforcement against assets, cessation of business, vitiation, and occurrence of material adverse events.

If there is a change of control, or if Perenti Limited's 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 Syndicated Facility.

Asset Finance Arrangements and other loans

As of December 31, 2023, we had A$7.7 million in other loans and asset finance arrangements (principally hire purchase agreements). The assets purchased or leased under asset financing may be subject to security interests in favor of the relevant lender. 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 in the Common Terms Deed.

Perenti Senior Notes due 2025

We intend to use the net proceeds of this offering to partially redeem, in an aggregate principal amount of US$230.0 million, the outstanding 2025 Notes.

DESCRIPTION OF THE NOTES

Perenti Finance Pty Ltd. will issue US$350 million aggregate principal amount of 7.50% Guaranteed Senior Notes due 2029 (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 (as defined below) 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 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 Agreement 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$350 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 April 26, 2029. 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 under the Indenture (the "Additional Notes"). Any Additional Notes will be identical in all respects to the Notes, except that any Additional Notes 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 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 7.50% per annum and will be payable semiannually in arrears on April 26 and October 26, commencing on October 26, 2024. The Issuer will make each interest payment to the Holders of record of the Notes at the close of business on the immediately preceding April 11 and October 11. 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 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. 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.

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 (as defined below) 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 the 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 relevant governmental 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 April 26, 2026, 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 April 26 of the years set forth below:

Period	Redemption Price
2026	103.750%
2027	101.875%
2028 and thereafter	100.000%

In addition, any time prior to April 26, 2026 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 107.5%, 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 April 26, 2026 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 cancelation 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 the Credit Agreement 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 pro forma half year ended December 31, 2023, the Parent Guarantor, the Issuer and the Subsidiary Guarantors on the Issue Date accounted for approximately:

- A$266.3 million (US$183.3 million), or 79.0%, of Underlying EBITDA of the Parent Guarantor and its Subsidiaries; and
- A$2,751.6 million (US$1,873.3 million), or 83.2%, 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-issuer or co-borrower of, any Indebtedness of the Parent Guarantor, the Issuer or any Subsidiary Guarantor in an aggregate principal amount in excess of US$50.0 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 Restricted 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 Restricted Subsidiary or its shareholders after giving effect to any limitations on such Guarantee as described under "—Limitations on the Validity and Enforceability of the Subsidiary Guarantees", which in each case of (x) or (y), cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor and the Restricted Guarantor. Any such Subsidiary Guarantee shall be on terms substantially consistent with those set forth in the Credit Agreement 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 Agreement 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 in 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 Relating to 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."

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 December 31, 2023, 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$950.8 million (US$647.3 million) of total debt outstanding, of which A$138.8 million (US$94.5 million) would have been secured, consisting of A$55.4 million of Existing Purchase Money Indebtedness and A$86.3 million outstanding (excluding A$2.9 million of prepaid borrowing costs in relation to the Syndicated Facility, which is secured) under the Credit Agreement; and
- there would have been A$351.9 million (US$239.6 million) of availability under the Credit Agreement, which includes an additional A$25 million commitment received on February 28, 2024.

As of December 31, 2023, the Non-Guarantor Subsidiaries would have had A$125.3 million (US$85.3 million) of liabilities outstanding, including A$5.4 million (US$3.7 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 December 31, 2023, the total liabilities of the Subsidiaries of the Parent Guarantor (other than the Issuer and Subsidiary Guarantors) were approximately A$125.3 million (US$85.3 million), including trade payables and debt. Although the Indenture limits the incurrence of Indebtedness and preferred stock by the Restricted Subsidiaries, 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 Agreement, which would be a "review event" thereunder. The occurrence of a "review event" may, under certain circumstances described in the Credit Agreement, require the Parent Guarantor and the Issuer to repay the Indebtedness outstanding under the Credit Agreement and result in the cancelation 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 Agreement 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 relating 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) 25% 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) 8% 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 Agreement 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 to, directly or indirectly, 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 October 7, 2020 (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;

(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 reflects the equivalent under the indenture governing the Issuer's US$450 million 6.50% Guaranteed Senior Notes due 2025.

(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 that is not prohibited by the covenants described under "Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and "—Certain Covenants—Merger and Consolidation," 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% 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 canceled or terminated for any reason before the Net Available Cash is applied in connection therewith, the Parent Guarantor or such Restricted Subsidiary enters into another Acceptable Commitment (a "Second Commitment") within 270 days of such cancelation 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 canceled 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 Guarantor 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 and in compliance with the terms of the Indenture 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 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; 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 under the laws of Australia or any State thereof, the United States, any State thereof or the District of Columbia.

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 the Credit Agreement or (ii) Guarantees, or becomes a co-issuer or co-borrower of, any Indebtedness of the Parent Guarantor, the Issuer or any Subsidiary Guarantor in an aggregate principal amount in excess of US$50.0 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 the 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 Agreement or other relevant debt instrument giving rise to the obligation to provide such Subsidiary Guarantee. In particular, see "—Guarantees—Limitations on the 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 a responsible officer of 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 cancelation; or

  (b) all Notes that have not been delivered to the trustee for cancelation 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 or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the Issuer's name and at the Issuer's expenses and, in each case, 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 cancelation 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 S$200,000 (or its equivalent in foreign currencies), 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.

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 Limited, Level 4, William Square, 45 Francis Street, Northbridge, WA, 6003 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 September 18, 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 July 1, 2018. The stay applies to ipso facto rights arising under contracts, agreements or arrangements entered into after July 1, 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* September 10, 2015 as published in the *Journal Officiel de I'OHADA* n° special of September 25, 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 cancelation 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 10, 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).

Insolvency in Canada

One of the Subsidiary Guarantors is formed under the laws of the Province of British Columbia. In the event of an insolvency of a guarantor formed under the federal or provincial laws of Canada (the "Canadian

Guarantor”), insolvency proceedings may be initiated in Canada in respect of the Canadian Guarantor, which proceedings would be governed by Canadian insolvency laws. In such circumstances, the guarantee obligations of the Canadian Guarantor may become subject to review under applicable Canadian insolvency laws and applicable provincial laws on fraudulent conveyance. Pursuant to such laws, a Canadian court could void the obligations under the relevant Note Guarantee if, among other things, the Canadian Guarantor, at the time it incurred the indebtedness evidenced by its Note Guarantee:

- issued the Note Guarantee with the intention to delay, hinder, defeat or defraud creditors, noting however that if such occurs in the context of a related party transaction, the intention may be, in certain circumstances, by statute, inferred or not be a necessary element;
- received less than fair market value for issuing the Note Guarantee at the time it issued the Note Guarantee;
- was insolvent or rendered insolvent by reason of issuing the Note Guarantee;
- intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature or for other fraudulent reasons; or
- had the effect of giving the beneficiaries of the Note Guarantees an unjust preference over other creditors.

Under the BIA, the Canadian Guarantor would be considered insolvent if (i) it is not bankrupt, (ii) it resides, carries on business or has property in Canada, (iii) it owes at least $1,000 to creditors pursuant to provable claims under the BIA and (iv):

- it is for any reason unable to meet its obligations as they generally become due;
- it has ceased paying its current obligations in the ordinary course of business as they generally become due; or
- the aggregate of its property is not, at fair valuation, sufficient, or if disposed at a fairly conducted sale under legal process, would not be sufficient to enable payment of all its obligations, due and accruing due.

We cannot be sure, depending on the circumstances, as to the standard that a court would use to determine whether or not the Canadian Guarantor was solvent at the relevant time or, regardless of the standard that the court uses, that the issuance of its Note Guarantee would not be voided or such Note Guarantee would not be subordinated to the Canadian Guarantor’s other debt. If such a case were to occur, the Note Guarantee could also be subject to the claim that the Note Guarantee was incurred for our benefit and only indirectly for the benefit of the Canadian Guarantor and that, as a result, the obligations of the Canadian Guarantor were incurred for less than fair consideration.

In the context of insolvency proceedings commenced pursuant to Canadian federal bankruptcy and insolvency laws (the “Insolvency Proceedings”), creditors may be stayed from claiming against a debtor company any pre-filing debt or obligations, unless such stay is lifted by the court supervising the relevant Insolvency Proceedings.

If a Canadian court were to find that the incurrence of a Note Guarantee was a transfer at undervalue, preference or other similar voidable transaction, the Canadian court could, among other things, have the Note Guarantee set aside or voided. In the event of a finding that a transfer at undervalue or similar voidable transaction has occurred, holders of the Notes offered hereby may not receive any repayment on the Notes offered hereby. Further, the voidance of the Notes offered hereby could result in an event of default with respect to our other debt that could result in acceleration of such debt.

In addition to the foregoing, it should be noted that under Canadian bankruptcy and insolvency statutes, a court may grant an order authorizing interim financing secured by a court-ordered charge that may rank in priority to the claim of any other creditor of the debtor. In such a circumstance, the court must consider a number of factors, including (i) the period during which the debtor is expected to be subject to the Insolvency Proceedings; (ii) how the debtor’s business and financial affairs are to be managed during the Insolvency Proceedings; (iii) whether the debtor’s management has the confidence of its major creditors; (iv) whether the interim financing would enhance the prospects of a viable proposal, compromise or arrangement being made in respect of the debtor; (v) the nature and value of the debtor’s property; (vi) whether any creditor would be materially prejudiced as a result of the security or charge; and (vii) whether the court-appointed trustee or monitor files a report recommending the approval of the interim financing.

To the extent that a Canadian court grants such interim financing secured by a court-ordered charge, the Canadian Guarantor's obligations under its Note Guarantee may become subordinate to its obligations pursuant to the interim financing.

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; and

(2) the excess of:

  (a) the present value at such redemption date of (i) the redemption price of the Note at April 26, 2026 (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 April 26, 2026 (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 on such redemption date.

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;

(L) licenses and sublicenses of software or intellectual property in the ordinary course of business; and

(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 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).

"***Corporate Trust Office***" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date hereof is located at The Bank of New York Mellon, 240 Greenwich Street, 21st Floor West, Floor 4E, New York, NY 10286, United States of America. Attn: Global Corporate Trust – Perenti Finance, with a copy to BNY Mellon Australia Level 2, 1 Bligh Street Sydney NSW 2000.

"***Credit Agreement***" means the Syndicated Facility Agreement, dated as of June 24, 2022 and as amended through February 28, 2024, between the Parent Guarantor, the Issuer as an original borrower, Perenti International Pty Limited as an original borrower, the Subsidiaries of the Parent Guarantor named therein, the lenders named therein, HSBC Bank Australia Limited as facility agent and Global Loan Agency Services Australia Nominees Pty Ltd as security trustee, 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 Agreement), 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, cancelation 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 Agreement) existing on the Issue Date (the amount of which is to be approximately A$55.4 million, based on the December 31, 2023 exchange rate of A$1.00 = US$0.6808).

"***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) 3.5% 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, Canadian 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, Canada (including any agency or instrumentality thereof) 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, Canada 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, Canada 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$50.0 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 April 26, 2026; provided, however, that if the period from the redemption date to April 26, 2026 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 April 26, 2026 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 state, local, or non-United States tax considerations, or the United States federal estate, gift, or other non-income tax considerations, the Medicare tax on net investment income or the 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.

It is expected, and therefore 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 for United State federal income tax purposes.

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 as described above under "Payments of Interest") 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. U.S. Holders are urged to consult their tax advisors regarding the tax consequences of a sale, exchange or other disposition of the Notes in light of their particular circumstances.

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 income 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 or other disposition of the Notes) exceed capital losses, if any, allocable to U.S. sources.

The preceding general discussion of U.S. federal income tax considerations is for informational purposes 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-United States 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 Australian IWT 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 is available to the public on its 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, which may include in accordance with the taxation of financial arrangements provisions. If a holder of Notes is required to account for such gains or losses under the taxation of financial arrangements provisions, however, they should not affect the provisions relating to the imposition of Australian IWT. 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$
The Hongkong and Shanghai Banking Corporation Limited	175,000,000
Standard Chartered Bank	175,000,000
Total	**350,000,000**

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.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Note Guarantors or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum (in preliminary or final form) or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose hands this Offering Memorandum comes are required by the Issuer, the Note Guarantors and the Initial Purchasers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession, distribute or publish this Offering Memorandum (in preliminary or final form) or any other offering material relating to the Notes, in all cases at their own expense. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. 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 sixth business day following the date of pricing of the Notes (such settlement being referred to as "T+6"). 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 prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+6, 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 prior to the delivery of the Notes hereunder 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 90 days following the delivery of the Notes and the termination of the purchase agreement, without first obtaining the prior written consent of the representatives, issue, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with the U.S. Securities and Exchange Commission a registration statement under the Securities Act relating to, any debt securities of any of the Issuer and the Note Guarantors, 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. Any of these transactions must be conducted in accordance with all applicable laws and regulations.

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. Further, we anticipate that we will use part of the net proceeds of this offering to partially repay amounts drawn that are currently outstanding under the Syndicated Facility. See "Use of Proceeds." Affiliates of the Initial Purchasers are lenders under our Syndicated Facility, and as such may receive their pro rata portion of such repayment with the net proceeds of this offering. See "Description of Other Financing Arrangements."

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Note Guarantors, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Note Guarantors, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Note Guarantors or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Offering Memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Note Guarantors. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Initial Purchaser(s) (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: SYNHK@sc.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Note Guarantors, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Initial Purchasers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Initial Purchaser with such evidence within the timeline requested.

Notice to prospective investors in Australia

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 or a Product Disclosure Statement for the purposes of Chapter 7 of the Australian Corporations Act and is not required to, and does not, contain all information which would be required in a disclosure statement (within the meaning of section 9 of the Australian Corporations Act and other applicable provisions of Australian law). No action has been taken by us that would permit a public offering of the Notes in Australia. In particular, no prospectus or other disclosure document in relation to the Notes, the Note Guarantees or this Offering Memorandum has been, or will be, lodged with, ASIC, the ASX or any other regulatory body or agency in Australia.

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 Chapter 7 of the Australian Corporations Act and (C) is not made to a person who is a "retail client" as defined for the purposes of section 761G or section 761GA 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 laws, regulations and directives relating to the offer, sale or invitation of the Notes or distribution of this Offering Memorandum; and

(iv) such action does not require any document to be lodged with, or registered by, ASIC, the ASX or any regulatory authority in Australia.

Notes issued pursuant to this Offering Memorandum may not be offered for sale (or transferred, assigned or otherwise alienated) to any person located in, or a resident of, Australia for at least 12 months after their issue, except in circumstances where the person is a person to whom a disclosure document or product disclosure statement is not required to be given under Chapter 6D or Chapter 7 of the Australian Corporations Act.

Notice to prospective investors in Canada

The Notes may be sold only to purchasers in Canada 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 Retail Investors

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 to any EEA Retail Investor in the EEA.

For the purposes of this provision:

(a) the expression "EEA 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.

Prohibition of sales to UK Retail Investors

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 to any UK Retail Investor in the United Kingdom.

For the purposes of this provision:

(a) the expression "UK Retail Investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of the UK 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.

In addition, each Initial Purchaser has represented and agreed that:

(i) 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 Guarantors; and

(ii) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Notice to prospective investors in Hong Kong

Each Initial Purchaser has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O")) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any 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 (except if permitted to do so under the securities laws 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 under the SFO.

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 Securities and Futures Act 2001 Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

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, AS AMENDED (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 understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder and under "Plan of Distribution."

8. 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, 2023, 2022 and 2021, included in this Offering Memorandum have been audited by PricewaterhouseCoopers (PwC Australia), independent auditors, as stated in their reports appearing herein. With respect to the unaudited consolidated interim financial statements of the Perenti Group as of and for the six-months ended December 31, 2023 and 2022, included in this Offering Memorandum, PwC Australia reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated February 19, 2024 appearing herein, states that they did not audit and they do not express an opinion on that unaudited consolidated interim financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The consolidated financial statements of the DDH1 Group as of and for each of the fiscal years ended June 30, 2023, 2022 and 2021, included in this Offering Memorandum have been audited by Deloitte Touche Tohmatsu, independent auditors, as stated in their reports appearing herein.

LIMITATION OF LIABILITY OF INDEPENDENT AUDITORS

The liability of the independent auditors, in relation to the performance of their professional services provided to us including without limitation, their respective audits and reviews of the consolidated financial statements of the Perenti Group and the DDH1 Group described in this Offering Memorandum, is limited under the Chartered Accountants Australia and New Zealand Scheme (the "Accountants Scheme") approved by the New South Wales Professional Standards Council or such other applicable scheme approved pursuant to the *Professional Standards Act 1994 (NSW)* (the "Professional Standards Act"). Specifically, the Accountants Scheme limits the liability of an accountant to a maximum amount of A$75 million for audit work and A$20 million for other work. The Accountants Scheme does not limit liability for breach of trust, fraud or dishonesty. Legislation providing for apportionment of liability also applies. These limitations of liability may limit enforcement in Australian courts of any judgment under U.S. or other foreign laws rendered against the independent auditors based on, or related to, their respective audits and reviews of the consolidated financial statements of the Perenti Group and the DDH1 Group, as applicable. The Accountants Scheme commenced on July 13, 2019 and will remain in force for a period of five years (unless it is revoked, extended or ceases in accordance with the Professional Standards Act). The Professional Standards Act and the Accountants Scheme have not been subject to relevant judicial consideration and, therefore, how the limitations will be applied by courts and the effect of the limitations on the enforcement of foreign judgments is untested.

ANNEX A—LIST OF SUBSIDIARY GUARANTORS

Name	ABN (or other corporate identifier)	Place of incorporation
ACN 103 534 087 Pty Ltd	32 103 534 087	Australia
African Mining Services (Ghana) Pty Ltd	32 076 301 472	Australia
African Mining Services Burkina Faso SARL	BF OUA 2011 B 130	Burkina Faso
African Mining Services Ghana Limited	CS345652018	Ghana
African Mining Services Mali SARL	BKO.2008.B2795	Mali
African Underground Mining Services Burkina Faso SARL	BF OUA 2012 B 4444	Burkina Faso
African Underground Mining Services Mali SARL	BKO 2010 B 559	Mali
African Underground Mining Services Limited	CS526642014	Ghana
AUMS (T) Limited	121072	Tanzania
Ausdrill Pty Ltd	58 103 661 374	Australia
Barminco AUMS Holdings Pty Limited	49 163 310 549	Australia
Barminco Finance Pty Limited	83 126 398 267	Australia
Barminco Holdings Pty Limited	85 126 398 276	Australia
Barminco India Holdings Pty Ltd	82 614 539 098	Australia
Barminco India Investments Pty Ltd	99 614 539 105	Australia
Barminco Limited	32 109 439 894	Australia
Barminco Mining Services Botswana (Proprietary) Limited	BW00001078651	Botswana
Barminco Mining Services Canada Limited	BC1210765	Canada
BTP Equipment Pty Ltd	55 128 386 201	Australia
BTP Parts Pty Ltd	28 096 533 283	Australia
Connector Drilling Pty Ltd	14 148 853 561	Australia
DDH 1 Drilling Pty Limited	73 154 493 008	Australia
DDH1 FinCo Pty Limited	50 625 961 980	Australia
DDH1 Group Holdings Pty Ltd	83 636 839 613	Australia
DDH1 Holdings Pty Limited	91 625 946 321	Australia
DDH1 Limited	48 636 677 088	Australia
DDH1 MidCo Pty Limited	30 625 959 908	Australia
Drill Rigs Australia Pty Ltd	99 128 786 603	Australia
Golden Plains Pty Ltd	79 006 307 179	Australia
Izett Holdings Pty Ltd	99 120 340 678	Australia
Logistics Direct Limited	CS139682018	Ghana
MinAnalytical Holdings Pty Ltd	21 147 048 075	Australia
Perenti Group Services Pty Ltd	68 074 414 387	Australia
Perenti International Pty Ltd	49 069 769 811	Australia
Perenti Properties Pty Ltd	92 104 659 074	Australia
Perenti Utilities Pty Ltd	99 103 016 771	Australia
Ranger Exploration Drilling Pty Ltd	51 617 982 680	Australia
SMS Asset Holdings Pty Ltd	54 107 371 540	Australia
SMS Operations Pty Ltd	25 008 736 543	Australia
Strike Drilling Pty Ltd	89 164 225 656	Australia
Supply Direct Pty Ltd	29 059 611 862	Australia
Supply Direct South Africa Pty Limited	70 087 063 303	Australia
Swick Engineering Pty Ltd	16 126 053 209	Australia

Name	ABN (or other corporate identifier)	Place of incorporation
Swick Mining Services (Indonesia) Pty Ltd	81 163 995 677	Australia
Swick Mining Services Pty Ltd	20 112 917 905	Australia
Synegex Holdings Pty Ltd	11 103 420 971	Australia

INDEX TO FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2023

	Notes	31 DECEMBER 23 $'000	31 DECEMBER 22 $'000
Revenue from ordinary activities		**1,632,163**	1,438,510
Other income	4(a)	**39,232**	24,944
Materials expense		**(501,974)**	(450,595)
Labour costs		**(653,901)**	(572,315)
Rental and hire expense		**(28,877)**	(27,868)
Depreciation expense	4(b)	**(161,286)**	(144,242)
Amortisation expense	4(b)	**(25,015)**	(17,223)
Finance costs	4(b)	**(35,026)**	(33,389)
Finance income	4(b)	**1,577**	2,678
Other expenses from ordinary activities	4(b)	**(164,800)**	(134,556)
Impairment of assets		**-**	(4,728)
Profit before income tax		**102,093**	81,216
Income tax expense		**(32,284)**	(37,181)
Profit for the half-year		**69,809**	44,035
Profit is attributable to:			
Equity holders of Perenti Limited		**64,791**	39,661
Non-controlling interests		**5,018**	4,374
Profit for the half-year		**69,809**	44,035
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share		**8.0**	5.7
Diluted earnings per share		**7.7**	5.6

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	31 DECEMBER 23 $'000	31 DECEMBER 22 $'000
Profit for the half-year	**69,809**	44,035
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Exchange losses on translation of foreign operations	**(1,922)**	(585)
Exchange gains on translation of foreign operations - non-controlling interest	**(911)**	206
Other comprehensive (loss)/income for the half-year, net of tax	**(2,833)**	(379)
Total comprehensive income for the half-year	**66,976**	43,656
Total comprehensive income for the half-year is attributable to:		
Equity holders of Perenti Limited	**62,869**	39,076
Non-controlling interests	**4,107**	4,580
Total comprehensive income for the half-year	**66,976**	43,656

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the half-year ended 31 December 2023

	Notes	31 DECEMBER 23 $'000	30 JUNE 23 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**356,736**	307,360
Trade and other receivables		**523,425**	435,220
Inventories		**286,690**	227,242
Current tax receivables		**17,714**	15,590
Assets classified as held for sale		**9,283**	18,663
Total current assets		**1,193,848**	1,004,075
Non-current assets			
Property, plant and equipment		**1,287,897**	968,236
Right-of-use assets		**46,697**	45,616
Intangible assets		**642,248**	626,083
Deferred tax assets		**122,714**	164,266
Receivables		**11,673**	15,098
Financial assets at fair value through profit or loss		**407**	-
Total non-current assets		**2,111,636**	1,819,299
TOTAL ASSETS		**3,305,484**	2,823,374
LIABILITIES			
Current liabilities			
Trade and other payables		**381,958**	421,385
Borrowings	5	**7,681**	3,201
Lease liabilities		**14,565**	16,538
Current tax liabilities		**27,895**	25,175
Employee benefit obligations		**106,117**	79,306
Total current liabilities		**538,216**	545,605
Non-current liabilities			
Borrowings	5	**891,072**	753,878
Lease liabilities		**37,485**	32,745
Deferred tax liabilities		**56,079**	58,554
Employee benefit obligations		**7,493**	6,136
Provisions		**255**	165
Total non-current liabilities		**992,384**	851,478
TOTAL LIABILITIES		**1,530,600**	1,397,083
NET ASSETS		**1,774,884**	1,426,291
EQUITY			
Contributed equity	7	**1,392,595**	1,118,448
Other reserves		**(35,266)**	(35,721)
Retained earnings		**391,467**	326,676
Capital and reserves attributable to the owners of Perenti Limited		**1,748,796**	1,409,403
Non-controlling interests		**26,088**	16,888
TOTAL EQUITY		**1,774,884**	1,426,291

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

		Attributable to owners of Perenti Limited					
	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2023		**1,118,448**	**(35,721)**	**326,676**	**1,409,403**	**16,888**	**1,426,291**
Profit for the half-year		-	-	64,791	64,791	5,018	69,809
Other comprehensive income		-	(1,922)	-	(1,922)	(911)	(2,833)
Total comprehensive income for the half-year		**-**	**(1,922)**	**64,791**	**62,869**	**4,107**	**66,976**
Transfer to non-controlling interest reserve		-	(535)	-	(535)	5,093	4,558
Transactions with owners in their capacity as owners:							
Consideration paid for acquisition of business	6	279,705	-	-	279,705	-	279,705
Employee share rights - value of employee services		-	5,892	-	5,892	-	5,892
Shares issued on conversion of employee share rights	7	2,980	(2,980)	-	-	-	-
Buy-back of ordinary shares, gross of transaction costs and net of tax	7	(8,538)	-	-	(8,538)		(8,538)
		274,147	2,377	-	276,524	5,093	281,617
Balance at 31 December 2023		**1,392,595**	**(35,266)**	**391,467**	**1,748,796**	**26,088**	**1,774,884**

	Attributable to owners of Perenti Limited					
	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022	**1,137,030**	**(56,027)**	**230,937**	**1,311,940**	**10,420**	**1,322,360**
Profit for the half-year	-	-	39,661	39,661	4,374	44,035
Other comprehensive income	-	(585)	-	(585)	206	(379)
Total comprehensive income for the half-year	**-**	**(585)**	**39,661**	**39,076**	**4,580**	**43,656**
Transfer to non-controlling interest reserve	-	6,231	-	6,231	(831)	5,400
Transactions with owners in their capacity as owners:						
Employee share rights - value of employee services	-	7,515	-	7,515	-	7,515
Shares issued on conversion of employee share rights	2,160	(2,160)	-	-	-	-
Deferred tax movement on capital raising costs	(184)	-	-	(184)	-	(184)
Buy-back of ordinary shares, gross of transaction costs and net of tax	(12,871)	-	-	(12,871)	-	(12,871)
	(10,895)	11,586	-	691	(831)	(140)
Balance at 31 December 2022	**1,126,135**	**(45,026)**	**270,598**	**1,351,707**	**14,169**	**1,365,876**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	Notes	31 DECEMBER 23 $'000	31 DECEMBER 22 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,699,828**	1,513,436
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,453,153)**	(1,302,874)
		246,675	210,562
Interest received		**1,657**	703
Interest and other costs of finance paid		**(32,095)**	(32,079)
Income taxes paid		**(32,687)**	(20,759)
Transaction costs relating to acquisition of subsidiary		**(11,649)**	-
Net cash inflow from operating activities		**171,901**	158,427
Cash flows from investing activities			
Payments for purchase of subsidiaries, net of cash acquired	6(g)	**(36,017)**	-
Loan to DDH1 Limited, pre-acquisition	6(c)	**(38,000)**	-
Payments for property, plant, equipment and intangibles		**(198,778)**	(165,185)
Proceeds from sale of property, plant and equipment		**8,383**	13,339
Proceeds from sale of assets held for sale		**10,522**	10,051
Repayment of loans by related party		**-**	168
Net cash outflow from investing activities		**(253,890)**	(141,627)
Cash flows from financing activities			
Proceeds from borrowings		**239,967**	317,587
Repayment of borrowings		**(84,505)**	(304,230)
Payments of lease liabilities		**(9,569)**	(15,779)
Payments of borrowing costs		**(168)**	(4,173)
Payments for share buy-back, gross of transaction costs		**(8,538)**	(14,012)
Payments for Perenti notes buy-back, gross of transaction costs		**-**	(24,785)
Proceeds from disposal of a non-controlling interest in a subsidiary		**-**	5,400
Net cash outflow from financing activities		**137,187**	(39,992)
Net increase(decrease) in cash and cash equivalents		**55,198**	(23,192)
Cash and cash equivalents at the beginning of the half-year		**307,360**	348,519
Effects of exchange rate changes on cash and cash equivalents		**(5,822)**	(2,856)
Cash and cash equivalents at the end of the half-year		**356,736**	322,471

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Perenti Limited (Company or Group) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are materially consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group

A number of amended standards and IFRIC interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(b) 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 31 December 2023 reporting period and have not been early adopted by the Group. The Group is assessing the impact of the new standards, but does not expect them to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 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(A).

The Managing Director identifies the operating segments based on the nature of the services provided, jurisdiction where services are performed and the nature of risks and returns associated with each business.

As a result of the acquisition of the DDH1 Group in October 2023, a new Drilling Services Division combining the DDH1 and Ausdrill businesses was formed to reflect divisional accountability under the operating model. As a result of Ausdrill transferring to Drilling Services, the Contract Mining Surface Africa and the Underground businesses will combine into one Contract Mining Segment, reflective of the type of services the respective business units provide.

The disclosed operating segments have been updated to reflect this change, and the 31 December 2022 amounts have been restated to be presented on the same basis.

In order to provide easy comparatives to the prior period reportable segments before the formation of the Drilling Services Division, the operating segments on page 16 present the previously disclosed segments but with the DDH1 Group presented separately for the half-year ended 31 December 2023.

Reportable segments before the formation of Drilling Services Division were:	Reportable segments after the formation of the Drilling Services Division are:
Contract Mining - Surface The provision of surface mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.	**Contract Mining** The provision of Underground and Surface contract mining services in Australia, Africa and North America.
Contract Mining - Underground The provision of underground mining services in Australia, Africa and North America.	**Drilling Services** The provision of drilling services across all stages of the mine life cycle including specialised deep hole multi-intersectional directional Diamond Core drilling, underground Diamond Core drilling, drilling and blasting and in-pit grade control in Australia, Europe and North America.
Mining Services and idoba Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services.	**Mining Services and idoba** Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services.
Corporate Corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk, investor relations and other corporate administration.	**Corporate** Corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk, investor relations and other corporate administration.

Intersegment Eliminations

Represents transactions between reporting segments that are eliminated on consolidation.

Financing arrangements are managed at a group level and therefore net financing costs are not allocated to segments.

EBIT(A)

EBIT(A) is defined as earnings before finance costs, finance income, income tax expense or benefit, amortisation of customer relationships intangibles, idoba product development costs and net foreign exchange gains or losses.

2 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director After formation of Drilling Services Division

Half-year ended 31 December 2023	Contract Mining $'000	Drilling Services $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	1,295,514	235,298	101,351	-	-	1,632,163
Intersegment sales	-	-	19,832	-	(19,832)	-
Total sales revenue	**1,295,514**	**235,298**	**121,183**	-	**(19,832)**	**1,632,163**
Timing of revenue recognition						
- At a point in time	-	575	52,041	-	(17,580)	35,036
- Over time	1,295,514	234,723	69,142	-	(2,252)	1,597,127
	1,295,514	235,298	121,183	-	(19,832)	1,632,163
Underlying segment EBIT(A)	**135,476**	**24,432**	**13,773**	**(25,129)**	-	**148,552**
Gain on acquisition	-	29,371	-	-	-	29,371
Customer relationships intangibles amortisation	(18,321)	(4,059)	-	-	-	(22,380)
Transaction, restructuring costs and other	(184)	(247)	(1,370)	(5,764)	-	(7,565)
idoba product development	-	-	(7,305)	-	-	(7,305)
Foreign exchange (loss)/gain, net	(2,256)	(239)	(2,646)	10	-	(5,131)
Reported segment EBIT	**114,715**	**49,258**	**2,452**	**(30,883)**	**-**	**135,542**
Finance income						1,577
Finance costs						(35,026)
Profit before tax						102,093
Income tax expense						(32,284)
Profit for the period						69,809
Non-controlling interests						(5,018)
Profit for the year attributable to members						**64,791**
Segment assets	**2,570,893**	**667,200**	**222,229**	**1,790,139**	**(1,944,977)**	**3,305,484**
Segment liabilities	**1,334,598**	**268,136**	**141,623**	**1,133,871**	**(1,347,628)**	**1,530,600**
Other segment information						
Depreciation expense	(120,996)	(23,428)	(15,471)	(1,391)	-	(161,286)
Acquisition of property, plant and equipment, intangibles and other non-current assets	160,365	23,211	14,638	564	-	198,778
Proceeds from sale of property, plant and equipment and assets held for sale	14,830	2,673	1,402	-	-	18,905

2 SEGMENT INFORMATION (CONTINUED)

**(b) Segment information provided to the Managing Director (continued)
Before formation of Drilling Services Division**

Half-year ended 31 December 2023	Contract Mining		DDH1 Group	Mining Services and idoba	Corporate	Inter-segment eliminations	Consolidated
	Surface	Underground					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue							
Sales to external customers	321,992	1,075,651	133,169	101,351	-	-	1,632,163
Intersegment sales	-	-	-	19,832	-	(19,832)	-
Total sales revenue	**321,992**	**1,075,651**	**133,169**	**121,183**	-	**(19,832)**	**1,632,163**
Timing of revenue recognition							
- At a point in time	575	-	-	52,041	-	(17,580)	35,036
- Over time	321,417	1,075,651	133,169	69,142	-	(2,252)	1,597,127
	321,992	1,075,651	133,169	121,183	-	(19,832)	1,632,163
Underlying segment EBIT(A)	**24,956**	**119,702**	**15,250**	**13,773**	**(25,129)**	-	**148,552**
Gain on acquisition	-	-	29,371	-	-	-	29,371
Customer relationships intangibles amortisation	-	(18,321)	(4,059)	-	-	-	(22,380)
Transaction, restructuring costs and other	(43)	(141)	(247)	(1,370)	(5,764)	-	(7,565)
idoba product Development	-	-	-	(7,305)	-	-	(7,305)
Foreign exchange (loss)/ gain, net	(302)	(1,963)	(230)	(2,646)	10	-	(5,131)
Reported segment EBIT	**24,611**	**99,277**	**40,085**	**2,452**	**(30,883)**	**-**	**135,542**
Finance income							1,577
Finance costs							(35,026)
Profit before tax							102,093
Income tax expense							(32,284)
Profit for the period							69,809
Non-controlling interests							(5,018)
Profit for the period attributable to members							**64,791**
Segment assets	**778,330**	**1,977,716**	**482,047**	**222,229**	**1,790,139**	**(1,944,977)**	**3,305,484**
Segment liabilities	**468,208**	**1,022,515**	**112,011**	**141,623**	**1,133,871**	**(1,347,628)**	**1,530,600**
Other segment information							
Depreciation expense	(45,423)	(86,576)	(12,425)	(15,471)	(1,391)	-	(161,286)
Acquisition of property, plant and equipment, intangibles and other non-current assets	66,941	102,636	13,999	14,638	564	-	198,778
Proceeds from sale of property, plant and equipment and assets held for sale	12,978	3,952	573	1,402	-	-	18,905

2 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director (continued)
Prior period (restated due to formation of Drilling Services Division)

Half-year ended 31 December 2022	Contract Mining $'000	Drilling Services $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	1,243,695	99,151	95,664	-	-	1,438,510
Intersegment sales	-	-	11,598	-	(11,598)	-
Total sales revenue	**1,243,695**	**99,151**	**107,262**	-	**(11,598)**	**1,438,510**
Timing of revenue recognition						
- At a point in time	-	813	45,072	-	(8,796)	37,089
- Over time	1,243,695	98,338	62,190	-	(2,802)	1,401,421
	1,243,695	99,151	107,262	-	(11,598)	1,438,510
Underlying segment EBIT(A)	**154,183**	**6,881**	**5,866**	**(32,322)**	-	**134,608**
Customer relationships intangibles amortisation	(14,858)	-	-	-	-	(14,858)
Transaction, restructuring costs and other	3,230	-	(1,357)	(2,861)	-	(988)
Impairment of assets	(4,728)	-	-	-	-	(4,728)
Foreign exchange (loss)/gain, net	(2,895)	(123)	(86)	997	-	(2,107)
Reported segment EBIT	**134,932**	**6,758**	**4,423**	**(34,186)**	**-**	**111,927**
Finance income						2,678
Finance costs						(33,389)
Profit before tax						81,216
Income tax expense						(37,181)
Profit for the period						44,035
Non-controlling interests						(4,374)
Profit for the year attributable to members						**39,661**
Segment assets	**2,356,417**	**187,442**	**227,660**	**1,822,939**	**(1,835,091)**	**2,759,367**
Segment liabilities	**1,279,283**	**173,125**	**138,771**	**1,012,743**	**(1,210,431)**	**1,393,491**
Other segment information						
Depreciation expense	(118,402)	(9,380)	(14,586)	(1,874)	-	(144,242)
Acquisition of property, plant and equipment, intangibles and other non-current assets	140,239	8,357	13,307	2,511	-	164,414
Proceeds from sale of property, plant and equipment and assets held for sale	16,406	799	3,568	-	-	20,773

2 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director (continued)
Prior period (as originally disclosed per 31 Dec 2022 financials)

	Contract Mining		Mining Services and idoba	Corporate	Inter-segment eliminations	Consolidated
Half-year ended 31 December 2022	**Surface $'000**	**Underground $'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue						
Sales to external customers	340,632	1,002,214	95,664	-	-	1,438,510
Intersegment sales	-	-	11,598	-	(11,598)	-
Total sales revenue	**340,632**	**1,002,214**	**107,262**	-	**(11,598)**	**1,438,510**
Timing of revenue recognition						
- At a point in time	813	-	45,072	-	(8,796)	37,089
- Over time	339,819	1,002,214	62,190	-	(2,802)	1,401,421
	340,632	1,002,214	107,262	-	(11,598)	1,438,510
Underlying segment EBIT(A)	**37,718**	**123,346**	**5,866**	**(32,322)**	-	**134,608**
Customer relationships intangibles amortisation	-	(14,858)	-	-	-	(14,858)
Transaction, restructuring costs and other	3,468	(238)	(1,357)	(2,861)	-	(988)
Impairment of assets	(4,728)	-	-	-	-	(4,728)
Foreign exchange (loss)/gain, net	(505)	(2,513)	(86)	997	-	(2,107)
Reported segment EBIT	**35,953**	**105,737**	**4,423**	**(34,186)**	**-**	**111,927**
Finance income						2,678
Finance costs						(33,389)
Profit before tax						81,216
Income tax expense						(37,181)
Profit for the period						44,035
Non-controlling interests						(4,374)
Profit for the year attributable to members						**39,661**
Segment assets	**765,515**	**1,778,344**	**227,660**	**1,822,939**	**(1,835,091)**	**2,759,367**
Segment liabilities	**497,946**	**954,462**	**138,771**	**1,012,743**	**(1,210,431)**	**1,393,491**
Other segment information						
Depreciation expense	(43,565)	(84,217)	(14,586)	(1,874)	-	(144,242)
Acquisition of property, plant and equipment, intangibles and other non-current assets	49,839	98,757	13,307	2,511	-	164,414
Proceeds from sale of property, plant and equipment and assets held for sale	9,136	8,069	3,568	-	-	20,773

2 SEGMENT INFORMATION (CONTINUED)

(c) 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 condensed consolidated statement of profit or loss.

Total revenue by geographical location is as follows:

	31 December 2023			31 December 2022 (restated)		
	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
Contract Mining						
- Australia	**518,043**	-	**518,043**	498,130	-	498,130
- Ghana	**251,997**	**-**	**251,997**	251,184	-	251,184
- Burkina Faso	**167,898**	-	**167,898**	162,793	-	162,793
- Botswana	**166,931**	-	**166,931**	149,679	-	149,679
- Tanzania	**72,380**	-	**72,380**	68,201	-	68,201
- Canada and USA	**67,084**	-	**67,084**	53,965	-	53,965
- Mali	**-**	-	-	3,725	-	3,725
- Senegal	**51,181**	-	**51,181**	56,019	-	56,019
Drilling Services						
- Australia	**220,256**	-	**220,256**	99,150	-	99,150
- North America	**11,593**	-	**11,593**	-	-	-
- Portugal	**2,238**	-	**2,238**	-	-	-
- Spain	**1,211**	-	**1,211**	-	-	-
Mining Services and idoba						
- Australia	**88,278**	**(786)**	**87,492**	79,748	(766)	78,982
- Africa	**32,905**	**(19,046)**	**13,859**	27,514	(10,832)	16,682
Total segment revenue	**1,651,995**	**(19,832)**	**1,632,163**	1,450,108	(11,598)	1,438,510

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	31 DECEMBER 23 $'000	31 DECEMBER 22 $'000
Gain on acquisition	6	**29,371**	-
Impairment of assets		**-**	(4,728)

(a) Impairment of property, plant and equipment and inventory

For the half-year ended 31 December 2023, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation was below its net assets and therefore management considered this factor amongst other impairment indicators at 31 December 2023.

The following table summarises the outcomes from impairment testing conducted across the Company's material Cash Generating Units (CGU).

CGU	Indicator for impairment testing		Valuation method used		Impairment expense/ (reversal)	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	31 Dec 23 $'000	31 Dec 22 $'000
Contract Mining - Surface (Africa)	**Y**	Y	**FVLCD**	FVLCD	**-**	4,728
Contract Mining - Underground (Australia/Africa and North America)	**Y**	Y	**VIU**	VIU	**-**	-
Drilling Services - Ausdrill*	**Y**	Y	**FVLCD**	FVLCD	**-**	-
Drilling Services - DDH1 Group**	**Y**	-	**FVLCD**	-	**-**	-
BTP Group	**Y**	Y	**FVLCD**	FVLCD	**-**	-

* *Previously referred to as Contract Mining - Surface (Australia) CGU*

** *The DDH1 Group consists of DDH1, Swick, Strike and Ranger brands which are now integrated into Perenti Group. Each of these brands are a separate CGU and is tested for impairment separately. As part of the work performed to recognise DDH1 at fair value on the date of acquisition, management obtained external valuations. Given the transaction was completed within 12 months from 31 December 2023, the valuations are considered current and used to support DDH1's carrying values. Refer to Note 6 for further details.*

3 INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

(a) Impairment of property, plant and equipment and inventory (continued)

Fair value less costs of disposal

At 31 December 2023, estimates of recoverable amounts for non-current assets within the Contract Mining - Surface (Africa), Drilling Services - Ausdrill and BTP Group CGUs were prepared using the FVLCD method to assess whether impairments or reversal of previous impairments were required. As disclosed in the 30 June 2023 Annual Report, the Group sourced independent valuations to support the FVLCD estimates required for the applicable assets. As these valuations were obtained during the last six months, and there were no other internal or external factors that indicated the valuations were not current, management have placed reliance on these independent valuations as at the 31 December 2023 balance date.

Value in use

Separately, an estimate of the recoverable amount for the Underground Mining CGU was prepared using the VIU method. No impairment expense was required to be recorded for this CGU at 31 December 2023.

In determining the recoverable value, estimates are made regarding the present value of future cash flows. These estimates are calculated using management judgement, contain elements of risk and uncertainty, can be impacted by changes in economic conditions, and changes to the discount rates used to calculate the present value of future cash flows.

There were no other internal or external impairment indicators for the Contract Mining - Underground CGU, other than the deficit in market capitalisation at 31 December 2023, and therefore the 30 June 2023 VIU model, updated for key assumptions, was used.

The key assumption changes were:

- The weighted average cost of capital pre-tax discount rates were in the range of 12.4% and 22.0% (30 June 2023: 12.6% and 23.7%) and varied depending on the country risk assigned to the region from where a project was domiciled. The present value of cash flows is sensitive to the growth and discount rates used noting a lower discount rate will result in a higher recoverable value.
- A foreign exchange rate of $0.68 US$:AU$ (30 June 2023: $0.67 US$:AU$) spot rate was used to translate the US Dollar denominated CGU's into Australian Dollars.

Further details of the assumptions utilised in the 30 June 2023 VIU model can be found in note 7(e)(iii) of the 30 June 2023 Annual Report.

During the half-year ended 31 December 2022, the Group decided to sell the property, plant, equipment and inventory in its 100% owned subsidiary Power Solutions Africa Sarl (PSA) for total consideration of $6.2 million (USD$4.5million). The difference between the consideration and asset carrying values resulted in an impairment to property, plant and equipment and inventory of $4.7 million.

4 OTHER INCOME AND EXPENSE ITEMS

(a) Other income

	Notes	31 DECEMBER 23 $'000	31 DECEMBER 22 $'000
Gain on acquisition		**29,371**	-
Gain on disposal of non-current assets		**6,109**	8,212
Apprentice grants		**931**	4,086
Insurance and settlement proceeds		**107**	10,837
Other items		**2,714**	1,809
Total other income		**39,232**	24,944

(b) Breakdown by nature

	31 DECEMBER 23 $'000	31 DECEMBER 22 $'000
Depreciation expense		
Plant and equipment depreciation	**150,698**	129,077
Right-of-use asset depreciation	**9,805**	14,377
Buildings depreciation	**783**	788
Total depreciation expense	**161,286**	144,242
Amortisation expense		
Customer relationships intangibles amortisation	**22,380**	14,858
Software amortisation	**2,635**	2,365
Total amortisation expense	**25,015**	17,223
Finance income		
Gain on settlement of debt	-	(1,908)
Interest income	**(1,577)**	(770)
Total finance income	**(1,577)**	(2,678)
Finance costs		
Interest expense	**30,692**	28,812
Lease contracts interest	**1,934**	1,792
Amortisation of borrowing cost	**2,400**	2,775
Other finance costs	**-**	10
Total finance costs	**35,026**	33,389
Other expenses from ordinary activities		
Travel and accommodation	**26,442**	20,827
Staffing, safety and training	**26,352**	21,103
Freight	**21,133**	19,437
Consultants	**18,890**	14,059
Insurance	**9,278**	7,425
IT and communications	**14,054**	10,204
Property related expenses	**4,884**	4,022
Duties and taxes	**6,742**	11,531
Trade receivable provisions and bad debts	**8,126**	(61)
Foreign exchange loss, net	**5,131**	2,108
All other expenses	**23,768**	23,901
Total other expenses from ordinary activities	**164,800**	134,556

5 BORROWINGS

	31 December 2023			30 June 2023		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Secured						
Bank loans	**-**	**262,597**	**262,597**	-	113,000	113,000
Other loans	**2,046**	**1,237**	**3,283**	2,000	2,092	4,092
Capitalised borrowing costs	**-**	**(2,830)**	**(2,830)**	-	(3,410)	(3,410)
Total secured borrowings	**2,046**	**261,004**	**263,050**	2,000	111,682	113,682
Unsecured						
USD notes	**-**	**635,804**	**635,804**	-	649,718	649,718
Loan from non-controlling interest	**1,175**	**-**	**1,175**	1,201	-	1,201
Insurance premium funding	**4,460**	**-**	**4,460**	-	-	-
Capitalised borrowing costs	**-**	**(5,736)**	**(5,736)**	-	(7,522)	(7,522)
Total unsecured borrowings	**5,635**	**630,068**	**635,703**	1,201	642,196	643,397
Total borrowings	**7,681**	**891,072**	**898,753**	3,201	753,878	757,079

At 31 December 2023, the Group had total unutilised facilities (bank and other loans) of $177,380,000 (30 June 2023: $326,195,000).

Bank loans

The Group has a A$420 million syndicated debt facility which is provided by a number of leading lending institutions in the global banking market. The facility comprised of tranches with 2, 3, 4 and 5 year maturity dates at inception. As at 31 December 2023, 64.1% of the facility was drawn down inclusive of bank guarantees. In December 2023, the 2-year tranche was extended to July 2025.

Other loans

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

USD notes

On 7 October 2020 Perenti issued a 6.50% US144A/RegS Guaranteed Senior Notes due for repayment 7 October 2025 with a US$450 million principal amount. Subsequently in October 2022, Perenti repurchased US$17.1 million of the notes. As at 31 December 2023, the balance outstanding is US$432.8 million.

The notes issued by Perenti Finance Pty Ltd are unsecured and have been guaranteed by Perenti Limited and its subsidiaries. The interest on the notes is payable semi-annually on 7 April and 7 October. The notes are quoted on the Singapore Stock Exchange.

Loan from non-controlling interest

The loan is from the joint venture partner to AMAX Limited, a joint venture where Perenti has a 60% controlling interest.

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.

Credit ratings

The Group currently has a credit rating of Ba2 (Outlook Positive) from Moody's, a credit rating of BB (Outlook Positive) from Standard & Poor's and a credit rating of BB+ (Outlook Stable) from Fitch.

5 BORROWINGS (CONTINUED)

Fair value

For the majority of the borrowings, the fair values were 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:

	31 December 2023		30 June 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
On-balance sheet				
Traded financial liabilities				
US144A notes - unsecured	**635,804**	**625,854**	649,718	633,410

The fair values of non-current borrowings are based on market price (Level 1) at the balance sheet date.

6 BUSINESS COMBINATION

(a) Summary of acquisition

On 6 October 2023, the Group completed the acquisition of DDH1 Limited ("DDH1") and its subsidiaries by a scheme of arrangement. The total consideration paid to DDH1 shareholders was $329.7 million for 100% of the shares.

DDH1 brings significant capability across a range of specialised surface and underground drilling services that complement Perenti's existing service offerings. Perenti will benefit from increased scale, synergies derived from the amalgamated group and the ability to leverage the operational and financial strengths of both companies.

Details of the purchase consideration and the net assets acquired and liabilities assumed are as follows:

	$'000
Purchase consideration	
Ordinary shares issued (279,704,558 Perenti shares at $1.00 each)	279,705
Cash paid	50,011
Total purchase consideration	329,716

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as follows:

	Provisional Fair value $'000
Cash and cash equivalents	13,994
Trade and other receivables	101,793
Inventories	59,483
Other current assets	9,911
Financial assets	653
Property plant and equipment	295,193
Right-of-use assets	12,246
Intangible assets - customer contracts	13,211
Intangible assets - customer relationships	17,436
Intangible assets - development assets	7,182
Trade and other payables	(53,357)
Provisions	(25,916)
Lease liabilities	(13,872)
Current tax liabilities	(923)
Deferred tax liabilities	(39,947)
Total net identifiable assets acquired	397,087
Loan to DDH1 Limited - pre-acquisition (refer to note 6(c))	(38,000)
Gain on acquisition	(29,371)
Total consideration	329,716

6 BUSINESS COMBINATION (CONTINUED)

(a) Summary of acquisition (continued)

The acquisition of DDH1 business resulted in a gain on acquisition of $29.4 million as the fair value of assets acquired, and liabilities assumed exceeded the total of the fair value of consideration paid. The acquisition resulted in a gain as the value of the ordinary shares issued as consideration for the acquisition decreased from the date the acquisition was announced on 26 June 2023 to the date the acquisition was completed on 6 October 2023 and due to the fair value uplift to plant and equipment. Customer contracts and relationships and development assets are being amortised in line with the valuation assessment.

The gain on acquisition amount has been recognised under "Other income" in the consolidated statement of profit or loss for the half year period ended 31 December 2023.

b) Status of acquisition accounting

The initial accounting for the acquisition of DDH1 has only been provisionally determined at the end of the reporting period.

(c) Loan to DDH1 Limited - pre acquisition

On 5 October 2023, Perenti advanced $38.0 million to DDH1 to allow DDH1 to repay its external debt and provide working capital via an ongoing inter-company loan. As this loan was advanced prior to the acquisition date of 6 October 2023, it was settled by the acquisition and the liability was not included in the liabilities assumed, but considered in the calculation of the gain on acquisition.

(d) Acquired receivables

The fair value of trade and other receivables was $101.8 million and comprised of trade receivables of $99.9 million and other receivables of $1.9 million. The gross contractual amount for trade receivables due was $101.7 million, of which $1.8 million is expected to be uncollectible (and thus provided for).

(e) Acquisition related costs

Acquisition-related costs (recorded against Other expenses) relating to the acquisition of DDH1 of $5.8 million were expensed at 31 December 2023. Additionally, acquisition-related costs of $5.9 million were incurred by DDH1 Limited pre-acquisition but paid post-acquisition.

(f) Revenue and profit contribution

DDH1 contributed circa $133.2 million revenue and circa $10.6 million to the Group's profit before tax for the period between the date of acquisition and the reporting date. If the acquisition of DDH1 had been completed on 1 July 2023, Group revenues for the half year would have been circa $1,798.5 million and Group profit before tax would have been circa $102.4 million.

(g) Net cash flow from acquisition

The net cash paid is as follows:

	$'000
Cash consideration paid	(50,011)
Cash acquired	13,994
Net cash outflow - investing activities	**(36,017)**

7 CONTRIBUTED EQUITY

(a) Contributed equity

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 $'000	30 June 2023 $'000
Fully paid ordinary shares	**956,609,086**	682,172,308	**1,392,595**	1,118,448

(b) Movements in ordinary share capital

Details	Notes	Number of shares	Total $'000
Opening balance 1 July 2023		682,172,308	1,118,448
Shares issued on conversion of employee share rights		2,912,636	2,980
Buy-back of ordinary shares, gross of transaction costs and net of tax	7(g)	(8,180,416)	(8,538)
Consideration paid for acquisition of business	6	279,704,558	279,705
Balance 31 December 2023		**956,609,086**	**1,392,595**
Less treasury shares			
Opening Balance at 1 July 2023		-	-
Consideration paid for acquisition of business		(6,966,462)	-
Conversion to Ordinary Shares		1,791,098	-
Closing Balance at 31 December 2023		(5,175,364)	-
Balance at 31 December 2023		**951,433,722**	**1,392,595**

(c) 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.

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.

(d) Treasury shares

As part of the DDH1 acquisition, DDH1 treasury shares were converted to Perenti treasury shares in line with the Scheme Implementation Agreement. Treasury shares participate in dividends and the proceeds on winding up of the Group in proportion to the total number of shares held. There are no externally imposed capital requirements. At any meeting of shareholders, each treasury share is entitled to one vote.

(e) Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

(f) Rights

Information relating to the Company Incentive Rights Plan is included in the 2023 Annual Report.

(g) Share buy-back

For the half-year ended 31 December 2023, the Company completed an on-market share buy-back of 8.18 million shares for consideration of $8.54 million gross of transaction costs, all paid in cash. All shares bought back were cancelled.

8 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 19 February 2024, the directors have determined the payment of a fully franked interim dividend of 2.0 cents (31 December 2022: nil) per fully paid share to be paid on 12 April 2024. The aggregate amount of the proposed dividend expected to be paid but not recognised as a liability at 31 December 2023 is $19,132,000 (31 December 2022: nil).

There are no other matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect business operations, the results, or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 26 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards including AASB 134 *Interim Financial reporting*, 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 31 December 2023 and of its performance for the half-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 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.

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 Norwell
Managing Director & Chief Executive Officer

Perth
19 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PERENTI LIMITED

Independent auditor's review report to the members of Perenti Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Perenti Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 31 December 2023, the Condensed consolidated statement of comprehensive income, Condensed consolidated statement of profit or loss, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Perenti Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PERENTI LIMITED (CONTINUED)

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
19 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

	Notes	23 $'000	22 $'000
Revenue	2	**2,880,136**	2,437,656
Other income	4(a)	**43,330**	47,251
Materials expense		**(914,643)**	(734,512)
Labour costs		**(1,143,405)**	(1,037,993)
Rental and hire expense	4(b)	**(55,629)**	(45,306)
Depreciation expense	4(b)	**(283,646)**	(250,120)
Amortisation expense	4(b)	**(33,998)**	(29,042)
Finance costs	4(b)	**(64,609)**	(56,316)
Finance income	4(b)	**3,675**	397
Other expenses from ordinary activities	4(b)	**(260,275)**	(238,531)
Impairment of assets	4(b)	**(4,728)**	(23,162)
Profit before income tax		**166,208**	70,322
Income tax expense	5	**(63,622)**	(27,836)
Profit for the year		**102,586**	42,486
Profit is attributable to:			
Equity holders of Perenti Limited		**95,739**	40,658
Non-controlling interests		**6,847**	1,828
Profit for the year		**102,586**	42,486

Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings/(loss) per share	21	**13.9**	5.8
Diluted earnings/(loss) per share	21	**13.4**	5.7

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	23 $'000	22 $'000
Profit for the year		**102,586**	42,486
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange gains/(losses) on translation of foreign operations	8(b)	**3,749**	(26,497)
Exchange gains on translation of foreign operations - non-controlling interest		**670**	1,185
Items that will not be reclassified to profit or loss			
Gain on revaluation of FVOCI financial assets, net of tax	8(b)	**-**	21,762
Other comprehensive income/(loss) for the year, net of tax		**4,419**	(3,550)
Total comprehensive income for the year		**107,005**	38,936
Total comprehensive income for the year is attributable to:			
Equity holders of Perenti Limited		**99,488**	35,923
Non-controlling interests		**7,517**	3,013
Total comprehensive income for the year		**107,005**	38,936

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	23 $'000	22 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9(c)	**307,360**	348,519
Trade and other receivables	6(a)	**435,220**	391,101
Inventories	7(a)	**227,242**	212,119
Current tax receivables		**15,590**	12,546
Assets classified as held for sale	7(b)	**18,663**	7,488
Total current assets		**1,004,075**	971,773
Non-current assets			
Receivables	6(a)	**15,098**	9,430
Property, plant and equipment	7(c)	**968,236**	926,320
Right-of-use assets	7(d)	**45,616**	59,305
Intangible assets	7(e)	**626,083**	652,207
Deferred tax assets	5(g)	**164,266**	170,239
Total non-current assets		**1,819,299**	1,817,501
Total assets		**2,823,374**	2,789,274
LIABILITIES			
Current liabilities			
Trade and other payables	6(c)	**421,385**	393,298
Borrowings	6(d)	**3,201**	2,172
Lease liabilities	7(d)	**16,538**	27,943
Current tax liabilities		**25,175**	15,002
Employee benefit obligations	7(f)	**79,306**	79,722
Total current liabilities		**545,605**	518,137
Non-current liabilities			
Borrowings	6(d)	**753,878**	843,492
Lease liabilities	7(d)	**32,745**	28,250
Deferred tax liabilities	5(g)	**58,554**	72,240
Employee benefit obligations	7(f)	**6,136**	4,263
Provisions		**165**	532
Total non-current liabilities		**851,478**	948,777
Total liabilities		**1,397,083**	1,466,914
Net assets		**1,426,291**	1,322,360
EQUITY			
Contributed equity	8(a)	**1,118,448**	1,137,030
Other reserves	8(b)	**(35,721)**	(56,027)
Retained earnings		**326,676**	230,937
Capital and reserves attributable to owners of Perenti Limited		**1,409,403**	1,311,940
Non-controlling interests		**16,888**	10,420
Total equity		**1,426,291**	1,322,360

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

		Attributable to owners of Perenti Limited					
		Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021 as originally presented		**1,137,783**	**(10,594)**	**165,629**	**1,292,818**	**9,888**	**1,302,706**
Prior year adjustment Software-as-a-Service - Intangible		-	-	(4,643)	(4,643)	-	(4,643)
Restated total equity at 1 July 2021		**1,137,783**	**(10,594)**	**160,986**	**1,288,175**	**9,888**	**1,298,063**
Profit for the year		-	-	40,658	40,658	1,828	42,486
Other comprehensive income/(loss)		-	(4,735)	-	(4,735)	1,185	(3,550)
Total comprehensive income/(loss) for the year		**-**	**(4,735)**	**40,658**	**35,923**	**3,013**	**38,936**
Transfer from financial assets at FVOCI reserve to retained earnings		-	(29,474)	29,474	-	-	-
Asset revaluation reserve gain taken to retained earnings on sale of asset		-	(11,998)	11,998	-	-	-
Vested employee share rights that have lapsed, been cancelled or forfeited		-	(1,929)	1,929	-	-	-
Transactions with owners in their capacity as owners:							
Dividends paid		-	-	(14,108)	(14,108)	-	(14,108)
Buy-back of ordinary shares, gross of transaction costs and net of tax		(2,057)	-	-	(2,057)	-	(2,057)
Dividends paid to non-controlling interests		-	-	-	-	(2,665)	(2,665)
Deferred tax movement on capital raising costs		(584)	-	-	(584)	-	(584)
Employee share rights - value of employee services		-	4,591	-	4,591	-	4,591
Shares issued on conversion of employee share rights		1,888	(1,888)	-	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	184	184
		(753)	2,703	(14,108)	(12,158)	(2,481)	(14,639)
Balance at 30 June 2022		**1,137,030**	**(56,027)**	**230,937**	**1,311,940**	**10,420**	**1,322,360**
Balance at 1 July 2022		**1,137,030**	**(56,027)**	**230,937**	**1,311,940**	**10,420**	**1,322,360**
Profit for the year		-	-	95,739	95,739	6,847	102,586
Other comprehensive income		-	3,749	-	3,749	670	4,419
Total comprehensive income for the year		-	3,749	95,739	99,488	7,517	107,005
Transfer to non-controlling interest reserve		-	6,231	-	6,231	(831)	5,400
Transactions with owners in their capacity as owners:							
Dividends paid	12(b)(i)	-	-	-	-	-	-
Buy-back of ordinary shares, gross of transaction costs and net of tax	12(c)	(20,372)	-	-	(20,372)	-	(20,372)
Dividends paid to non-controlling interests		-	-	-	-	(218)	(218)
Deferred tax movement on capital raising costs	8(a)	(370)	-	-	(370)	-	(370)
Employee share rights - value of employee services	19(b)	-	12,486	-	12,486	-	12,486
Shares issued on conversion of employee share rights	8(a), 8(b)	2,160	(2,160)	-	-	-	-
		(18,582)	16,557	-	(2,025)	(1,049)	(3,074)
Balance at 30 June 2023		**1,118,448**	**(35,721)**	**326,676**	**1,409,403**	**16,888**	**1,426,291**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Notes	23 $'000	22 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**3,009,036**	2,515,724
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,486,359)**	(2,056,808)
		522,677	458,916
Interest received		**1,538**	397
Interest and other costs of finance paid		**(61,186)**	(49,919)
Income taxes paid		**(64,909)**	(68,092)
Net cash inflow from operating activities	9(a)	**398,120**	341,302
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(373,921)**	(467,937)
Proceeds from sale of property, plant and equipment		**76,729**	26,715
Proceeds from sale of assets at FVOCI	6(b)(ii)	**-**	56,625
Proceeds from sale of businesses		**-**	46,186
Proceeds from sale of assets held for sale	7(b)	**16,338**	31,158
Payments for purchase of subsidiaries	13	**-**	(3,750)
Cash removed on disposal of subsidiary		**-**	(1,404)
Repayment of loan by non-controlling interest		**168**	609
Net cash outflow from investing activities		**(280,686)**	(311,798)
Cash flows from financing activities			
Proceeds from borrowings		**340,106**	310,926
Repayment of borrowings		**(433,195)**	(217,873)
Payments of lease liabilities		**(28,611)**	(26,432)
Dividends paid	12(b)	**-**	(14,108)
Dividends paid to non-controlling interest		**(435)**	(2,610)
Payments for bonds buy-back, gross of transaction costs		**(24,887)**	-
Payments for borrowing costs		**(4,586)**	(139)
Transactions with non-controlling interest		**-**	(36)
Payments for share buy- back, gross of transaction costs		**(21,526)**	(940)
Proceeds from disposal of a non-controlling interest		**5,400**	-
Net cash (outflow)/inflow from financing activities		**(167,734)**	48,788
Net (decrease)/increase in cash and cash equivalents		**(50,300)**	78,292
Cash and cash equivalents at the beginning of the financial year		**348,519**	264,741
Effects of exchange rate changes on cash and cash equivalents		**9,141**	5,486
Cash and cash equivalents at end of year	9(c)	**307,360**	348,519

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

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(A).

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.

The reportable segments are:

Contract Mining - Surface

The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

Contract Mining - Underground

The provision of underground mining services and diamond drilling in Australia, Africa and North America.

Mining Services and idoba

Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services.

Corporate

This segment includes corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk and other corporate administration.

Intersegment eliminations

Represents transactions which are eliminated on consolidation.

Financing arrangements are managed at a group level and therefore net financing cost are not allocated to segments.

EBIT(A)

EBIT(A) is defined as earnings before finance costs, finance income, income tax expense or benefit and amortisation of customer related intangibles.

1 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director

For the year ended 30 June 2023	Contract Mining Surface $'000	Contract Mining Underground $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	661,019	2,020,861	198,256	-	-	2,880,136
Intersegment sales	-	-	26,400	-	(26,400)	-
Total sales revenue	**661,019**	**2,020,861**	**224,656**	**-**	**(26,400)**	**2,880,136**
Timing of revenue recognition						
- At a point in time	1,731	-	98,802	-	(21,813)	78,720
- Over time	659,288	2,020,861	125,854	-	(4,587)	2,801,416
	661,019	2,020,861	224,656	-	(26,400)	2,880,136
Underlying segment EBIT(A)	**62,172**	**256,676**	**7,286**	**(62,030)**	-	**264,104**
Customer relationships intangibles amortisation	-	(29,141)	-	-	-	(29,141)
Impairment of assets	(4,728)	-	-	-	-	(4,728)
Transaction, restructuring costs and other	5,469	(244)	(2,163)	(5,373)	-	(2,311)
Foreign exchange (loss)/gain, net	(2,517)	92	(76)	1,719	-	(782)
Reported segment EBIT	**60,396**	**227,383**	**5,047**	**(65,684)**	**-**	**227,142**
Interest income						3,675
Interest expense						(64,609)
Profit before tax						**166,208**
Income tax expense						(63,622)
Profit for the year						**102,586**
Non-controlling interests						(6,847)
Profit for the year attributable to members						**95,739**
Segment assets	**781,579**	**1,920,853**	**228,754**	**1,790,857**	**(1,898,669)**	**2,823,374**
Segment liabilities	**491,998**	**1,030,134**	**145,870**	**996,028**	**(1,266,949)**	**1,397,081**
Other segment information						
Depreciation expense	(91,197)	(161,701)	(27,447)	(3,301)	-	(283,646)
Customer relationships intangibles amortisation	-	(29,141)	-	-	-	(29,141)
Acquisition of property, plant and equipment, intangibles and other non-current assets	108,588	231,393	30,885	3,055	-	373,921

1 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director (continued)

For the year ended 30 June 2022	Contract Mining Surface $'000	Contract Mining Underground $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	553,602	1,737,237	146,817	-	-	2,437,656
Intersegment sales	-	538	32,472	-	(33,010)	-
Total sales revenue	**553,602**	**1,737,775**	**179,289**	**-**	**(33,010)**	**2,437,656**
Timing of revenue recognition						
- At a point in time	1,455	-	79,159	-	(23,553)	57,061
- Over time	552,147	1,737,775	100,130	-	(9,457)	2,380,595
	553,602	1,737,775	179,289	-	(33,010)	2,437,656
Underlying segment EBIT(A)	**30,153**	**184,614**	**13,151**	**(51,625)**	-	**176,293**
Amortisation expense	(552)	(25,510)	(1,536)	(1,444)	-	(29,042)
Impairment of assets	-	(23,162)	-	-	-	(23,162)
Provisions relating to the exit from Mali	(11,619)	-	-	-	-	(11,619)
Transaction, restructuring costs and other	(721)	34	(3,757)	(5,466)	-	(9,910)
Foreign exchange (loss)/gain, net	(1,988)	2,068	97	(2,139)	-	(1,962)
Gain on sale of businesses, net	-	-	25,643	-	-	25,643
Reported segment EBIT	**15,273**	**138,044**	**33,598**	**(60,674)**	**-**	**126,241**
Interest income						397
Interest expense						(56,316)
Profit before tax						**70,322**
Income tax expense						(27,836)
Profit for the year						**42,486**
Non-controlling interests						(1,828)
Profit for the year attributable to members						**40,658**
Segment assets	**822,392**	**1,732,288**	**213,034**	**1,857,146**	**(1,835,586)**	**2,789,274**
Segment liabilities	**606,102**	**1,158,843**	**120,502**	**1,035,187**	**(1,453,720)**	**1,466,914**
Other segment information						
Depreciation expense	(65,429)	(162,998)	(18,313)	(3,380)	-	(250,120)
Amortisation expense	(552)	(25,510)	(1,536)	(1,444)	-	(29,042)
Acquisition of property, plant and equipment, intangibles and other non-current assets	217,357	208,984	24,788	16,808	-	467,937

1 SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The table below provides information on the geographical location of revenue from contracts with customers and non-current assets (other than deferred tax assets). Revenue and non-current assets are recorded in the applicable jurisdiction based on location of operation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the consolidated income statement. Non-current assets are allocated based on the location of the operations and the physical location of the asset.

	30 June 2023				30 June 2022			
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Non-current segment assets	Total segment revenue	Inter-segment revenue	Revenue from external customers	Non-current segment assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Contract Mining - Surface								
- Australia	**202,605**	**-**	**202,605**	**128,161**	196,831	-	196,831	129,576
- Ghana	**155,360**	**-**	**155,360**	**121,150**	164,489	-	164,489	138,700
- Botswana	**114,004**	**-**	**114,004**	**123,385**	20,533	-	20,533	100,882
- Senegal	**109,847**	**-**	**109,847**	**42,487**	79,883	-	79,883	47,084
- Burkina Faso	**75,478**	**-**	**75,478**	**40,786**	68,223	-	68,223	34,887
- Mali	**3,725**	**-**	**3,725**	**339**	23,607	-	23,607	-
- Other foreign countries	**-**	**-**	**-**	**-**	36	-	36	17
Contract Mining - Underground								
- Australia	**1,006,331**	**-**	**1,006,331**	**366,393**	834,462	-	834,462	349,343
- Ghana	**325,417**	**-**	**325,417**	**203,290**	272,450	-	272,450	227,667
- Burkina Faso	**246,691**	**-**	**246,691**	**227,112**	219,646	-	219,646	226,393
- Botswana	**187,621**	**-**	**187,621**	**71,555**	145,184	(538)	144,646	76,307
- Tanzania	**143,372**	**-**	**143,372**	**108,488**	114,397	-	114,397	94,885
- Canada and USA	**111,429**	**-**	**111,429**	**38,725**	95,516	-	95,516	16,807
- Mali	**-**	**-**	**-**	**6,405**	-	-	-	25,180
- Egypt	**-**	**-**	**-**	**579**	56,120	-	56,120	598
- Other foreign countries	**-**	**-**	**-**	**2,138**	-	-	-	25
Mining Services and idoba								
- Australia	**164,654**	**(1,266)**	**163,388**	**136,447**	130,256	(6,027)	124,229	137,010
- Africa	**60,002**	**(25,134)**	**34,868**	**359**	49,033	(26,445)	22,588	283
- Other foreign countries	**-**	**-**	**-**	**-**	-	-	-	22
Corporate								
- Australia	**-**	**-**	**-**	**37,234**	-	-	-	41,596
Total	**2,906,536**	**(26,400)**	**2,880,136**	**1,655,033**	2,470,666	(33,010)	2,437,656	1,647,262

2 REVENUE

The Group derives the following types of revenue:	Notes	23 $'000	22 $'000
Revenue from Contracts with Customers			
Contract mining services	2(a)(i)	**2,714,185**	2,321,584
Equipment rental	2(a)(ii)	**67,199**	42,827
Mining supplies and manufactured goods (sale of goods)	2(a)(iii)	**78,720**	57,061
Consulting services	2(a)(iv)	**20,032**	16,184
		2,880,136	2,437,656

(a) Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

(i) Contract mining services

Contract mining services include underground and surface mining, drill and blast, in-pit grade control, exploration drilling, earthmoving, machinery rebuilds 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. The majority of the Group's revenue is paid one month in arrears and therefore gives rise to accrued revenue. The total transaction price for contract services may include variable consideration.

(ii) Equipment rental

Rental income is recognised on either a straight-line or machine hours basis over the term of the operating lease.

(iii) Mining supplies and manufactured goods (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 or delivered to a customer pursuant to the sales order.

(iv) Consulting services

The Group provides operational improvement and technology consulting services to clients in the mining sector. Delivery of these services represent performance obligations. Upon completion of each performance obligation, which is satisfied over time, the Group is entitled to payment for the services performed.

Accounting policies
The Group recognises revenue when or as 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.

Contract assets and liabilities
AASB 15 Revenue from Contracts with Customers 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
AASB 15 Revenue from Contracts with Customers provides 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 to the extent that it is highly probable that it will not result in a significant reversal. 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 relate directly to a contract or to an anticipated contract, generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and 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.*

(b) Revenue recognised in relation to contract liabilities
The Group recognised revenue from the amortisation of deferred revenue liabilities related to mining services contracts. Revenue recognised related to contract liabilities was $3,000,000 (2022: $2,433,000).

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	23 $'000	22 $'000
Impairment of assets		**4,728**	-
Gain on sale of MinAnalytical business	3(b)	**-**	29,630
Impairment of customer related intangibles	7(e)(i)	**-**	(23,162)
		4,728	6,468

(a) Impairment of property, plant and equipment and inventory

For the year ended 30 June 2023, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 30 June 2023 was below its net assets and management considered this factor amongst other impairment indicators at 30 June 2023.

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of Cash Generating Units (CGUs) against their respective budgets and forecasts or as a result of changes to macroeconomic conditions. Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of Fair Value less Cost of Disposal (FVLCD) and Value in Use (VIU).

At 30 June 2023, estimates of recoverable amounts for non-current assets within the Surface Mining and BTP Group CGUs were prepared using the FVLCD method to assess whether impairments or reversal of previous impairments were required. The Group sourced independent valuations at 30 June 2023 to support the FVLCD estimates required for the applicable assets.

During the year ended 30 June 2023, the Group decided to sell the property, plant, equipment and inventory in its 100% owned subsidiary Power Solutions Africa Sarl (PSA) for total consideration of $6.2 million (USD$4.5million). The difference between the consideration and asset carrying values resulted in an impairment to property, plant and equipment and inventory of $4.7 million.

Separately, estimates of recoverable amounts for the Underground Mining CGU's were prepared using the VIU method. No impairment expense was recorded in these CGU's at 30 June 2023.

Summary of the impairment taken, and method used to assess the impairment

The following table summarises the outcomes from impairment testing conducted across the Company's material CGUs.

	Indicator for impairment testing		Valuation method used		Impairment expense/ (reversal) of PPE and Inventory	
Group of CGU's	**23**	22	**23**	22	**23**	22
Contract Mining - Surface (Africa)	**Y**	Y	**FVLCD**	FVLCD	**4,728**	-
Contract Mining - Surface (Australia)	**Y**	Y	**FVLCD**	FVLCD	**-**	-
Contract Mining - Underground (Australasia / Africa and North America)	**Y**	Y	**VIU**	VIU	**-**	23,162
BTP Group	**Y**	Y	**FVLCD**	FVLCD	**-**	-

Fair value less costs of disposal

At 30 June 2023, the Group obtained independent valuation of the non-current assets within the Contract Mining - Surface (Africa), Contract Mining - Surface (Australia), BTP Group and idoba CGUs (except for Power Solutions Africa Suarl (PSA)). As their individual FVLCD are higher than their carrying amounts, no further impairment test was performed at the CGU levels.

Value in use

In determining the Contract Mining - Underground CGU's recoverable amount using VIU, estimates are made regarding the present value of future cash flows. These estimates are calculated using management judgement, contain elements of risk and uncertainty, can be impacted by changes in economic conditions, and changes to the discount rates used to calculate the present value of future cash flows.

For the year ended 30 June 2023, no impairment or reversal was recorded against Contract Mining - Underground. Refer to note 7(e)(iii) for key assumptions used.

3 INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

(b) Gain on sale of MinAnalytical business

In the prior period the Group completed a divestment, effective 30 November 2021, of its ownership in its subsidiary MinAnalytical Laboratory Services Australia Pty Ltd ('MinAnalytical'). The total consideration for the transaction was $43.6 million in cash, comprised of $39.0 million for shares in MinAnalytical plus $4.6 million for working capital. A gain of $29.6 million, net of transaction costs, was recorded against other income in the consolidated statement of profit or loss. The sale of MinAnalytical did not represent a separate major line of business and therefore has not been disclosed as a discontinued operation.

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	23 $'000	22 $'000
Gain on disposal of non-current assets		**20,539**	3,489
Insurance and settlement proceeds		**10,091**	126
Other items		**6,654**	9,567
Apprentice grants		**6,046**	8,426
Gain on sale of businesses, net		**-**	25,643
Total other income		**43,330**	47,251

(b) Breakdown by nature

	Notes	23 $'000	22 $'000
Depreciation expense			
Plant and equipment depreciation		**257,376**	223,498
Right-of-use asset depreciation		**24,695**	25,042
Buildings depreciation		**1,575**	1,580
Total depreciation expense		**283,646**	250,120
Amortisation expense			
Customer relationships intangibles amortisation		**29,141**	25,284
Software amortisation		**4,857**	3,758
Total amortisation expense		**33,998**	29,042
Rental and hire expenses			
Rental expense for equipment		**54,303**	44,326
Rental expense for properties		**1,326**	980
Total rental and hire expenses		**55,629**	45,306
Finance income			
Gain on settlement of debt		**(1,908)**	-
Interest income		**(1,767)**	(397)
Total finance income		**(3,675)**	(397)
Finance costs			
Interest expense		**56,217**	46,942
Lease contracts interest		**3,279**	3,635
Amortisation of borrowing cost		**5,103**	5,674
Other finance costs		**10**	65
Total finance costs		**64,609**	56,316

4 OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

(b) Breakdown by nature (continued)

	Notes	23 $'000	22 $'000
Other expenses from ordinary activities			
Staffing, safety and training		**44,048**	42,963
Travel and accommodation		**39,783**	32,412
Freight		**35,118**	36,444
Consultants		**29,177**	27,477
Duties and taxes		**19,562**	12,717
IT and communications		**18,420**	19,546
Insurance		**14,792**	16,788
Property related expenses		**8,529**	9,145
Bank charges		**7,434**	2,720
Acquisition related costs		**4,692**	743
Trade receivable provisions and bad debts		**840**	6,670
Foreign exchange loss/(gain), net		**782**	1,962
All other expenses		**37,098**	28,944
Total other expenses from ordinary activities		**260,275**	238,531
Impairment of assets			
Impairment of customer related intangibles	7(e)(i)	**-**	23,162
Impairment of property, plant and equipment	3	**4,298**	-
Impairment of inventory	3	**430**	-
Total impairment of assets		**4,728**	23,162

5 INCOME TAX EXPENSE

(a) Income tax expense

	23 $'000	22 $'000
Current income tax expense		
Current tax on profits for the year	**71,372**	53,498
Adjustments for prior periods	**74**	3,311
Deferred income tax expense		
Decrease/(increase) in deferred tax assets	**8,309**	5,880
Decrease in deferred tax liabilities	**(16,133)**	(34,853)
Income tax expense	**63,622**	27,836

(b) Tax reconciliation

	Notes	23 $'000	22 $'000
Profit before tax		**166,208**	70,322
Income tax at the Australian tax rate of 30% (2022: 30%)		**49,862**	21,097
Non-Deductible items:			
Share-based payments		**3,726**	1,306
Other foreign permanent differences		**140**	65
Withholding tax		**6,105**	18,711
Other assessable/non-deductible items		**33,555**	20,061
Difference in overseas tax rates		**(11,560)**	(5,641)
Adjustments for prior periods		**74**	3,311
Tax losses recognised		**1,621**	(20,037)
Movement in tax base due to effect of foreign currency translation		**(5,586)**	(12,279)
Movement in uncertain tax positions	5(g)(ii)	**(14,315)**	1,242
Income tax expense		**63,622**	27,836

(c) Amounts recognised directly in equity

	Notes	23 $'000	22 $'000
Deferred tax movement on capital raising costs		**(370)**	(584)

(d) Recognition and measurement

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws substantively enacted by the balance sheet date. 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.

5 INCOME TAX EXPENSE (CONTINUED)

(e) Tax losses and temporary differences not recognised

(i) Tax losses for which deferred tax assets have not been recognised:

	23 $'000	22 $'000
Unused tax losses for which no deferred tax asset has been recognised	**80,531**	85,997
Unrecognised deferred tax assets relating to the above unused tax losses	**23,707**	25,571

Key Judgement: Unrecognised deferred tax asset

The Group reviews the carrying amount of its deferred tax assets at each balance date. At 30 June 2023 the Group has unrecognised benefits relating to carried forward tax losses, which can only be offset against eligible future tax profits. The Group has determined that there is sufficient future taxable profit in Australia to support the losses recognised but at this stage it is not sufficient to support the above unrecognised losses relating predominantly to the African operations.

(ii) Temporary differences for which deferred tax liabilities have not been recognised:

	23 $'000	22 $'000
Undistributed earnings	**277,803**	186,215
Unrecognised deferred tax liabilities relating to the above undistributed earnings	**26,385**	14,965

The Group has undistributed earnings of $277,800,000 (2022: $186,215,000) in some of its overseas subsidiaries which, if paid out as dividends, would attract dividend withholding tax. 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.

(f) Effective tax rates for the year ended 30 June 2023 for Australian and Group operations

(i) Australian operations

The statutory effective tax rate for the year ended 30 June 2023 for the Australian operations is 3.7% (30 June 2022: 43.5%). This rate is lower than the Australian corporate income tax rate of 30% due to the impact of functional currencies, income/expenditure which are not assessable/deductible for tax, recognition of previously unrecognised tax losses and transfer pricing adjustments. The statutory effective tax rate excluding the impact of these items is 30.0% (30 June 2022: 30.0%).

(ii) Group operations

The statutory effective tax rate for the year ended 30 June 2023 for the global operations is 38.3% (30 June 2022: 39.6%). This rate is higher than the Australian corporate tax rate of 30% due to the impact of dividend withholding tax incurred, functional currencies, items of income/expenditure which are not assessable/deductible for tax, recognition of previously unrecognised tax losses and transfer pricing adjustments. The statutory effective tax rate excluding the impact of these items is 30.0% (30 June 2022: 30.0%).

5 INCOME TAX EXPENSE (CONTINUED)

(g) Deferred tax balances

(i) Deferred tax assets

	Notes	23 $'000	22 $'000
Deferred income tax relates to the following:			
Employee benefits		**28,259**	28,884
Accruals		**17,206**	9,119
Provision for obsolete stock		**3,202**	1,203
Doubtful debts		**46**	564
Depreciation		**12,347**	8,145
Right-of-use assets		**13,365**	12,959
Inventory		**67**	67
Borrowing and business expenses		**1,629**	3,233
Unrealised foreign exchange		**5,111**	2,156
Current/prior year tax losses recognised		**128,182**	146,059
Financial assets		**-**	446
R&D tax offset recognised		**-**	4,999
Deferred tax assets		**209,414**	217,834
Set off deferred tax liabilities pursuant to set-off provisions	5(g)(ii)	**(45,148)**	(47,595)
Net deferred tax assets		**164,266**	170,239
Deferred tax assets expected to be recovered within 12 months		**88,335**	74,345
Deferred tax assets expected to be recovered after more than 12 months		**121,079**	143,489
		209,414	217,834

All movements were incurred through the statement of profit or loss except for an amount of $336,000 (2022: $584,000) which was charged directly to equity.

(ii) Deferred tax liabilities

	Notes	23 $'000	22 $'000
Deferred income tax relates to the following:			
Depreciation		**25,316**	18,606
Intangibles - customer relationships		**41,666**	50,407
Revaluation of land and buildings		**6,507**	6,486
Right-of-use assets		**12,206**	11,946
Uncertain tax positions		**17,860**	32,175
Other		**147**	215
Deferred tax liabilities		**103,702**	119,835
Adjustment of deferred tax liabilities pursuant to set-off provisions	5(g)(i)	**(45,148)**	(47,595)
Net deferred tax liabilities		**58,554**	72,240
Deferred tax liabilities expected to be settled within 12 months		**14,829**	13,503
Deferred tax liabilities expected to be settled after more than 12 months		**88,873**	106,332
		103,702	119,835

All movements were incurred through the statement of profit or loss with no amounts charged directly to equity (2022: nil).

5 INCOME TAX EXPENSE (CONTINUED)

(g) Deferred tax balances (continued)

Uncertain tax positions

The Group is subject to income taxes across a number of global jurisdictions and therefore significant judgement is required when 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 Group 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 Group 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.

Offsetting deferred tax balances

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.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Trade and other receivables

	23			22		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables (i)	**145,730**	**-**	**145,730**	97,525	-	97,525
Accrued revenue	**205,648**	**-**	**205,648**	206,235	-	206,235
Provision for impairment and expected credit losses (see note 11(b))	**(12,350)**	**-**	**(12,350)**	(10,980)	-	(10,980)
	339,028	**-**	**339,028**	292,780	-	292,780
Net GST / VAT receivables	**33,371**	**-**	**33,371**	42,820	-	42,820
Other receivables (ii)	**8,845**	**14,750**	**23,595**	6,232	8,921	15,153
Prepayments	**53,976**	**348**	**54,324**	49,269	509	49,778
	435,220	**15,098**	**450,318**	391,101	9,430	400,531

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and loss allowance.

(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. 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. Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. For non-current receivables, the fair values are also not significantly different to their carrying amounts. The Group's impairment loss allowance, the 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).

(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.

(b) Financial assets at fair value through other comprehensive income

During the year ended 30 June 2022 the Group divested of all its equity holdings

(i) Amounts recognised in other comprehensive income

The following gains were recognised in other comprehensive income.

	Notes	23 $'000	22 $'000
Gains recognised in other comprehensive income, gross	8(b)	**-**	31,089

(ii) Disposal of financial assets at fair value through other comprehensive income during the year

In line with the Perenti Limited strategy to divest non-core assets, the entire portfolio of both listed and unlisted financial assets at FVOCI were sold during the year ended 30 June 2022. The sale resulted in cash consideration before costs of $56.6 million and a transfer from financial assets at FVOCI reserve to retained earnings of $29.5 million in the statement of changes in equity.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(c) Trade and other payables

	23 $'000	22 $'000
Trade payables	**216,033**	202,350
Accrued expenses	**133,346**	104,353
Payroll accruals	**51,640**	55,964
Net GST / VAT payables	**5,575**	8,457
Contract liabilities (i)	**2,216**	3,278
Accrued bond interest	**9,826**	9,885
Other creditors and accruals	**2,749**	9,011
	421,385	393,298

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid, except contract liabilities. 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. 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) Contract liabilities

Movements in liabilities relating to revenue contracts are as follows:

	Notes	23 $'000	22 $'000
Opening balance		**3,278**	1,986
Deferred revenue recognised		**1,566**	3,791
Revenue recognised	2(b)	**(3,000)**	(2,433)
Exchange differences		**372**	(66)
Closing balance		**2,216**	3,278

(d) Borrowings

	23			22		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	**-**	**113,000**	**113,000**	-	198,763	198,763
Other loans	**2,000**	**2,092**	**4,092**	5,769	4,093	9,862
Capitalised borrowing costs	**-**	**(3,410)**	**(3,410)**	(1,427)	(3,569)	(4,996)
Total secured borrowings	**2,000**	**111,682**	**113,682**	4,342	199,287	203,629
Unsecured						
USD notes	**-**	**649,718**	**649,718**	-	651,749	651,749
Loan from non-controlling interest	**1,201**	**-**	**1,201**	1,159	-	1,159
Capitalised borrowing costs	**-**	**(7,522)**	**(7,522)**	(3,329)	(7,544)	(10,873)
Total unsecured borrowings	**1,201**	**642,196**	**643,397**	(2,170)	644,205	642,035
Total borrowings	**3,201**	**753,878**	**757,079**	2,172	843,492	845,664

At 30 June 2023, the Group had total unutilised facilities (bank and other loans) of $326,195,000 (2022: $220,079,000).

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Bank loans

In June 2022, Perenti Limited successfully refinanced its A$400 million revolving credit facilities which were due to mature on 1 July 2023. The A$420 million syndicated debt facility is provided by a number of leading lending institutions in the global banking market. The facility is comprised of tranches with 2, 3, 4 and 5 year maturity dates. As at 30 June 2023, 29% of the facility was drawn down inclusive of bank guarantee.

Other loans

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

USD notes

On 7 October 2020 Perenti issued 6.50% Guaranteed Senior Notes due for repayment 7 October 2025 with a US$450 million principal amount. The notes were issued by Perenti Finance Pty Ltd and are unsecured and have been guaranteed by Perenti Limited and its subsidiaries. The interest on the notes is payable semi-annually on 7 April and 7 October. The notes are quoted on the Singapore Stock Exchange.

In October 2022, Perenti repurchased $26.8 million (US$17.1 million) of the notes at an average of 91.5% of the face value of the note.

Loan from non-controlling interest

The loan is from the joint venture partner to AMAX Limited, a joint venture where Perenti has a 60% participating interest.

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 financiers to replace or 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, a credit rating of BB (Outlook Stable) from Standard & Poor's and a credit rating of BB+ (Outlook Stable) from Fitch. 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.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(d) Borrowings (continued)

Fair value

For the majority of the borrowings, the fair values were 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:

	23		22	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On-balance sheet				
Traded financial liabilities				
US144A notes - unsecured	**649,718**	**633,410**	651,749	622,081

The fair values of non-current borrowings are based on market price (Level 1) at the balance sheet date.

Accounting policies

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.

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.

7 NON-FINANCIAL ASSETS AND LIABILITIES

(a) Inventories

	23 $'000	22 $'000
Work in progress	**16,083**	19,659
Finished goods	**20,738**	15,908
Consumables	**190,421**	176,552
	227,242	212,119

(i) Assigning costs to inventories

Consumables, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Costs assigned to individual items of inventory are calculated on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

(ii) Amounts recognised in profit or loss

For the year ended 30 June 2023, write-downs of inventories to their net realisable value totalled $423,000 (2022: $807,000) and inventory provisions of $7,206,000 (2022: $1,036,000) were recorded against the consolidated statement of profit or loss. The inventory provision balance at 30 June 2023 amounted to $17,995,000 (2022: $10,980,000). An impairment charge for assets sold in Power Solutions Africa Suarl of $430,000 (2022: nil) was recorded against inventory balances (refer to note 3) for the year ended 30 June 2023.

(b) Assets classified as held for sale

	23 $'000	22 $'000
Current assets		
Plant and equipment	**18,663**	5,459
Inventories	**-**	2,029
	18,663	7,488

In the year ended 30 June 2023, the Group received an offer to sell its idle fleet in its 100% owned subsidiary, African Mining Services Ghana Ltd (AMS Ghana). In July 2023, the Group has signed the Asset Sale Agreement for the sale of its property, plant and equipment in AMS Ghana for total consideration of $22.5 million (USD$15.0 million). The sale is expected to be completed in the financial year ending 30 June 2024.

In the prior period, the Group signed a Heads of Agreement to sell its assets and inventory in African Mining Services Mali Sarl for total consideration of $9.3 million (USD$6.5 million). The sale was completed in the first quarter of financial year ending 30 June 2023, the assets held for sale were presented within total assets of Contract Mining - Surface in the note 1 Segment information.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Property, plant and equipment

Non-current	Land and buildings $'000	Plant and equipment $'000	Total $'000
At 1 July 2021			
Cost or fair value	28,038	1,657,301	1,685,339
Accumulated depreciation	(2,948)	(961,081)	(964,029)
Net book amount	25,090	696,220	721,310
Year ended 30 June 2022			
Opening net book amount	25,090	696,220	721,310
Adjustment for Software-as-a-Service	-	(4,643)	(4,643)
Restated opening net book amount	25,090	691,577	716,667
Year ended 30 June 2022			
Restated opening net book amount	25,090	691,577	716,667
Exchange differences	665	8,252	8,917
Additions	419	443,558	443,977
Disposals	(59)	(26,276)	(26,335)
Depreciation charge	(1,580)	(223,498)	(225,078)
Transfer to right-of-use	-	(320)	(320)
Transfer from inventory	-	16,484	16,484
Transfers to intangible assets	-	(2,533)	(2,533)
Assets classified as held for sale	-	(5,459)	(5,459)
Closing net book amount	24,535	901,785	926,320
At 30 June 2022			
Cost or fair value	28,229	1,962,935	1,991,164
Accumulated depreciation	(3,694)	(1,061,150)	(1,064,844)
Net book amount	24,535	901,785	926,320
Year ended 30 June 2023			
Opening net book amount	**24,535**	**901,785**	**926,320**
Year ended 30 June 2023			
Exchange differences	**474**	**19,577**	**20,051**
Additions	**114**	**368,336**	**368,450**
Disposals	**-**	**(67,258)**	**(67,258)**
Depreciation charge	**(1,575)**	**(257,376)**	**(258,951)**
Impairment loss (note 3)	**-**	**(4,298)**	**(4,298)**
Transfer from right-of-use	**-**	**9,369**	**9,369**
Transfer to inventory	**-**	**(6,784)**	**(6,784)**
Assets classified as held for sale	**-**	**(18,663)**	**(18,663)**
Closing net book amount	**23,548**	**944,688**	**968,236**
At 30 June 2023			
Cost or fair value	**28,512**	**2,102,825**	**2,131,337**
Accumulated depreciation	**(4,964)**	**(1,158,137)**	**(1,163,101)**
Net book amount	**23,548**	**944,688**	**968,236**

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Property, plant and equipment (continued)

(i) Carrying amounts that would have been recognised if land and buildings were stated at cost

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	23 $'000	22 $'000
Land and buildings		
Cost	**42,034**	41,364
Accumulated depreciation	**(21,826)**	(19,914)
Net book amount	**20,208**	21,450

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.

(ii) 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

Accounting policies

The Group's accounting policy for land and buildings is explained above. All other plant and equipment is stated at historical cost less depreciation and impairment. 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.

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.

Gains and losses on disposals are determined by comparing proceeds with the 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.

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.

(iii) Key estimates: property, plant and equipment

The estimations of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets, such as changes to contract length or when an asset designation from idle to non-idle occurs. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases

(i) Amounts recognised on balance sheet relating to leases

	23 $'000	22 $'000
Right-of-use assets		
Properties	**34,908**	24,814
Equipment	**10,104**	33,992
Motor vehicles	**604**	499
	45,616	59,305
Lease liabilities		
Current	**16,538**	27,943
Non-current	**32,745**	28,250
	49,283	56,193

Additions to the right-of-use assets during the 2023 financial year were $21,626,000 (2022: $35,625,000). In the prior year, $25,709,000 worth of right-of-use assets were released when MinAnalytical and Well Control Solutions businesses were disposed.

(ii) Amounts recognised in the statement of profit or loss relating to leases

	Notes	23 $'000	22 $'000
Depreciation charge of right-of-use assets			
Properties		**8,944**	8,206
Equipment		**15,174**	16,370
Motor vehicles		**577**	466
	4(b)	**24,695**	25,042
Interest expense (included in finance cost)		**3,279**	3,635
Expense relating to short-term leases (included in rental and hire expenses)		**26,790**	25,292
Expense relating to variable lease payments not included in lease liabilities (included in rental and hire expenses)		**28,839**	20,014

The total cash outflow for leases (including interest) in 2023 was $30,933,000 (2022: $30,090,000).

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases (continued)

(iii) The Group's leasing activities and accounting treatment

The group leases various offices, warehouses, equipment and vehicles across various countries. Rental contracts are made for fixed periods of up to 15 years, but may have extension options as described in (v), below.

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.

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 payments 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.

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 the Group, 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 leases are leases with a total lease payments less than $7,500 (US$5,000).

(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 are 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.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases (continued)

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 2023, potential future cash outflows of $11,238,000 (undiscounted) (2022: $32,189,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not be 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 exercising extension and termination options was a decrease to recognised lease liabilities and right-of-use assets of $13,931,000.

(e) Intangible assets

	Goodwill	Software	Customer related intangibles	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2022				
Opening net book amount	454,769	7,562	216,483	678,814
Acquisition of subsidiary	2,531	695	-	3,226
Additions	-	19,762	-	19,762
Transfer from property, plant and equipment	-	2,533	-	2,533
Impairment charge to customer related intangibles	-	-	(23,162)	(23,162)
Exchange differences	-	76	-	76
Amortisation expense	-	(3,758)	(25,284)	(29,042)
Closing net book amount	457,300	26,870	168,037	652,207
At 30 June 2022				
Cost	457,300	38,867	321,459	817,626
Accumulated amortisation and impairment	-	(11,997)	(153,422)	(165,419)
Net book amount	457,300	26,870	168,037	652,207
Year ended 30 June 2023				
Opening net book amount	**457,300**	**26,870**	**168,037**	**652,207**
Additions	**-**	**7,946**	**-**	**7,946**
Disposals	**-**	**(145)**	**-**	**(145)**
Exchange differences	**-**	**73**	**-**	**73**
Amortisation expense	**-**	**(4,857)**	**(29,141)**	**(33,998)**
Closing net book amount	**457,300**	**29,887**	**138,896**	**626,083**
At 30 June 2023				
Cost	**457,300**	**46,805**	**321,458**	**825,563**
Accumulated amortisation and impairment	**-**	**(16,918)**	**(182,562)**	**(199,480)**
Net book amount	**457,300**	**29,887**	**138,896**	**626,083**

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Intangible assets (continued)

Accounting policies

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5-8 years
- Customer related intangibles 2-12 years

Goodwill

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. 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 for 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). Intangibles other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting period.

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.

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 to 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.

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.

(i) Customer contracts

The customer contracts were acquired as part of the Barminco acquisition in 2019. They were 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 from the contracts over their estimated useful lives. The Group exited the Sukari contract in Egypt on 31 January 2022. The exit from this contract was considered to be an indicator of impairment at 31 December 2021, resulting in an impairment of the entire remaining value of the customer related intangible balance allocated to that contract of $23.2 million. An assessment was conducted at 30 June 2023 and no impairment indicators were identified on the remaining customer related intangibles.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Intangible assets (continued)

(ii) Impairment considerations for goodwill

The Group tested goodwill for impairment at 30 June 2023 and no impairment was recorded. Goodwill was recognised for the Contract Mining - Underground segment following the Barminco acquisition in 2019 and on the idoba group of companies that were progressively acquired since 2021.

At 30 June 2023, the recoverable amount of these assets have been determined based upon fair value less cost of disposal, with reference to the purchase price of the acquired interest by Sumitomo. There are no indicators to suggest that the fair value of the acquired companies has significantly changed.

Value-in-use calculations were performed to test for goodwill impairment across the Contract Mining - Underground CGU.

(iii) Key assumptions used for value-in-use calculations

In determining the CGU's recoverable amount, estimates are made regarding the present value of future cash flows. These estimates are calculated using management judgement, contain elements of risk and uncertainty, can be impacted by changes in economic conditions, and changes to the discount rates used to calculate the present value of future cash flows.

The basis of the estimates and key assumptions used to determine recoverable amounts and test for goodwill impairment in relation to the Underground CGU at 30 June 2023 are set out below:

- Cash flow projections were based upon individual committed and uncommitted project forecasts for the prospective five year period.
- Cash flow projections beyond the five-year period were extrapolated using a growth rate of 2.5% (2022: 2.5%).
- EBITDA margins were based upon historical averages adjusted for prevailing economic or commercial conditions. These have not been disclosed as they are considered to be commercially sensitive.
- The weighted average cost of capital pre-tax discount rates were in the range of 12.6% and 23.7% (2022: 13.3% and 24.6%) and varied depending on the country risk assigned to the region in which a project was domiciled. The present value of cash flows is sensitive to the growth and discount rates used noting a higher discount rate will result in a lower recoverable value.
- A foreign exchange rate of $0.67 US$:AUD spot rate was used to translate the US Dollar denominated CGU's into Australian Dollars and $0.88 CAD$:AUD spot rate was used to translate the Canadian Dollar denominated CGU's into Australian Dollars.

Significant estimate: Impact of possible changes in key assumptions - Contract Mining - Underground

Management have considered various reasonably possible value-in-use sensitivities for the Underground Mining CGU at 30 June 2023, when testing goodwill for impairment. The table below shows the impairment impact of adjusting these sensitivity assumptions.

Assumption	% Change	Contract Mining - Underground Impairment (A$)
Growth rate in terminal year (decrease reduces value)	+1.0%	No impact
	-1.0%	No impact
Discount rate (decrease increases value)	-1.0%	No impact
	+1.0%	No impact
Foreign exchange rate (decrease increases value)	-5cents	No impact
	+5cents	No impact
Average EBITDA margin (decrease reduces value)	+1.0%	No impact
	-1.0%	No impact

The above sensitivities have been performed holding all other assumptions in the model constant.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(f) Employee benefit obligations

	23			22		
	Current	Non- current	Total	Current	Non- current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Leave obligations	**79,306**	**6,136**	**85,442**	79,722	4,263	83,985

(i) Leave obligations

The current leave obligations include all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and employee entitlements to pro-rata payments where applicable. The total amount of the current provision of $79,306,000 (2022: $79,722,000) 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.

	23	22
	$'000	$'000
Current leave obligations expected to be settled after 12 months	**28,638**	47,253

Accounting policies

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.

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.

Share-based payments

Equity settled share-based compensation benefits are provided to employees via the Perenti Limited Incentive Rights Plan. Information relating to this scheme is set out in note 19. Equity settled share-based payments are measured at the fair value of the equity instruments at grant date.

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 7(g)(ii)-(v)

At 30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land and buildings				
Office buildings	**-**	**-**	**3,437**	**3,437**
Industrial sites	**-**	**-**	**20,112**	**20,112**
Total non-financial assets	**-**	**-**	**23,549**	**23,549**
At 30 June 2022				
Assets				
Land and buildings				
Office buildings	-	-	3,723	3,723
Industrial sites	-	-	20,812	20,812
Total non-financial assets	-	-	24,535	24,535

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(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 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 2022 and 30 June 2023 for recurring fair value measurements:

	Office buildings $'000	Industrial sites $'000	Total $'000
Opening balance 1 July 2021	3,839	50,145	53,984
Acquisitions	-	419	419
Depreciation and impairment	(444)	(1,547)	(1,991)
Disposals	-	(28,953)	(28,953)
Losses recognised in other comprehensive income	328	748	1,076
Closing balance 30 June 2022	3,723	20,812	24,535
Acquisitions	**-**	**114**	**114**
Depreciation and impairment	**(426)**	**(1,133)**	**(1,559)**
Losses recognised in other comprehensive income	**140**	**319**	**459**
Closing balance 30 June 2023	**3,437**	**20,112**	**23,549**

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.

Description	Fair value at 30 June 2023 $'000	Fair value at 30 June 2022 $'000	Valuation Technique	Unobservable inputs*	Range of inputs (probability-weighted average) 2023	Range of inputs (probability-weighted average) 2022	Relationship of unobservable inputs to fair value
Industrial Sites -Australia	**12,062**	12,219	Direct comparison	Selection of industrial sites with similar approximate utility	**\$5-\$632 per m^2**	\$5-\$632 per m^2 (\$340)	The higher the rate per square metre, the higher the fair value
Industrial Sites -Ghana	**8,050**	8,593	Direct comparison	Selection of industrial sites with similar approximate utility	**\$213-\$653 per m^2**	\$213-\$653 per m^2 (\$395)	The higher the rate per square metre, the higher the fair value
Office Buildings -Ghana	**3,437**	3,723	Direct comparison	Selection of industrial sites with similar approximate utility	**\$857 per m^2**	\$857 per m^2 (\$857)	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 for the year ended 30 June 2021.

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.

8 EQUITY

(a) Contributed equity

	23 Shares	22 Shares	23 $'000	22 $'000
Fully paid ordinary shares	**682,172,308**	702,460,434	**1,118,448**	1,137,030

(i) Movements in ordinary share capital:

Details	Number of shares	Total $'000
Opening balance 1 July 2022	702,460,434	1,137,030
Share issue on conversion of employee share rights	1,702,278	2,160
Buy-back of ordinary shares, gross of transaction costs and net of tax	(21,990,404)	(20,372)
Deferred tax movement on capital raising costs	-	(370)
Balance 30 June 2023	**682,172,308**	**1,118,448**

(ii) Ordinary shares

Ordinary shares are classified as equity and 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.

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.

(iii) Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

(iv) Rights

Information relating to the Perenti 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.

(v) Share buy-back

For the year ended 30 June 2023, the Company completed an on-market buy-back of 22.0 million shares for consideration of $20.4 million gross of transaction costs, all paid in cash.

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	Financial assets at FVOCI $'000	Share-based payments $'000	Transactions with NCI $'000	Foreign currency translation $'000	Total $'000
Balance at 1 July 2021		24,505	7,712	13,096	(2,664)	(53,243)	(10,594)
Vested employee share rights that have lapsed, been cancelled or forfeited		-	-	(1,929)	-	-	(1,929)
Asset revaluation reserve gain taken to retained earnings on sale of asset		(11,998)	-	-	-	-	(11,998)
Revaluation - gross	6(b)	-	31,089	-	-	-	31,089
Deferred tax		-	(9,327)	-	-	-	(9,327)
Transfer from financial assets at FVOCI reserve to retained earnings		-	(29,474)	-	-	-	(29,474)
Currency translation differences		-	-	-	-	(26,497)	(26,497)
Other comprehensive income		**(11,998)**	**(7,712)**	**(1,929)**	**-**	**(26,497)**	**(48,136)**
Transactions with owners in their capacity as owners							
Share-based payments expense	19(b)	-	-	4,591	-	-	4,591
Shares issued on conversion of employee share rights		-	-	(1,888)	-	-	(1,888)
At 30 June 2022		**12,507**	**-**	**13,870**	**(2,664)**	**(79,740)**	**(56,027)**
Balance at 1 July 2022		12,507	-	13,870	(2,664)	(79,740)	(56,027)
Currency translation differences		-	-	-	-	3,749	3,749
Transfer to non-controlling interest reserve		-	-	-	6,231	-	6,231
Other comprehensive income		**-**	**-**	**-**	**6,231**	**3,749**	**9,980**
Transactions with owners in their capacity as owners							
Share-based payments expense	19(b)	-	-	12,486	-	-	12,486
Shares issued on conversion of employee share rights		-	-	(2,160)	-	-	(2,160)
At 30 June 2023		**12,507**	**-**	**24,196**	**3,567**	**(75,991)**	**(35,721)**

8 EQUITY (CONTINUED)

(b) Other reserves (continued)

(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 from the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve related to the asset is transferred to retained earnings.

Financial assets at FVOCI

The Group has elected to recognise changes to the fair value of certain equity security investments in OCI. These changes are accumulated within the FVOCI reserve. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Transactions with non-controlling interests (NCI)

This reserve is used to record the differences described in note 25(b)(iii) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

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 on conversion of options/rights.

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.

9 CASH FLOW INFORMATION

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	23 $'000	22 $'000
Profit for the year	**102,586**	42,486
Depreciation expense	**283,646**	250,120
Amortisation expense	**33,998**	29,042
Impairment of non-current assets	**4,728**	23,162
Net gain on settlement of debt	**(1,908)**	-
Gain on sale of businesses	**-**	(25,643)
Net exchange differences	**(296)**	113
Trade receivable provisions and bad debts	**1,306**	6,670
Non-cash employee benefits expense - share-based payments	**12,531**	4,353
Amortisation of borrowing costs and other non-cash finance costs	**5,103**	5,635
Gain on sale of non-current assets	**(20,539)**	(3,489)
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	**(28,668)**	(44,257)
(Increase)/decrease in inventories	**(4,025)**	(16,562)
(Increase)/decrease in deferred tax assets	**(2,165)**	(38,503)
(Increase)/decrease in other operating assets	**(9,265)**	(36,373)
(Decrease)/increase in trade creditors	**19,819**	137,927
(Decrease)/increase in provision for income taxes payable	**17,144**	(989)
(Decrease)/increase in deferred tax liabilities	**(13,131)**	(3,641)
(Decrease)/increase in other provisions	**(2,744)**	11,251
Net cash inflow from operating activities	**398,120**	341,302

(b) Non-cash investing and financing activities

	23 $'000	22 $'000
Recognition of right-of-use assets and lease liabilities	**21,626**	35,304

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	23 $'000	22 $'000
Net debt		
Cash and cash equivalents	**307,360**	348,519
Borrowings/lease liabilities - repayable within one year	**(19,739)**	(30,115)
Borrowings/lease liabilities - repayable after one year	**(786,623)**	(871,742)
Net debt	**(499,002)**	(553,338)
Cash and cash equivalents	**307,360**	348,519
Gross debt	**(806,362)**	(901,857)
Net debt	**(499,002)**	(553,338)

Gross debt is comprised of current and non-current borrowings and lease liabilities.

	Cash $'000	Lease liabilities $'000	Borrowings $'000	Total $'000
Net debt as at 1 July 2022	**348,519**	**(56,193)**	**(845,664)**	**(553,338)**
Cash flows	(50,300)	30,933	122,191	102,824
Foreign exchange adjustments	9,141	(281)	(25,975)	(17,115)
Other non-cash movements	-	(23,742)	(7,631)	(31,373)
Net debt as at 30 June 2023	**307,360**	**(49,283)**	**(757,079)**	**(499,002)**

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 when applying the Group's accounting policies.

This note provides an overview of the areas that require a high degree of judgement or complexity, and for items which could have a material adjustment if estimates and assumptions were incorrect. Detailed information about each of these estimates and judgements is included in notes 2 to 25 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
• Impairment of assets	note 3
• Recognition of deferred tax asset for carried forward tax losses	note 5
• Uncertain tax positions	note 5(g)
• Estimation of useful life of property, plant and equipment	note 7(c)
• Estimation uncertainties and judgements made in relation to lease accounting	note 7(d)
• Determination of lease term	note 7(d)
• Estimated goodwill impairment	note 7(e)
• Estimated useful life of intangible assets	note 7(e)
• Estimation of fair values of land and buildings	note 7(g)
• Share-based payments - determining the achievement of non-market based conditions	note 19

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.

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 in accordance with the Audit and Risk Committee endorsed Group Treasury Standard. The Group Treasury function identifies, evaluates and hedges financial risks in close co-operation with the Group's operating divisions. The Treasury Standard covers specific financial risk areas including foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and investment of excess liquidity amongst other things.

(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 material foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

30 JUNE 2023	USD $'000	GHS $'000	GBP $'000	EUR $'000	INR $'000	TZS $'000	BWP $'000	XOF $'000	CAD $'000
Cash	**9,383**	**1,203**	**-**	**197**	**297**	**2,017**	**215**	**-**	**4**
Trade and other receivables	**24,236**	**-**	**20**	**10,700**	**-**	**-**	**-**	**-**	**-**
Other non-current receivables	**4,728**	**18,718**	**3,461**	**5,306**	**-**	**1,916**	**-**	**-**	**15,862**
Trade payables	**(29,200)**	**(9,021)**	**(936)**	**(9,647)**	**-**	**(394)**	**(2,835)**	**(2,516)**	**-**
Borrowings	**(1,640)**	**-**	**-**	**(5,306)**	**-**	**-**	**-**	**-**	**-**

30 JUNE 2022	USD $'000	GHS $'000	GBP $'000	EUR $'000	INR $'000	TZS $'000	BWP $'000	XOF $'000	CAD $'000
Cash	6,142	242	-	1,409	-	2,204	1,170	-	71
Trade and other receivables	50,800	784	15	63,224	-	-	-	450	-
Other non-current receivables	6,203	26,456	2,767	7,211	-	-	-	-	15,750
Trade payables	(18,848)	(12,104)	(963)	(61,894)	-	(132)	(2,376)	(2,230)	(2)
Borrowings	(11,194)	-	-	(7,560)	-	-	-	-	-

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity analysis

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax, based solely on the Group's foreign exchange risks exposures existing at the balance sheet date. A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have impacted 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 2022.

The impact on profit is estimated by applying the hypothetical changes in the foreign currency rates to the balance of the financial instruments at the reporting date.

Profit or (loss)	23 $'000	22 $'000
CAD	**(1,442)**	(1,438)
GHS	**(991)**	(1,398)
USD	**(682)**	(3,009)
TZS	**(322)**	(188)
GBP	**(231)**	(165)
EUR	**(114)**	(217)
BWP	**238**	110
XOF	**229**	162
EGP	**(3)**	(63)
ZAR	**8**	(191)
INR	**(27)**	-
	(3,337)	(6,397)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have approximately 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) Interest rate risk

The Group's main interest rate risk arises from borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to review on a continuous basis. During 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in Australian and US dollars.

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

(i) Risk management

Credit risk is managed on a divisional and group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset 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 receivables and accrued revenue provisions

The Group's exposure to bad debts is not significant and default rates have historically been low. 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.

Trade receivables and accrued revenue 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 2023, current trade receivables and accrued revenue of $351,377,000 (2022: $303,760,000) were assessed for expected credit losses. Of this $71,303,000 (2022: $11,518,000) were past due. The amount of the provision for doubtful debts and expected credit loss receivables was $12,350,000 (2022: $10,980,000).

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 $914,000 (2022: $797,000) has been recorded for expected credit losses and has been included within the provision for doubtful debts balance at 30 June 2023.

The aging of trade receivables greater than 90 days past due and excluding provisions for doubtful debts and expected credit losses are:

	23 $'000	22 $'000
3 to 6 months	**34,608**	930
Over 6 months	**11,419**	8,619
	46,027	9,549

Movements in the provision for impairment and expected credit losses of trade receivables and accrued revenue that are assessed collectively are as follows:

	23 $'000	22 $'000
At 1 July	**10,980**	13,097
Provision recognised during the year	**541**	8,451
Utilisation of provision	**(85)**	(10,968)
Expected credit loss provision movement	**914**	400
At 30 June	**12,350**	10,980

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 forecasts and actual cash flows, matching maturity profiles of financial assets and liabilities and credit lines through a variety of counterparties.

(i) 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
Group - at 30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade payables	**421,383**	**-**	**-**	**-**	**-**	**421,383**	**421,383**
Lease liabilities	**10,813**	**9,003**	**13,368**	**22,262**	**3,521**	**58,967**	**49,283**
Borrowings	**31,180**	**30,614**	**60,593**	**816,240**	**-**	**938,627**	**757,079**
Total	**463,376**	**39,617**	**73,961**	**838,502**	**3,521**	**1,418,977**	**1,227,745**
Group - at 30 June 2022							
Trade payables	393,298	-	-	-	-	393,298	393,298
Lease liabilities	17,172	13,540	14,806	12,759	4,548	62,825	56,193
Borrowings	26,058	23,577	243,271	717,438	-	1,010,344	845,664
Total	436,528	37,117	258,077	730,197	4,548	1,466,467	1,295,155

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 capital management objectives are to ensure there is adequate funding to meet operation requirements, strategic objectives and to provide returns to shareholders through cost effective and efficient capital structuring.

The Group manages its capital needs through a combination of equity and debt funding arrangements. The Group uses a number of different measures to monitor capital including net gearing ratio, net leverage ratio and net debt.

(b) Dividends

(i) Dividends paid in the reporting period

	23 $'000	22 $'000
No dividends were determined for the year ended 30 June 2023 (2022: 2.0 cents unfranked dividend paid 20 October 2021).	-	14,108
No interim dividends were determined for the year ended 30 June 2023 and 30 June 2022.	-	-
Total dividends provided for or paid	-	14,108

The Company's Dividend Reinvestment Plan (DRP) was suspended with effect from 16 March 2021 until further notice.

(ii) Dividends not recognised at the end of the reporting period

	23 $'000	22 $'000
No final dividends were determined for the year ended 30 June 2023 and 30 June 2022.	-	-

(iii) Conduit Foreign Income

	23 $'000	22 $'000
Conduit Foreign Income (CFI) amounts for subsequent reporting periods are	**569,594**	486,026

These balances are taken from the CFI register and are available to pay dividends. The CFI register is adjusted for foreign income received, withholding tax incurred and dividends paid. Unlike franked dividends no tax credit accompanies a dividend paid out of a CFI balance.

(c) Share buy-back

The Company has implemented its capital management strategy which includes the buy-back of shares on market. For the year ended 30 June 2023, the Company completed an on-market buy-back of 22.0 million shares for consideration of $20.4 million gross of transaction costs, all paid in cash.

13 BUSINESS COMBINATION

During the year ended 30 June 2022, the Group (through its subsidiary idoba Pty Ltd) acquired two technology companies, namely, Orelogy Consulting Pty Ltd and Atomorphis Pty Ltd. The total consideration paid for these transactions included $3.75 million of cash. Other balances recognised as part of the acquisitions included goodwill of $2.5 million and software intangibles of $0.7 million. The transactions were not considered material, individually or in aggregate, to the Group.

14 INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of Perenti Limited, the ultimate parent entity, and the following principal subsidiaries in accordance with the accounting policy described in note 25(b):

Name of entity	Country of incorporation and principal place of business	Class of shares	Equity holding	
			23 %	22 %
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
African Mining Services Cote D'Ivoire Sarl	Cote d'Ivoire	Ordinary	**100**	100
African Mining Services Ghana Ltd	Ghana	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
Perenti Holdings Pty Ltd	Australia	Ordinary	**100**	100
Ausdrill Tanzania Limited	Tanzania	Ordinary	**100**	100
Perenti 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
Ausdrill Mining Surface Botswana Proprietary Ltd	Botswana	Ordinary	**100**	100
Drill Rigs Australia Pty Ltd *	Australia	Ordinary	**100**	100
Golden Plains Pty Ltd *	Australia	Ordinary	**100**	100
Barminco Mining Services Botswana Proprietary Ltd	Botswana	Ordinary	**100**	100
MinAnalytical Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Logistics Direct Ltd	Ghana	Ordinary	**100**	100
Perenti UK Ltd	UK	Ordinary	**100**	100
Power Solutions Africa Suarl	Senegal	Ordinary	**100**	100
Mining Technology and Supplies Ltd	Ghana	Ordinary	**100**	100
Barminco Mining Services Canada Limited	Canada	Ordinary	**100**	100
Supply Direct Pty Ltd (United Kingdom Branch)*	United Kingdom	Ordinary	**100**	100
Barminco Finance Pty Ltd *	Australia	Ordinary	**100**	100
Barminco Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Supply Direct South Africa Pty Ltd *	Australia	Ordinary	**100**	100
Barminco Limited *	Australia	Ordinary	**100**	100
Supply Direct Pty Ltd *	Australia	Ordinary	**100**	100
Synegex Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Barholdco (EIS) Pty Ltd	Australia	Ordinary	**100**	100
Barminco South Africa Pty Ltd	South Africa	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
Barminco Mining Services USA LLC	USA	Ordinary	**100**	100
Perenti USA Inc	USA	Ordinary	**100**	100
AUMS (T) Limited	Tanzania	Ordinary	**96**	96
Improvement Resources Pty Ltd	Australia	Ordinary	**86**	96
idoba Pty Ltd (formerly Technology Driven Mining)	Australia	Ordinary	**86**	96
Sandpit Innovation Pty Ltd	Australia	Ordinary	**86**	96
Spidler Technologies Pty Ltd	Australia	Ordinary	**86**	96
Optika Solutions Pty Ltd	Australia	Ordinary	**86**	96
Spidler Group Pty Ltd	Australia	Ordinary	**86**	96
Atomorphis Pty Ltd	Australia	Ordinary	**86**	96
Orelogy Consulting Pty Ltd	Australia	Ordinary	**86**	96
BG Umoja Services Limited	Tanzania	Ordinary	**80**	80
Underground Mining Alliance Ltd	Ghana	Ordinary	**70**	70
AMAX Ltd	Ghana	Ordinary	**60**	60

* 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 African Underground Mining Services Limited and Rocksure International, a Ghanaian Mining contractor and has been included in subsidiaries above.

BG Umoja Services Limited is a 80/20 operation between Perenti International Pty Ltd, Barminco AUMS Holding Pty Ltd and Geofields Tanzania Limited, a Tanzanian Mining Contractor, and has been included in subsidiaries above.

AMAX Ltd is a 60/40 operation between African Mining Services (Ghana) Pty Ltd and MAXMASS Ltd, a Ghanaian Mining Contractor, and has been included in subsidiaries above.

15 CONTINGENCIES

Contingent liabilities

In the course of business, liabilities may arise from different events including contractual disputes, litigations and other claims. The outcomes from these events cannot be predicted or in the opinion of directors are without merit and therefore no amounts have been disclosed.

For information about guarantees given by entities within the Group, including the parent entity, please refer to note 24 (b) and (c).

16 COMMITMENTS

Capital commitments

Capital expenditure that was contracted at the end of the reporting period but not recognised as liabilities:

	23 $'000	22 $'000
Property, plant and equipment		
Payable:		
Within one year	**160,950**	114,169

The capital commitments are to be funded from cash and available finance facilities.

17 EVENTS SINCE THE END OF THE FINANCIAL YEAR

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 Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

18 RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity of the Group is Perenti Limited.

(b) Key management personnel compensation

	23 $	22 $
Short-term employee benefits	**5,336,956**	4,760,029
Post-employment benefits	**154,908**	142,652
Leave entitlements	**119,125**	21,132
Share-based payments	**3,816,076**	1,686,881
	9,427,065	6,610,694

Detailed remuneration disclosures are provided in the remuneration report on pages 72 to 91.

(c) Transactions with other related parties

Other than disclosed above and in this note the Group has no other material related parties. As disclosed in note 14, the Group has non-controlling interests, however these are not considered material for the year ended 30 June 2023. Transactions with the non-controlling interests include loans from the non-controlling interest of $1,201,000 (2022: $1,159,000) (note 18(d)) loans to the non-controlling interest of $1,885,000 (2022: $1,703,000), dividends paid to non-controlling interest of $435,000 (2022: $2,610,000), and rental and hire expenses of $22,223,000 (2022: $18,219,000).

(d) Loans to related parties

	23 $	22 $
Loans to key management personnel		
Balance at 1 July	**186,039**	186,039
Interest charged	**10,062**	8,492
Interest received	**(7,479)**	(8,492)
As at 30 June	**188,622**	186,039

Terms and conditions

Loans were extended to key management personnel (KMP) on acquisition of Barminco group. The loans were made on normal terms and condition. The outstanding balances will be deducted from the final FY23 STI, representing the full and final settlement of all loans and obligations. Interest was payable at rates of 4.52% to 7.77% on outstanding loan balances.

	23 $	22 $
Loans from non-controlling interest		
Balance at 1 July	**1,158,665**	1,290,008
Loan repayments made	**-**	(1,867,355)
Impact of foreign exchange	**42,145**	89,427
Loan drawdowns	**-**	1,646,585
As at 30 June	**1,200,810**	1,158,665

19 SHARE-BASED PAYMENTS

(a) Rights Plan

The Board had established an 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. Performance rights were granted during the year 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 Limited on exercise. During the year ended 30 June 2023, no retention rights were granted (30 June 2022: 3,240,473 retention rights were granted). Retention rights are not subject to performance hurdles and will vest on 31 December 2023.

Short-term incentive rights

Each short-term incentive right issued under the plan converts into one ordinary share of Perenti Limited on exercise. Certain Executive's are invited to participate in the plan. Short-term incentive rights are based upon business outcomes which comprise of both financial and non-financial measures. The Board retains absolute discretion with respect to the targets and outcomes assessed under the plan. The short-term incentives vest at the grant date and the short-term incentives rights are converted into ordinary shares 12 months from the grant date.

Performance rights

Each performance right issued under the plan converts into one ordinary share of Perenti 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 year end 30 June 2023 will run from 1 July 2022 until 30 June 2025, (2022: 1 July 2021 until 30 June 2024). The performance criteria for rights granted in FY23 are detailed below:

- 50% of the performance rights will vest if the total shareholder return (TSR) vesting condition is met which is on a sliding scale based upon the TSR benchmark as disclosed in the remuneration report;
- 30% of the performance rights will vest if the return on equity (ROE) vesting condition is met which is calculated on a sliding scale of ROE outcomes between 6% and 6.8% as disclosed in the remuneration report;
- 10% of the performance rights will vest if the strategic initiative regarding a psychological safe work environment is met; and
- 10% of the performance rights will vest if the strategic initiative regarding reducing debt leverage to sub 1.0 times EBITDA, excluding possible acquisitions, as aligned to the Capital Management Policy introduced in December 2021 is met.

Set out below is a summary of rights granted under the above plans.

	23 Number of rights	22 Number of rights
As at 1 July	**23,678,643**	13,052,162
Granted during the year	**18,304,773**	15,276,873
Forfeited during the year	**(4,252,032)**	(3,234,420)
Vested during the year	**(1,702,278)**	(1,415,972)
As at 30 June	**36,029,106**	23,678,643

19 SHARE-BASED PAYMENTS (CONTINUED)

(a) Rights Plan (continued)

There were 16,663,302 performance rights, 1,641,471 Short Term Incentive Rights and nil retention rights granted during the year ended 30 June 2023 (30 June 2022: 11,047,923 performance rights and 988,477 Short Term Incentive Rights and 3,240,473 retention rights).

The weighted average remaining contractual life of rights outstanding at the end of the year was 1.18 years (30 June 2022: 1.40 years). The weighted fair value of rights granted during the year is $0.91 (30 June 2022: $0.61).

An independent third party valuer provided a valuation report with the following inputs used to determine the fair value of rights at the grant date:

Right	Grant date	Performance period end date	Share price grant date $	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value grant date $
Performance - ROACE	28 Nov 2019	30 Jun 2022	1.95	46.00	3.60	0.66	1.78
Performance - TSR	28 Nov 2019	30 Jun 2022	1.95	46.00	3.60	0.66	1.33
Performance - ROACE	9 Apr 2021	30 Jun 2023	1.13	64.00	6.19	0.12	0.99
Performance - TSR	9 Apr 2021	30 Jun 2023	1.13	64.00	6.19	0.12	0.62
Performance - ROACE	28 May 2021	30 Jun 2023	0.67	67.00	10.53	0.08	0.54
Performance - TSR	28 May 2021	30 Jun 2023	0.67	67.00	10.53	0.08	0.21
Retention	13 May 2022	31 Dec 2023	0.74	-	2.70	-	0.71
Performance - TSR	13 May 2022	30 Jun 2024	0.69	65.23	2.90	2.64	0.45
Performance - ROE	13 May 2022	30 Jun 2024	0.69	65.23	2.90	2.64	0.65
Performance - Others	13 May 2022	30 Jun 2024	0.69	65.23	2.90	2.64	0.65
Short Term Incentive	10 Oct 2022	10 Oct 2023	0.94	-	2.93	-	0.91
Short Term Incentive	14 Oct 2022	14 Oct 2023	1.01	-	2.74	-	0.98
Performance - TSR	14 Oct 2022	30 Jun 2024	1.01	65.81	2.74	3.32	0.75
Performance - ROE	14 Oct 2022	30 Jun 2024	1.01	65.81	2.74	3.32	0.96
Performance - Others	14 Oct 2022	30 Jun 2024	1.01	65.81	2.74	3.32	0.96
Performance - TSR	14 Oct 2022	30 Jun 2025	1.01	65.81	2.74	3.32	0.75
Performance - ROE	14 Oct 2022	30 Jun 2025	1.01	65.81	2.74	3.32	0.85
Performance - Others	14 Oct 2022	30 Jun 2025	1.01	65.81	2.74	3.32	0.85
Performance - TSR	20 Mar 2023	30 Jun 2025	1.08	57.69	3.29	2.84	0.85
Performance - ROE	20 Mar 2023	30 Jun 2025	1.08	57.69	3.29	2.84	1.00
Performance - Others	20 Mar 2023	30 Jun 2025	1.08	57.69	3.29	2.84	1.00

(b) 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:

	23 $'000	22 $'000
Rights issued under employee rights plan	**12,531**	4,591

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.

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.

20 REMUNERATION OF AUDITORS

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PricewaterhouseCoopers Australia

	23 $	22 $
Audit and review of financial statements of the group and controlled entities*	**716,732**	444,800
Tax compliance services	**220,890**	380,058
Advisory and accounting consulting services	**443,700**	361,559
Total remuneration of PricewaterhouseCoopers Australia	**1,381,322**	1,186,417

(b) Network firms of PricewaterhouseCoopers Australia

Audit and other assurance services	**621,331**	715,609
Tax compliance services	**281,038**	359,831
Advisory and accounting consulting services	**12,346**	119,598
Total remuneration of network firms of PricewaterhouseCoopers Australia	**914,715**	1,195,038
Total remuneration of PricewaterhouseCoopers firms	**2,296,037**	2,381,455

(c) Non PricewaterhouseCoopers audit firms

Audit and review of financial statements of the group and controlled entities	**108,442**	155,075
Tax compliance services	**87,662**	166,258
Advisory and accounting consulting services	**231,808**	328,239
Total remuneration of non PricewaterhouseCoopers audit firms	**427,912**	649,572

* The audit fee for the year for PwC Australia was $928,319 compared to $897,703 in the prior year. The above note is prepared on a cash basis and the difference to the fee agreed is due to timing of invoicing and payments.

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.

21 EARNINGS PER SHARE

(a) Basic earnings per share

	23 Cents	22 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**13.9**	5.8

(b) Diluted earnings per share

From continuing operations attributable to the ordinary equity holders of the Company	**13.4**	5.7

(c) Reconciliation of earnings used in calculating earnings per share

	23 $'000	22 $'000
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**95,739**	40,658

(d) Weighted average number of shares used as denominator

	23 Number	22 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**689,850,285**	705,364,418
Adjustments for calculation of diluted earnings per share:		
Effect of share rights on issue	**25,740,143**	3,166,764
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**715,590,428**	708,531,182

The number of potential ordinary shares not considered dilutive at 30 June 2023 is nil (2022: 10,998,465).

(e) Information on the classification of securities

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 rights are set out in note 19.

(f) Accounting policy

(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.

(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.

22 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	23 $'000	22 $'000
Current		
Floating charge		
Cash and cash equivalents	**219,358**	261,853
Receivables	**395,037**	383,119
Inventory	**170,823**	178,604
Assets classified as held for sale	**18,663**	7,488
Total current assets pledged as security	**803,881**	831,064
Non-current		
Floating charge		
Plant and equipment	**754,814**	747,018
Land and buildings	**23,403**	24,402
Receivables	**158,036**	128,911
Investment	**95,192**	95,156
Total non-current assets pledged as security	**1,031,445**	995,487
Total assets pledged as security	**1,835,326**	1,826,551

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 7(d) and therefore not included in this disclosure.

23 DEED OF CROSS GUARANTEE

Perenti Limited and the entities identified with a '*' in note 14 are parties to a deed of cross guarantee under which each company has guaranteed 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.

(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 Limited, they also represent the 'extended closed group'.

Set out below 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.

	23 **$'000**	22 $'000
Consolidated statement of profit or loss		
Revenue from continuing operations	**1,387,839**	1,147,881
Other income	**72,393**	232,470
Materials expense	**(433,983)**	(350,800)
Labour costs	**(682,487)**	(587,625)
Rental and hire expense	**(23,150)**	(17,633)
Depreciation expense	**(132,357)**	(118,777)
Amortisation expense	**(22,985)**	(26,954)
Finance costs	**(63,493)**	(52,215)
Finance income	**27,556**	16,121
Other expenses from ordinary activities	**(138,631)**	(195,373)
Impairment of assets	**-**	(23,162)
Profit before income tax	**(9,298)**	23,933
Income tax benefit	**4,604**	36,451
Profit for the year	**(4,694)**	60,384
Consolidated statement of comprehensive income		
Other comprehensive income		
Profit for the year	**(4,694)**	60,384
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(10,406)**	(27,053)
Items that will not be reclassified to profit or loss		
Gain on revaluation of financial assets FVOCI, net of tax	**-**	21,762
Other comprehensive (loss)/income for the year, net of tax	**(10,406)**	(5,291)
Total comprehensive income for the year	**(15,100)**	55,093
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**300,267**	153,326
Profit for the year	**(4,694)**	60,384
Retained earnings transfer	**-**	100,665
Dividends paid	**-**	(14,108)
Retained earnings at the end of the financial year	**295,573**	300,267

The retained earnings transfer relates to movements in entities entering or exiting the deed of cross guarantee. The 30 June 2022 balance reflects the removal of MinAnalytical Laboratory Services Australia Pty Ltd and Energy Drilling Australia Pty Ltd.

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.

	23 $'000	22 $'000
Current assets		
Cash and cash equivalents	**111,339**	109,603
Trade receivables	**284,842**	337,517
Inventories	**85,283**	79,295
Current tax receivables	**14,950**	10,657
Total current assets	**496,414**	537,072
Non-current assets		
Investments in other Group companies	**441,098**	504,094
Receivables	**305,320**	303,773
Property, plant and equipment	**474,945**	444,317
Deferred tax assets	**163,114**	166,204
Right-of-use assets	**35,481**	47,890
Intangible assets	**612,394**	634,728
Total non-current assets	**2,032,352**	2,101,006
Total assets	**2,528,766**	2,638,078
Current liabilities		
Trade and other payables	**218,226**	206,039
Borrowings	**6,769**	1,926
Lease liabilities	**16,538**	27,943
Current tax liabilities	**15,089**	10,608
Employee benefit obligations	**59,128**	56,527
Total current liabilities	**315,750**	303,043
Non-current liabilities		
Borrowings	**758,725**	852,607
Lease liabilities	**21,977**	16,670
Deferred tax liabilities	**39,002**	55,810
Employee benefit obligations	**5,229**	3,909
Total non-current liabilities	**824,933**	928,996
Total liabilities	**1,140,683**	1,232,039
Net assets	**1,388,083**	1,406,039
Equity		
Contributed equity	**1,118,449**	1,137,030
Other reserves	**(25,939)**	(31,258)
Retained earnings	**295,573**	300,267
Total equity	**1,388,083**	1,406,039

24 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity, Perenti Limited, show the following aggregate amounts:

	23 $'000	22 $'000
Balance sheet		
Current assets	**12,144**	7,372
Non-current assets	**931,331**	949,156
Total assets	**943,475**	956,528
Current liabilities	**-**	352
Non-current liabilities	**7,390**	7,949
Total liabilities	**7,390**	8,301
Shareholders' equity		
Contributed equity	**1,118,449**	1,137,030
Other reserves		
Asset revaluation reserve	**3,213**	3,213
Non-controlling interest reserve	**5,400**	-
Share-based payments reserve	**24,197**	13,872
Accumulated losses - 2015 reserve	**(183,177)**	(183,177)
Accumulated losses - 2020 reserve	**(78,556)**	(78,556)
Retained Earnings	**46,559**	55,845
Total equity	**936,085**	948,227
(Loss)/profit for the year	**(9,286)**	63,881
Total comprehensive (loss)/income	**(9,286)**	63,881

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 (2022: nil).

However, there are cross guarantees given by Perenti Limited as described in note 23. Net asset deficiencies exist in some of the subsidiaries covered by the deed of cross guarantee.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2023, the parent entity had $nil contractual commitments for the acquisition of property, plant and equipment (30 June 2022: $nil).

(e) Accumulated losses - reserves

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 2020 and 30 June 2015 established separate reserves for the purpose of paying future dividends. The reserves are referred to as "Accumulated losses - 2020" and the "Accumulated losses - 2015 reserve". On the date of establishment, the "Accumulated losses - 2020" had an amount of ($78,556,000) 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.

24 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

(f) Parent entity financial information

The financial information for the parent entity, Perenti 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 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 Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Perenti 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 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 Limited for any current tax payable assumed and are compensated by Perenti Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Perenti 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 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.

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 which haven't been disclosed elsewhere in this document. 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 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 Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Perenti 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 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules. The Group has yet to account for any deferred taxes arising from the OECD's Pillar Two Model Rules and has thus applied the mandatory exception effective immediately,
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141], and
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112].

The 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 adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not been early adopted by the Group. The Group is assessing impact of the new standards, however does not expect 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.

(v) Climate change

The International Sustainability Standards Board ("ISSB") issued the first IFRS Sustainability Disclosure standards - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures on the 26 June 2023. The standards are effective from 1 July 2024 and it is expected that the Australian Accounting Standards Board ("AASB") will develop broader sustainability-related reporting standards, which requirements and standards would most likely align with the ISSB Standards.

The Group strategy focuses on reducing operational greenhouse gas (GHG) emissions, investing in low emissions technologies, supporting emissions reductions in our supply chain, managing climate-related risk and opportunity, and working in partnership to reduce emissions. Refer to Sustainability section for further details.

The Group has assessed the impact of climate risk on its financial reporting. The impact assessment principally focuses on key judgement areas, being the valuation and useful lives of intangible and tangible assets and the identification and valuation of provisions and contingent liabilities. No material accounting impacts or changes to judgements or other required disclosures have resulted from the assessment. While the assessment did not have a material impact for the year ended 30 June 2023, this may change in future periods as the Group regularly updates its assessment of the impact of the lower carbon economy.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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(f)).

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.

(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 Limited has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

(iii) 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 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) 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 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.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

(d) Interest income

Interest income from financial assets at fair value through profit and loss is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value though other comprehensive income 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. Any other interest income is included in other income.

(e) Income tax

The income tax expense or benefit 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.

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.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

(g) 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.

(h) 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.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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 Perenti Limited Incentive Rights Plan. Information relating to the scheme 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.

(k) 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.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) Government grants

Government grants are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grant will be received. Such grants are presented in Other Income.

(n) 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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 96 to 158 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 2023 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 Norwell
Managing Director and Chief Executive Officer

Perth
21 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Independent auditor's report

To the members of Perenti Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Perenti 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 2023 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 2023
- 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 significant accounting policies and other explanatory information
- 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 & 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.

PricewaterhouseCoopers, ABN 52 780 433 757
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T: +61 8 9238 3000, F: +61 8 9238 3999

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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 $14.4 million, which represents approximately 0.5% of the Group's revenue. • 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. • Having considered various other benchmarks, we chose the Group's revenue because, in our view, it is the benchmark against which the performance and strategy of the Group is measured. • We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• 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 our instruction. • The Group engagement team performed audit procedures on the financial information of financially significant components or components with financially significant balances in Australia, Burkina Faso, Senegal, USA, Egypt, Ghana, South Africa and Canada. • Component auditors performed audit procedures on significant components or components with financially significant balances in Ghana, Burkina Faso, Tanzania and Botswana.	• 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) • These are further described in the *Key audit matters* section of our report.

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- The Group engagement team and component auditors actively communicated throughout the year through discussions, site visits, 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(a))* At 30 June 2023, the Group has $457.3m 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 performed an impairment test to assess the recoverable amount through 'value in use' (VIU), using a discounted cashflow model. Significant judgement was 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 value estimate; • short term and future growth rates in revenue and earnings before interest, tax depreciation and amortisation (EBITDA) margin; and • the discount rate used to discount the estimated cashflows 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.	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 monitored, 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 ability to forecast future cash flows for the business by comparing historical budgets with reported actual results. • With the assistance of PwC valuations experts, assessing whether the terminal growth rate used in the model was consistent with current longer term inflation forecasts. • With the assistance of PwC valuations experts, evaluating the appropriateness of the discount rate by assessing the appropriateness of the relevant inputs to the calculation against industry and market factors. • Agreeing the mathematical accuracy, on a sample basis, of the impairment model calculations. • Assessing the composition of the assets and liabilities included within the CGUs carrying

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Key audit matter	How our audit addressed the key audit matter
	value and agreeing them back to underlying financial records. • Evaluating the adequacy of the disclosures made in note 7(e) of the financial statements, 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 has performed an assessment for indicators of impairment of non-current assets (excluding Goodwill). The Group's resulting impairment assessments over the Surface Mining Africa, Surface Mining Australia and BTP Group CGU's included consideration of the expected recoverable value at an asset level based on an estimation of the fair value less costs to dispose of the assets. No impairment or reversal of prior impairments was recognised as a result of these assessments. The assessment of impairment for Surface Mining Africa, Surface Mining Australia and BTP was a key audit matter because of the significant judgement involved in estimating the recoverable amount of the assets and the material impact on the financial report.	Our audit procedures included, amongst others, the following: • Examining the external valuation reports obtained by the Group to assist their estimation of the recoverable values of other assets. • Assessing 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. • Considering the completeness of the assets included in the external valuation reports. • Together with PwC valuations experts, considering the methodologies and key assumptions adopted by the external valuer. • Considering whether the valuation indicated a potential reversal of any prior impairments. • Considering the adequacy of the disclosures made in note 3 of the financial statements in light of the requirements of Australian Accounting Standards.

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 2023, 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.

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 72 to 91 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Perenti Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

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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
21 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Notes	22 $'000	21 $'000
Revenue	2	**2,437,656**	2,087,542
Other income	4(a)	**47,251**	9,091
Materials expense		**(734,512)**	(628,091)
Labour costs		**(1,037,993)**	(875,850)
Rental and hire expense	4(b)	**(45,306)**	(18,177)
Depreciation expense	4(b)	**(250,120)**	(222,230)
Amortisation expense	4(b)	**(29,042)**	(39,303)
Finance costs	4(b)	**(56,316)**	(63,452)
Finance income		**397**	495
Other expenses from ordinary activities	4(b)	**(238,531)**	(227,656)
Impairment of assets	4(b)	**(23,162)**	(70,563)
Profit/(loss) before income tax		**70,322**	(48,194)
Income tax expense	5	**(27,836)**	(4,109)
Profit/(loss) for the year		**42,486**	(52,303)
Profit/(loss) is attributable to:			
Equity holders of Perenti Global Limited		**40,658**	(55,140)
Non-controlling interests		**1,828**	2,837
Profit/(loss) for the year		**42,486**	(52,303)

Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings/(loss) per share	21	**5.8**	(7.8)
Diluted earnings/(loss) per share	21	**5.7**	(7.8)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	22 $'000	21 $'000
Profit/(loss) for the year		**42,486**	(52,303)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange losses on translation of foreign operations	8(b)	**(26,497)**	(680)
Exchange gains/(losses) on translation of foreign operations - non-controlling interest		**1,185**	(508)
Items that will not be reclassified to profit or loss			
Loss on revaluation of land and buildings, net of tax	8(b)	**-**	(175)
Gain on revaluation of FVOCI financial assets, net of tax	8(b)	**21,762**	1,333
Other comprehensive loss for the year, net of tax		**(3,550)**	(30)
Total comprehensive income/(loss) for the year		**38,936**	(52,333)
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of Perenti Global Limited		**35,923**	(54,662)
Non-controlling interests		**3,013**	2,329
Total comprehensive income/(loss) for the year		**38,936**	(52,333)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	22 $'000	21 Restated* $'000
ASSETS			
Current assets			
Cash and cash equivalents	9(c)	**348,519**	264,741
Trade and other receivables	6(a)	**391,101**	325,893
Inventories	7(a)	**212,119**	214,411
Current tax receivables		**12,546**	10,545
Assets classified as held for sale	7(b)	**7,488**	28,894
Total current assets		**971,773**	844,484
Non-current assets			
Receivables	6(a)	**9,430**	4,889
Financial assets at fair value through other comprehensive income	6(b)	**-**	25,536
Property, plant and equipment	7(c)	**926,320**	716,667
Right-of-use assets	7(d)	**59,305**	74,691
Intangible assets	7(e)	**652,207**	678,814
Deferred tax assets	5(g)	**170,239**	147,741
Total non-current assets		**1,817,501**	1,648,338
Total assets		**2,789,274**	2,492,822
LIABILITIES			
Current liabilities			
Trade and other payables	6(c)	**393,298**	260,311
Borrowings	6(d)	**2,172**	3,268
Lease liabilities	7(d)	**27,943**	24,537
Current tax liabilities		**15,002**	14,659
Employee benefit obligations	7(f)	**79,722**	70,719
Total current liabilities		**518,137**	373,494
Non-current liabilities			
Borrowings	6(d)	**843,492**	690,923
Lease liabilities	7(d)	**28,250**	49,272
Deferred tax liabilities	5(g)	**72,240**	78,135
Employee benefit obligations	7(f)	**4,263**	2,870
Provisions		**532**	65
Total non-current liabilities		**948,777**	821,265
Total liabilities		**1,466,914**	1,194,759
Net assets		**1,322,360**	1,298,063
EQUITY			
Contributed equity	8(a)	**1,137,030**	1,137,783
Other reserves	8(b)	**(56,027)**	(10,594)
Retained earnings		**230,937**	160,986
Capital and reserves attributable to owners of Perenti Global Limited		**1,311,940**	1,288,175
Non-controlling interests		**10,420**	9,888
Total equity		**1,322,360**	1,298,063

** See note 25(a) for details regarding the restatement as a result of a change in accounting policy.*

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

		Attributable to owners of Perenti Global Limited					
	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2020		**1,135,323**	**(11,104)**	**270,039**	**1,394,258**	**5,496**	**1,399,754**
(Loss)/profit for the year		-	-	(55,140)	(55,140)	2,837	(52,303)
Other comprehensive income/(loss)		-	478	-	478	(508)	(30)
Total comprehensive (loss)/income for the year		**-**	**478**	**(55,140)**	**(54,662)**	**2,329**	**(52,333)**
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax		962	-	-	962	-	962
Shares issued on conversion of employee share options/rights		2,082	(2,001)	-	81	-	81
Deferred tax movement on capital raising costs		(584)	-	-	(584)	-	(584)
Capital contribution from non-controlling interests		-	-	-	-	2,063	2,063
Dividends paid/payable	12(b)	-	-	(49,270)	(49,270)	-	(49,270)
Employee share options/rights - value of employee services		-	2,033	-	2,033	-	2,033
		2,460	32	(49,270)	(46,778)	2,063	(44,715)
Balance at 30 June 2021		**1,137,783**	**(10,594)**	**165,629**	**1,292,818**	**9,888**	**1,302,706**
Balance at 1 July 2021 as originally presented		**1,137,783**	**(10,594)**	**165,629**	**1,292,818**	**9,888**	**1,302,706**
Prior year adjustment Software-as-a-Service - Intangible		-	-	(4,643)	(4,643)	-	(4,643)
Restated total equity at 1 July 2021		**1,137,783**	**(10,594)**	**160,986**	**1,288,175**	**9,888**	**1,298,063**
Profit for the year		-	-	40,658	40,658	1,828	42,486
Other comprehensive income		-	(4,735)	-	(4,735)	1,185	(3,550)
Total comprehensive income for the year		**-**	**(4,735)**	**40,658**	**35,923**	**3,013**	**38,936**
Transfer from financial assets at FVOCI reserve to retained earnings		-	(29,474)	29,474	-	-	-
Asset revaluation reserve gain taken to retained earnings on sale of asset		-	(11,998)	11,998	-	-	-
Vested employee share rights that have lapsed, been cancelled or forfeited		-	(1,929)	1,929	-	-	-
Transactions with owners in their capacity as owners:							
Dividends paid	12(b)(i)	-	-	(14,108)	(14,108)	-	(14,108)
Buy-back of ordinary shares, net of tax	12(c)	(2,057)	-	-	(2,057)	-	(2,057)
Dividends paid to non-controlling interests		-	-	-	-	(2,665)	(2,665)
Deferred tax movement on capital raising costs	8(a)	(584)	-	-	(584)	-	(584)
Employee share rights - value of employee services	19(c)	-	4,591	-	4,591	-	4,591
Shares issued on conversion of employee share rights	8(a), 8(b)	1,888	(1,888)	-	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	184	184
		(753)	2,703	(14,108)	(12,158)	(2,481)	(14,639)
Balance at 30 June 2022		**1,137,030**	**(56,027)**	**230,937**	**1,311,940**	**10,420**	**1,322,360**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	22 $'000	21 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,515,724**	2,214,811
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,056,808)**	(1,818,019)
		458,916	396,792
Interest received		**397**	495
Insurance recovery		**-**	2,124
Interest and other costs of finance paid		**(49,919)**	(46,701)
Income taxes paid		**(68,092)**	(56,447)
Net cash inflow from operating activities	9(a)	**341,302**	296,263
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(467,937)**	(278,619)
Proceeds from sale of property, plant and equipment		**26,715**	85,400
Proceeds from sale of assets at FVOCI	6(b)(iii)	**56,625**	-
Proceeds from sale of businesses		**46,186**	-
Proceeds from sale of assets held for sale	7(b)	**31,158**	-
Payments for purchase of subsidiaries	13	**(3,750)**	(10,570)
Cash removed on disposal of subsidiary		**(1,897)**	-
Cash acquired on acquisition of subsidiary		**493**	1,785
Repayment of loan by non-controlling interest		**609**	-
Loan to non-controlling interest		**-**	(2,079)
Net cash outflow from investing activities		**(311,798)**	(204,083)
Cash flows from financing activities			
Proceeds from borrowings		**310,926**	675,752
Repayment of borrowings		**(217,873)**	(703,064)
Redemption premium on 2022 High Yield Bonds		**-**	(8,143)
Payments of lease liabilities		**(26,432)**	(30,458)
Dividends paid	12(b)	**(14,108)**	(63,482)
Dividends paid to non-controlling interest		**(2,610)**	-
Payments for borrowing costs		**(139)**	(17,199)
Transactions with non-controlling interest		**(36)**	2,063
Proceeds from issues of shares, net of transaction costs		**-**	81
Payments for shares bought back, net of transaction costs		**(940)**	-
Net cash inflow/(outflow) from financing activities		**48,788**	(144,450)
Net increase/(decrease) in cash and cash equivalents		**78,292**	(52,270)
Cash and cash equivalents at the beginning of the financial year		**264,741**	327,491
Effects of exchange rate changes on cash and cash equivalents		**5,486**	(10,480)
Cash and cash equivalents at end of year	9(c)	**348,519**	264,741

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 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(A).

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.

The reportable segments are:

Contract Mining - Surface

The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

Contract Mining - Underground

The provision of underground mining services in Australia, Africa and North America.

Mining Services and idoba

Mining support services including equipment hire, equipment parts and sales, supply of equipment, logistics services and technology driven products and services. During the year ended 30 June 2022 the idoba group, Perenti's technology entities, were included in the Mining Services segment having been previously included in Corporate segment at 30 June 2021 to better reflect how this business is reviewed by the Managing Director. The prior period comparatives have been reclassified to reflect this change.

Corporate

This segment includes corporate activity covering strategy, treasury, accounting, human resources, information technology, procurement, legal, risk and other corporate administration.

Intersegment eliminations

Represents transactions which are eliminated on consolidation.

Financing arrangements are managed at a group level and therefore net financing cost are not allocated to segments.

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

For the year ended 30 June 2022	Contract Mining Surface $'000	Contract Mining Underground $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	553,602	1,737,237	146,817	-	-	2,437,656
Intersegment sales	-	538	32,472	-	(33,010)	-
Total sales revenue	**553,602**	**1,737,775**	**179,289**	**-**	**(33,010)**	**2,437,656**
Timing of revenue recognition						
- At a point in time	1,455	-	79,159	-	(23,553)	57,061
- Over time	552,147	1,737,775	100,130	-	(9,457)	2,380,595
	553,602	1,737,775	179,289	-	(33,010)	2,437,656
Underlying segment EBIT(A)	**30,153**	**184,614**	**13,151**	**(51,625)**	-	**176,293**
Amortisation expense	(552)	(25,510)	(1,536)	(1,444)	-	(29,042)
Impairment of assets	-	(23,162)	-	-	-	(23,162)
Provisions relating to the exit from Mali	(11,619)	-	-	-	-	(11,619)
Transaction, restructuring costs and other	(721)	34	(3,757)	(5,466)	-	(9,910)
Foreign exchange (loss)/gain, net	(1,988)	2,068	97	(2,139)	-	(1,962)
Gain on sale of businesses, net	-	-	25,643	-	-	25,643
Reported segment EBIT	**15,273**	**138,044**	**33,598**	**(60,674)**	**-**	**126,241**
Interest income						397
Interest expense						(56,316)
Profit before tax						**70,322**
Income tax expense						(27,836)
Profit for the year						**42,486**
Non-controlling interests						(1,828)
Profit for the year attributable to members						**40,658**
Segment assets	**822,392**	**1,732,288**	**213,034**	**1,857,146**	**(1,835,586)**	**2,789,274**
Segment liabilities	**606,102**	**1,158,843**	**120,502**	**1,035,187**	**(1,453,720)**	**1,466,914**
Other segment information						
Depreciation expense	(65,429)	(162,998)	(18,313)	(3,380)	-	(250,120)
Amortisation expense	(552)	(25,510)	(1,536)	(1,444)	-	(29,042)
Acquisition of property, plant and equipment, intangibles and other non-current assets	217,357	208,984	24,788	16,808	-	467,937

1 SEGMENT INFORMATION (CONTINUED)

(b) Segment information provided to the Managing Director (continued)

For the year ended 30 June 2021 Restated	Contract Mining Surface $'000	Contract Mining Underground $'000	Mining Services and idoba $'000	Corporate $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers	476,142	1,475,974	135,391	35	-	2,087,542
Intersegment sales	-	-	16,952	-	(16,952)	-
Total sales revenue	**476,142**	**1,475,974**	**152,343**	**35**	**(16,952)**	**2,087,542**
Timing of revenue recognition						
- At a point in time	2,050	-	52,781	-	(12,418)	42,413
- Over time	474,092	1,475,974	99,562	35	(4,534)	2,045,129
	476,142	1,475,974	152,343	35	(16,952)	2,087,542
Underlying segment EBIT(A)	**12,173**	**200,372**	**11,686**	**(53,444)**	**-**	**170,787**
Impairment of assets	(62,502)	-	(8,061)	-	-	(70,563)
Amortisation expense	(476)	(38,571)	(256)	-	-	(39,303)
Implementation of AMS strategic review	(13,573)	-	-	-	-	(13,573)
Trade receivable provisions and bad debts arising from AMS strategic review	(11,995)	-	-	-	-	(11,995)
Provision for stock obsolescence in BTP	-	-	(9,946)	-	-	(9,946)
Foreign exchange (loss)/gain, net	(2,108)	(4,995)	(3,387)	3,338	-	(7,152)
Transaction, restructuring costs and other	104	(693)	(121)	(2,782)	-	(3,492)
Reported segment EBIT	**(78,377)**	**156,113**	**(10,085)**	**(52,888)**	**-**	**14,763**
Interest income						495
Interest expense						(63,452)
Loss before tax						**(48,194)**
Income tax expense						(4,109)
Loss for the year						**(52,303)**
Non-controlling interests						(2,837)
Loss for the year attributable to members						**(55,140)**
Segment assets	**603,290**	**1,590,870**	**192,735**	**1,698,433**	**(1,592,506)**	**2,492,822**
Segment liabilities	**394,870**	**927,130**	**214,535**	**791,698**	**(1,133,474)**	**1,194,759**
Other segment information						
Depreciation expense	(60,785)	(137,902)	(19,738)	(3,805)	-	(222,230)
Amortisation expense	(476)	(38,571)	(256)	-	-	(39,303)
Acquisition of property, plant and equipment, intangibles and other non-current assets	63,230	178,462	19,974	16,953	-	278,619

1 SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The table below provides information on the geographical location of revenue from contracts with customers and non-current assets (other than deferred tax assets). Revenue and non-current assets are recorded in the applicable jurisdiction based on location of operation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the consolidated income statement. Non-current assets are allocated based on the location of the operations and the physical location of the asset.

	30 June 2022				30 June 2021 Restated			
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Non-current segment assets	Total segment revenue	Inter-segment revenue	Revenue from external customers	Non-current segment assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Contract Mining - Surface								
- Australia	**196,831**	**-**	**196,831**	**129,576**	185,118	-	185,118	113,422
- Ghana	**164,489**	**-**	**164,489**	**138,700**	75,811	-	75,811	95,048
- Senegal	**79,883**	**-**	**79,883**	**47,084**	68,368	-	68,368	52,451
- Burkina Faso	**68,223**	**-**	**68,223**	**34,887**	63,536	-	63,536	38,209
- Mali	**23,607**	**-**	**23,607**	**-**	83,222	-	83,222	2,783
- Botswana	**20,533**	**-**	**20,533**	**100,882**	-	-	-	-
- Other foreign countries	**36**	**-**	**36**	**17**	87	-	87	-
Contract Mining - Underground								
- Australia	**834,462**	**-**	**834,462**	**349,343**	689,628	-	689,628	368,654
- Ghana	**272,450**	**-**	**272,450**	**227,667**	247,604	-	247,604	221,791
- Burkina Faso	**219,646**	**-**	**219,646**	**226,393**	214,979	-	214,979	242,060
- Botswana	**145,184**	**(538)**	**144,646**	**76,307**	77,954	-	77,954	51,891
- Tanzania	**114,397**	**-**	**114,397**	**94,885**	98,967	-	98,967	93,616
- Canada	**95,516**	**-**	**95,516**	**16,807**	59,308	-	59,308	3,871
- Mali	**-**	**-**	**-**	**25,180**	-	-	-	27,028
- Egypt	**56,120**	**-**	**56,120**	**598**	87,186	-	87,186	12,720
- Other foreign countries	**-**	**-**	**-**	**25**	348	-	348	-
Mining Services and idoba								
- Australia	**130,256**	**(6,027)**	**124,229**	**137,010**	114,162	(1,642)	112,520	116,453
- Africa	**49,033**	**(26,445)**	**22,588**	**283**	37,847	(15,073)	22,774	421
- Other foreign countries	**-**	**-**	**-**	**22**	334	(237)	97	73
Corporate								
- Australia	**-**	**-**	**-**	**41,596**	35	-	35	59,878
- Other foreign countries	**-**	**-**	**-**	**-**	-	-	-	228
Total	**2,470,666**	**(33,010)**	**2,437,656**	**1,647,262**	2,104,494	(16,952)	2,087,542	1,500,597

2 REVENUE

The Group derives the following types of revenue:	Notes	22 $'000	21 $'000
Revenue from Contracts with Customers			
Contract mining services	2(a)(i)	**2,321,584**	1,992,925
Equipment rental	2(a)(ii)	**42,827**	43,268
Mining supplies and manufactured goods (sale of goods)	2(a)(iii)	**57,061**	42,413
Consulting services	2(a)(iv)	**16,184**	8,936
		2,437,656	2,087,542

(a) Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

(i) Contract mining services

Contract mining services include underground and surface mining, drill and blast, in-pit grade control, exploration drilling, earthmoving, machinery rebuilds 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. The majority of the Group's revenue is paid one month in arrears and therefore gives rise to accrued revenue. The total transaction price for contract services may include variable consideration.

(ii) Equipment rental

Rental income is recognised on either a straight-line or machine hours basis over the term of the operating lease.

(iii) Mining supplies and manufactured goods (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 dispatched or delivered to a customer pursuant to the sales order.

(iv) Consulting services

The Group provides operational improvement and technology consulting services to clients in the mining sector. Delivery of these services represent performance obligations. Upon completion of each performance obligation, which is satisfied over time, the Group is entitled to payment for the services performed.

Accounting policies

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.

Contract assets and liabilities

AASB 15 Revenue from Contracts with Customers 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

AASB 15 Revenue from Contracts with Customers provides 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 to the extent that it is highly probable that it will not result in a significant reversal. 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*.

(b) Revenue recognised in relation to contract liabilities

The Group recognised revenue from the amortisation of deferred revenue liabilities related to mining services contracts. Revenue recognised related to contract liabilities was $2,433,000 (2021: $1,751,000).

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	22 $'000	21 $'000
Gain on sale of MinAnalytical business	3(b)	**29,630**	-
Impairment of customer related intangibles	7(e)(ii)	**(23,162)**	-
Impairment of property, plant and equipment	3(a)	**-**	(59,903)
Impairment of inventory	3(a)	**-**	(10,660)
		6,468	(70,563)

(a) Impairment of property, plant and equipment

For the year ended 30 June 2022, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 30 June 2022 was below its net assets and management considered this factor amongst other impairment indicators at 30 June 2022.

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of cash-generating units (CGUs) against their respective budgets and forecasts. Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of fair value less cost of disposal (FVLCD) and value in use (VIU).

At 30 June 2022 indicators of impairment existed for Contract Mining - Surface (Australia), Contract Mining - Surface (Africa) and BTP Group CGUs. Recoverable amounts for plant and equipment within the CGUs were prepared using the FVLCD method to assess whether impairments or reversal of previous impairments were required. The Group sourced independent valuations at 30 June 2022 to support the FVLCD estimates required for each of the applicable CGUs.

Summary of the impairment taken, and method used to assess the impairment

The following table summarises the outcomes from impairment testing conducted across the Company's material CGUs.

	Indicator for impairment testing		Valuation method used		Impairment expense/ (reversal) of PPE and Inventory	
CGU	22	21	22	21	22	21
BTP Group	**Y**	Y	**FVLCD**	FVLCD	**-**	$8.1m
Contract Mining - Surface (Africa)	**Y**	Y	**FVLCD**	FVLCD	**-**	$62.5m
Contract Mining - Surface (Australia)	**Y**	Y	**FVLCD**	FVLCD	**-**	-
MinAnalytical	**N/A**	Y	**N/A**	FVLCD	**-**	-
Contract Mining - Underground (Australasia / Africa and North America)	**Y**	N	**VIU**	N/A	**-**	-

Key assumptions used for fair value less costs of disposal

At 30 June 2022, the FVLCD methodology adopted for BTP Group, Contract Mining - Surface (Africa) and Contract Mining - Surface (Australia), combined level 1, level 2, and predominately level 3 inputs in the fair value determination.

The main inputs used by the Group are the cost approach and the market approach. The cost approach considers the replacement cost of a new item being appraised and then deducts the loss in value caused by physical deterioration, functional or economic obsolescence. The market approach or sales comparison approach considers sales prices (or offering prices) of property that is comparable.

At 30 June 2022 no impairment expense was recognised and no reversal of impairment was considered necessary.

In the prior period an impairment expense of $8.1 million was recorded against the BTP Group CGU's plant and equipment based on an independent valuation and an impairment expense of $62.5 million was recorded against the property, plant and equipment and inventory of the Contract Mining - Surface (Africa) CGU. The impairment recorded in the prior period for Contract Mining - Surface (Africa) CGU was based upon offers obtained for various items of equipment and a FVLCD independent valuation obtained for the remaining fleet.

(b) Gain on sale of MinAnalytical business

The Group completed a divestment, effective 30 November 2021, of its ownership in its subsidiary MinAnalytical Laboratory Services Australia Pty Ltd ('MinAnalytical'). The total consideration for the transaction was $43.6 million in cash, comprised of $39.0 million for shares in MinAnalytical plus $4.6 million for working capital. A gain of $29.6 million, net of transaction costs, was recorded against other income in the consolidated statement of profit or loss. The sale of MinAnalytical did not represent a separate major line of business and therefore has not been disclosed as a discontinued operation.

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	22 $'000	21 $'000
Gain on sale of businesses, net		**25,643**	-
Other items		**9,567**	6,102
Traineeship grants		**8,426**	-
Gain on disposal of property, plant and equipment		**3,489**	473
Insurance proceeds		**126**	2,516
Total other income		**47,251**	9,091

(b) Breakdown of expenses by nature

	Notes	22 $'000	21 $'000
Depreciation expense			
Plant and equipment depreciation		**223,498**	185,857
Right-of-use asset depreciation		**25,042**	34,287
Buildings depreciation		**1,580**	2,086
Total depreciation expense		**250,120**	222,230
Amortisation expense			
Customer relationships intangibles amortisation		**25,284**	38,102
Software amortisation		**3,758**	1,201
Total amortisation expense		**29,042**	39,303
Rental and hire expenses			
Rental expense for equipment		**44,326**	16,022
Rental expense for properties		**980**	2,155
Total rental and hire expenses		**45,306**	18,177
Finance costs			
Interest expense		**46,942**	45,644
Redemption premium on 2022 High Yield Bonds		**-**	8,143
Lease contracts interest		**3,635**	5,294
Amortisation of borrowing cost		**5,674**	3,558
Other finance costs		**65**	813
Total finance costs		**56,316**	63,452
Other expenses from ordinary activities			
Staffing, safety and training		**42,963**	32,839
Consultants		**27,477**	20,316
Travel and accommodation		**32,412**	43,262
Freight		**36,444**	28,994
IT and communications		**19,546**	18,033
Insurance		**16,788**	18,175
Trade receivable provisions and bad debts		**6,670**	11,328
Duties and taxes		**12,717**	9,920
Property related expenses		**9,145**	9,392
Foreign exchange loss/(gain), net		**1,962**	7,152
All other expenses		**32,407**	28,245
Total other expenses from ordinary activities		**238,531**	227,656
Impairment of assets			
Impairment of customer related intangibles	7(e)(i)	**23,162**	-
Impairment of property, plant and equipment	3	**-**	59,903
Impairment of inventory	3	**-**	10,660
Total impairment of assets		**23,162**	70,563

5 INCOME TAX EXPENSE

(a) Income tax expense

	22 $'000	21 $'000
Current income tax expense		
Current tax on profits for the year	**53,498**	55,881
Adjustments for prior periods	**3,311**	(19)
Deferred income tax expense		
Decrease/(increase) in deferred tax assets	**5,880**	(34,255)
Decrease in deferred tax liabilities	**(34,853)**	(17,498)
Income tax expense	**27,836**	4,109

(b) Tax reconciliation

	Notes	22 $'000	21 $'000
Profit/(loss) before tax		**70,322**	(48,194)
Income tax at the Australian tax rate of 30% (2021: 30%)		**21,097**	(14,458)
Non-Deductible items:			
Share-based payments		**1,306**	610
Other foreign permanent differences		**65**	(386)
Withholding tax		**18,711**	11,236
Other assessable/non-deductible items		**20,061**	18,738
Difference in overseas tax rates		**(5,641)**	(5,818)
Adjustments for prior periods		**3,311**	(19)
Tax losses recognised		**(20,037)**	(6,159)
Movement in tax base due to effect of foreign currency translation		**(12,279)**	5,584
Deferred tax on undistributed profits of foreign subsidiaries and joint ventures		**-**	(6,317)
Movement in uncertain tax positions	5(g)(ii)	**1,242**	1,098
Income tax expense		**27,836**	4,109

(c) Amounts recognised directly in equity

	Notes	22 $'000	21 $'000
Net gain on revaluation of financial assets at FVOCI	8(b)	**-**	(571)
Deferred tax recognised in foreign currency translation reserve	8(b)	**-**	(1,483)
Net gain on revaluation of land and buildings		**-**	(448)
Deferred tax movement on capital raising costs		**(584)**	(584)
Income tax benefit reported directly in statement of changes in equity		**(584)**	(3,086)

(d) Recognition and measurement

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted to substantively enacted by the balance sheet date. 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.

5 INCOME TAX EXPENSE (CONTINUED)

(e) Tax losses and temporary differences not recognised

(i) Tax losses for which deferred tax assets have not been recognised:

	22 $'000	21 $'000
Unused tax losses for which no deferred tax asset has been recognised	**85,997**	172,241
Unrecognised deferred tax assets relating to the above unused tax losses	**25,571**	51,139

Key Judgement: Unrecognised deferred tax asset

The Group reviews the carrying amount of its deferred tax assets at each balance date. At 30 June 2022 the Group has unrecognised benefits relating to carried forward tax losses, which can only be offset against eligible future tax profits. The Group has determined that there is sufficient future taxable profit in Australia to support the losses recognised but at this stage it is not sufficient to support the above unrecognised losses relating predominantly to the African operations.

(ii) Temporary differences for which deferred tax liabilities have not been recognised:

	22 $'000	21 $'000
Undistributed earnings	**186,215**	244,543
Unrecognised deferred tax liabilities relating to the above undistributed earnings	**14,965**	22,054

The Group has undistributed earnings of $186,215,000 (2021: $244,543,000) in some of its overseas subsidiaries which, if paid out as dividends, would attract dividend withholding tax. 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.

(f) Effective tax rates for the year ended 30 June 2022 for Australian and Group operations

(i) Australian operations

The statutory effective tax rate for the year ended 30 June 2022 for the Australian operations is 43.5% (30 June 2021: 37.1%). This rate is higher than the Australian corporate income tax rate of 30% due to the impact of functional currencies, income/expenditure which are not assessable/deductible for tax, recognition of previously unrecognised tax losses and transfer pricing adjustments. The statutory effective tax rate excluding the impact of these items is 30.0% (30 June 2021: 30.0%).

(ii) Group operations

The statutory effective tax rate for the year ended 30 June 2022 for the global operations is 39.6% (30 June 2021: (8.5%)). This rate is higher than the Australian corporate tax rate of 30% due to the impact of dividend withholding tax incurred, functional currencies, items of income/expenditure which are not assessable/deductible for tax, recognition of previously unrecognised tax losses and transfer pricing adjustments. The statutory effective tax rate excluding the impact of these items is 30.0% (30 June 2021: 30.0%).

5 INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

(g) Deferred tax balances

(i) Deferred tax assets

	Notes	22 $'000	21 $'000
Deferred income tax relates to the following:			
Employee benefits		**28,884**	24,999
Accruals		**9,119**	5,500
Provision for obsolete stock		**1,203**	1,828
Doubtful debts		**564**	2,444
Depreciation		**8,145**	10,819
Right-of-use assets		**12,959**	14,683
Inventory		**67**	2,262
Borrowing and business expenses		**3,233**	5,052
Unrealised foreign exchange		**2,156**	-
Current/prior year tax losses recognised		**146,059**	151,710
Financial assets		**446**	-
R&D tax offset recognised		**4,999**	4,999
Deferred tax assets		**217,834**	224,296
Set off deferred tax liabilities pursuant to set-off provisions	5(g)(ii)	**(47,595)**	(76,555)
Net deferred tax assets		**170,239**	147,741
Deferred tax assets expected to be recovered within 12 months		**74,345**	64,023
Deferred tax assets expected to be recovered after more than 12 months		**143,489**	160,273
		217,834	224,296

All movements charged/credited through profit or loss except for an amount of $584,000 (2021: $2,638,000) which was charged directly to equity.

(ii) Deferred tax liabilities

	Notes	22 $'000	21 $'000
Deferred income tax relates to the following:			
Depreciation		**18,606**	25,599
Intangibles - customer relationships		**50,407**	64,944
Revaluation of land and buildings		**6,486**	6,486
Right-of-use assets		**11,946**	13,692
Unrealised foreign exchange		**-**	9,855
Uncertain tax positions		**32,175**	30,933
Financial assets at fair value through profit or loss		**-**	2,926
Other		**215**	255
Deferred tax liabilities		**119,835**	154,690
Adjustment of deferred tax liabilities pursuant to set-off provisions	5(g)(i)	**(47,595)**	(76,555)
Net deferred tax liabilities		**72,240**	78,135
Deferred tax liabilities expected to be settled within 12 months		**13,503**	25,937
Deferred tax liabilities expected to be settled after more than 12 months		**106,332**	128,753
		119,835	154,690

All movements charged/credited through profit or loss, no amounts were charged directly to equity (2021: $448,000).

5 INCOME TAX EXPENSE (CONTINUED)

(g) Deferred tax balances (continued)

Uncertain tax positions

The Group is subject to income taxes across a number of global jurisdictions and therefore significant judgement is required when 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.

Offsetting deferred tax balances

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.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Trade and other receivables

	22			21		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables (i)	**97,525**	**-**	**97,525**	125,660	-	125,660
Accrued revenue	**206,235**	**-**	**206,235**	157,753	-	157,753
Provision for impairment and expected credit losses (see note 11(b))	**(10,980)**	**-**	**(10,980)**	(13,097)	-	(13,097)
	292,780	**-**	**292,780**	270,316	-	270,316
Net GST / VAT receivables	**42,820**	**-**	**42,820**	29,680	-	29,680
Other receivables (ii)	**6,232**	**8,921**	**15,153**	6,681	4,220	10,901
Prepayments	**49,269**	**509**	**49,778**	19,216	669	19,885
	391,101	**9,430**	**400,531**	325,893	4,889	330,782

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and loss allowance.

(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. 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. Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. For non-current receivables, the fair values are also not significantly different to their carrying amounts. The Group's impairment loss allowance, the 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).

(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.

(b) Financial assets at fair value through other comprehensive income

During the year ended 30 June 2022 the Group divested of all its equity holdings.

	22 $'000	21 $'000
Non-current assets		
Listed securities		
Equity securities	**-**	7,386
Unlisted securities		
Equity securities	**-**	18,150
	-	25,536

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial assets at fair value through other comprehensive income (continued)

Accounting policies

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 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.

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(a)).

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

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.

(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 will be transferred to retained earnings.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial assets at fair value through other comprehensive income (continued)

(ii) Amounts recognised in other comprehensive income

During the year, the following gains were recognised in other comprehensive income.

	Notes	22 $'000	21 $'000
Gains recognised in other comprehensive income, gross	8(b)	**31,089**	1,904

(iii) Disposal of financial assets at fair value through other comprehensive income during the year

In line with the Perenti Group strategy to divest non-core assets the entire portfolio of both listed and unlisted financial assets at FVOCI were sold during the year ended 30 June 2022. The sale resulted in cash consideration before costs of $56.6 million and a transfer from financial assets at FVOCI reserve to retained earnings of $29.5 million in the statement of changes in equity.

(c) Trade and other payables

	22 $'000	21 $'000
Trade payables	**202,350**	110,816
Accrued expenses	**104,353**	89,175
Payroll accruals	**55,964**	33,384
Net GST / VAT payables	**8,457**	9,589
Contract liabilities (i)	**3,278**	1,986
Accrued bond interest	**9,885**	9,100
Other creditors and accruals	**9,011**	6,261
	393,298	260,311

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. 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) Contract liabilities

Movements in liabilities relating to revenue contracts are as follows:

	Notes	22 $'000	21 $'000
Opening balance		**1,986**	2,182
Deferred revenue recognised		**3,791**	1,619
Revenue recognised	2(b)	**(2,433)**	(1,751)
Exchange differences		**(66)**	(64)
Closing balance		**3,278**	1,986

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(d) Borrowings

	22			21		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	**-**	**198,763**	**198,763**	-	92,500	92,500
Capitalised borrowing costs	**(1,427)**	**(3,569)**	**(4,996)**	-	(2,413)	(2,413)
Other loans	**5,769**	**4,093**	**9,862**	6,332	9,551	15,883
Total secured borrowings	**4,342**	**199,287**	**203,629**	6,332	99,638	105,970
Unsecured						
USD notes	**-**	**651,749**	**651,749**	-	600,004	600,004
Loan from non-controlling interest	**1,159**	**-**	**1,159**	-	1,290	1,290
Capitalised borrowing costs	**(3,329)**	**(7,544)**	**(10,873)**	(3,064)	(10,009)	(13,073)
Total unsecured borrowings	**(2,170)**	**644,205**	**642,035**	(3,064)	591,285	588,221
Total borrowings	**2,172**	**843,492**	**845,664**	3,268	690,923	694,191

At 30 June 2022, the Group had total unutilised facilities (bank and other loans) of $220,079,000 (2021: $329,580,000).

Bank loans

In June 2022, Perenti Global Limited announced the successful refinancing of its existing A$400 million revolving credit facilities which were due to mature on 1 July 2023. As at 30 June 2022, 51% of the existing facilities were drawn. The new A$420 million syndicated debt facility which settled on 8 July 2022 is provided by a number of leading lending institutions in the Global banking market. The facility is comprised of tranches with 2, 3, 4 and 5 year maturity dates.

Other loans

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

USD notes

On 7 October 2020 Perenti issued 6.50% Guaranteed Senior Notes due for repayment 7 October 2025 with a US$450 million principal amount. The notes were issued by Perenti Finance Pty Ltd and are unsecured and have been guaranteed by Perenti Global Limited and its subsidiaries. The interest on the notes is payable semi-annually on 7 April and 7 October. The notes are quoted on the Singapore Stock Exchange.

Loan from non-controlling interest

The loan is from the joint venture partner to AMAX Limited, in prior year to Underground Mining Alliance Limited.

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 financiers to replace or 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, a credit rating of BB (Outlook Stable) from Standard & Poor's and a credit rating of BB+ (Outlook Stable) from Fitch, which represents an improvement on last year's rating. 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.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(d) Borrowings (continued)

Fair value

For the majority of the borrowings, the fair values were 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:

	22		21	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On-balance sheet				
Traded financial liabilities				
USD notes - unsecured US$450 million	651,749	622,081	600,004	631,864

The fair values of non-current borrowings are based on market price (Level 1) at the balance sheet date.

Accounting policies

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.

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.

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(e) Recognised fair value measurements

(i) Fair value hierarchy

The Group classifies its financial instruments using the three levels as prescribed under AASB 13 Fair Value Measurement.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2022 and 30 June 2021 on a recurring basis:

At 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets FVOCI	-	-	-	-
Australian listed equity securities	-	-	-	-
Australian unlisted equity securities	-	-	-	-
CAD listed equity securities	-	-	-	-
GBP listed equity securities	-	-	-	-
Total financial assets	-	-	-	-

At 30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets FVOCI				
Australian listed equity securities	6,118	-	-	6,118
Australian unlisted equity securities	-	-	18,150	18,150
CAD listed equity securities	704	-	-	704
GBP listed equity securities	564	-	-	564
Total financial assets	7,386	-	18,150	25,536

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 without over reliance on entity specific estimates. The instrument is included in level 2 if all significant inputs required to fair value an instrument are observable.

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 (unlisted equity securities) for the period ended 30 June 2022:

	22 $'000	21 $'000
Opening balance	**18,150**	18,475
Transfers between levels	**-**	(325)
Gains recognised in other comprehensive income	**30,813**	-
Disposals	**(48,963)**	-
Closing balance	**-**	18,150

There were no transfers between the levels of the fair value hierarchy and there were no changes to the valuation methods applied as of 30 June 2022.

(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. As part of this discussion the team explains the reason for any fair value movements based on information received in relation to recent transactions or financial information of the unlisted equity securities.

7 NON-FINANCIAL ASSETS AND LIABILITIES

(a) Inventories

	22 $'000	21 $'000
Work in progress	**19,659**	34,029
Finished goods	**15,908**	19,870
Consumables	**176,552**	160,512
	212,119	214,411

(i) Assigning costs to 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 based on normal operating capacity. Costs are assigned to individual items of inventory based on weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

(ii) Amounts recognised in profit or loss

For the year ended 30 June 2022, write-downs of inventories to net realisable value totalled $807,000 (2021: $20,833,000) and inventory provisions of $1,036,000 (2021: $10,223,000) were recorded against the consolidated statement of profit or loss. The inventory provision balance at 30 June 2022 amounted to $10,980,000 (2021: $18,218,000). There was no impairment recorded against inventory (2021: $10,660,000) for the year ended 30 June 2022.

(b) Assets classified as held for sale

	22 $'000	21 $'000
Current assets		
Plant and equipment	**5,459**	28,894
Inventories	**2,029**	-
	7,488	28,894

On 30 June 2022 the Group signed a Heads of Agreement to sell its assets and inventory in African Mining Services Mali Sarl for total consideration of $9.3 million (USD$6.5 million). The sale is expected to be completed within the first quarter of financial year ending 30 June 2023 and the assets held for sale are presented within total assets of Contract Mining - Surface in the note 1 Segment information.

In the prior period on 24 June 2021 the Group accepted an offer to sell its Canning Vale premises (land and buildings) for consideration of $32.1 million. Due diligence was completed and the sale was finalised in the first half of the 30 June 2022 financial year. The asset was presented under Corporate in the prior period note 1 Segment information.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Property, plant and equipment

Non-current	Notes	Land and buildings $'000	Plant and equipment $'000	Total $'000
At 1 July 2020				
Cost or fair value		66,396	1,704,693	1,771,089
Accumulated depreciation		(9,368)	(943,625)	(952,993)
Net book amount		57,028	761,068	818,096
Year ended 30 June 2021				
Opening net book amount		57,028	761,068	818,096
Exchange differences		(1,753)	(16,126)	(17,879)
Additions		201	276,948	277,149
Disposals		-	(84,927)	(84,927)
Depreciation expense		(2,086)	(185,857)	(187,943)
Impairment		-	(54,054)	(54,054)
Transfer from right-of-use		-	5,688	5,688
Transfers from/(to) intangible assets		940	(2,684)	(1,744)
Transfer to inventory		-	(3,854)	(3,854)
Acquisition of subsidiary		-	18	18
Revaluation of land and buildings		(346)	-	(346)
Assets classified as held for sale		(28,894)	-	(28,894)
Closing net book amount		25,090	696,220	721,310
At 30 June 2021				
Cost or fair value		28,038	1,657,301	1,685,339
Accumulated depreciation		(2,948)	(961,081)	(964,029)
Net book amount		25,090	696,220	721,310
Year ended 30 June 2022				
Opening net book amount		**25,090**	**696,220**	**721,310**
Adjustment for Software-as-a-Service	25(a)	**-**	**(4,643)**	**(4,643)**
Restated opening net book amount		**25,090**	**691,577**	**716,667**
Year ended 30 June 2022				
Restated opening net book amount		**25,090**	**691,577**	**716,667**
Exchange differences		**665**	**8,252**	**8,917**
Additions		**419**	**443,558**	**443,977**
Disposals		**(59)**	**(26,276)**	**(26,335)**
Depreciation expense		**(1,580)**	**(223,498)**	**(225,078)**
Transfer to right-of-use		**-**	**(320)**	**(320)**
Transfer from inventory		**-**	**16,484**	**16,484**
Transfers to intangible assets		**-**	**(2,533)**	**(2,533)**
Assets classified as held for sale		**-**	**(5,459)**	**(5,459)**
Closing net book amount		**24,535**	**901,785**	**926,320**
At 30 June 2022				
Cost or fair value		**28,229**	**1,962,935**	**1,991,164**
Accumulated depreciation		**(3,694)**	**(1,061,150)**	**(1,064,844)**
Net book amount		**24,535**	**901,785**	**926,320**

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) Property, plant and equipment (continued)

(i) Carrying amounts that would have been recognised if land and buildings were stated at cost

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	22 $'000	21 $'000
Buildings		
Cost	**41,364**	39,837
Accumulated depreciation	**(19,914)**	(19,002)
Net book amount	**21,450**	20,835

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.

(ii) 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

Accounting policies

The Group's accounting policy for land and buildings is explained above. All other plant and equipment is stated at historical cost less depreciation and impairment. 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.

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.

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.

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.

(iii) Key estimates: property, plant and equipment

The estimations of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets, such as changes to contract length or when an asset designation from idle to non-idle occurs. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	22 $'000	21 $'000
Right-of-use assets		
Properties	**24,814**	19,012
Equipment	**33,992**	55,341
Motor vehicles	**499**	338
	59,305	74,691
Lease liabilities		
Current	**27,943**	24,537
Non-current	**28,250**	49,272
	56,193	73,809

Additions to the right-of-use assets during the 2022 financial year were $35,625,000 (2021: $2,878,000). During the year, $25,709,000 worth of right-of-use assets were released when MinAnalytical and Well Control Solutions businesses were disposed.

(ii) Amounts recognised in the statement of profit or loss

	Notes	22 $'000	21 $'000
Depreciation charge of right-of-use assets			
Properties		**8,206**	8,291
Equipment		**16,370**	25,738
Motor vehicles		**466**	258
	4(b)	**25,042**	34,287
Interest expense (included in finance cost)		**3,635**	5,294
Expense relating to short-term leases (included in rental and hire expenses)		**25,292**	16,440
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rental and hire expenses)		**-**	225
Expense relating to variable lease payments not included in lease liabilities (included in rental and hire expenses)		**20,014**	445

The total cash outflow for leases (including interest) in 2022 was $30,090,000 (2021: $35,577,000).

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases (continued)

(iii) The Group's leasing activities and accounting treatment

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 (v), below.

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.

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 payments 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.

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 the Group, 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 leases are leases with a total lease payments less than $7,500 (US$5,000).

(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 are 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.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(d) Leases (continued)

(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 2022, potential future cash outflows of $32,189,000 (undiscounted) (2021: $27,273,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not be 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 decrease in recognised lease liabilities and right-of-use assets of $328,000.

(e) Intangible assets

	Goodwill	Software	Customer related intangibles	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2021				
Opening net book amount	449,769	802	254,585	705,156
Acquisition of subsidiary	5,000	6,217	-	11,217
Transfer from property, plant and equipment	-	1,744	-	1,744
Amortisation expense	-	(1,201)	(38,102)	(39,303)
Closing net book amount	454,769	7,562	216,483	678,814
At 30 June 2021				
Cost	454,769	15,171	321,458	791,398
Accumulated amortisation and impairment	-	(7,609)	(104,975)	(112,584)
Net book amount	454,769	7,562	216,483	678,814
Year ended 30 June 2022				
Opening net book amount	**454,769**	**7,562**	**216,483**	**678,814**
Acquisition of subsidiary	**2,531**	**695**	**-**	**3,226**
Additions	**-**	**19,762**	**-**	**19,762**
Impairment	**-**	**-**	**(23,162)**	**(23,162)**
Transfer from property, plant and equipment	**-**	**2,533**	**-**	**2,533**
Exchange differences	**-**	**76**	**-**	**76**
Amortisation expense	**-**	**(3,758)**	**(25,284)**	**(29,042)**
Closing net book amount	**457,300**	**26,870**	**168,037**	**652,207**
At 30 June 2022				
Cost	**457,300**	**38,867**	**321,459**	**817,626**
Accumulated amortisation and impairment	**-**	**(11,997)**	**(153,422)**	**(165,419)**
Net book amount	**457,300**	**26,870**	**168,037**	**652,207**

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Intangible assets (continued)

Accounting policies

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5-8 years
- Customer related intangibles 2-12 years

Goodwill

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. 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 for 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). Intangibles other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting period.

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.

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.

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.

(i) Customer contracts

The customer contracts were acquired as part of the Barminco acquisition in 2019. They were 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 from the contracts over their estimated useful lives. As disclosed in the 31 December 2021 interim financial report, an impairment of $23.2 million was recorded following the exit of the Sukari contract in Egypt. The exit of this contract was an indicator of impairment at 31 December 2021, which resulted in an impairment of the entire remaining value of the customer related intangibles balance allocated to that contract. An assessment was conducted at 30 June 2022 and no further impairment indicators were identified on the remaining customer related intangibles.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Intangible assets (continued)

(ii) Impairment considerations for goodwill

The Group tested goodwill for impairment at 30 June 2022 and no impairment was recorded. Goodwill was recognised for the Contract Mining - Underground segment following the Barminco acquisition in 2019 and on the idoba group of companies that were progressively acquired since 2021.

On 1 February 2022 the Group acquired two technology companies and recognised $2.5 million of goodwill in addition to the $5.0 million recognised on the prior period acquisitions. At 30 June 2022, the recoverable amount of the newly acquired assets have been determined based upon fair value less cost of disposal, with reference to the recent purchase price of the acquired interest. There are no indicators to suggest that the fair value of the recently acquired companies has significantly changed.

Value-in-use calculations were performed to test for goodwill impairment across the Contract Mining - Underground and idoba CGU.

(iii) Key assumptions used for value-in-use calculations

In determining the CGU's recoverable amount, estimates are made regarding the present value of future cash flows. These estimates are calculated using management judgement, contain elements of risk and uncertainty, can be impacted by changes in economic conditions, and changes to the discount rates used to calculate the present value of future cash flows.

The basis of the estimates and key assumptions used to determine recoverable amounts and test for goodwill impairment in relation to the Underground CGU at 30 June 2022 are set out below:

- Cash flow projections were based upon individual committed and uncommitted project forecasts for the prospective five year period.
- Cash flow projections beyond the five-year period were extrapolated using a growth rate of 2.5% (2021: 2.5%).
- EBITDA margins were based upon historical averages adjusted for prevailing economic conditions. These have not been disclosed as they are considered to be commercially sensitive.
- The weighted average cost of capital pre-tax discount rates were in the range of 13.3% and 24.6% (2021: 12.9% and 19.5%) and varied depending on the country risk assigned to the region in which a project was domiciled. The present value of cash flows is sensitive to the growth and discount rates used noting a higher discount rate will result in a lower recoverable value.
- A foreign exchange rate of $0.69 US$:AUD spot rate was used to translate the US Dollar denominated CGU's into Australian Dollars and $0.89 CAD$:AUD spot rate was used to translate the Canadian Dollar denominated CGU's into Australian Dollars.

Significant estimate: Impact of possible changes in key assumptions - Contract Mining - Underground CGU

Management have considered various reasonably possible value-in-use sensitivities for the Contract Mining - Underground CGU at 30 June 2022, when testing goodwill for impairment. The table below shows the impairment impact of adjusting these sensitivity assumptions.

Assumption	% Change	Contract Mining - Underground Impairment (A$)
Growth rate in terminal year (decrease reduces value)	+1.0%	No impact
	-1.0%	No impact
Discount rate (decrease increases value)	-1.0%	No impact
	+1.0%	No impact
Foreign exchange rate (decrease increases value)	-5cents	No impact
	+5cents	No impact
Average EBITDA margin (decrease reduces value)	+1.0%	No impact
	-1.0%	No impact

The above sensitivities have been performed holding all other assumptions in the model constant.

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(f) Employee benefit obligations

			22			21
	Current $'000	Non- current $'000	Total $'000	Current $'000	Non- current $'000	Total $'000
Leave obligations	**79,722**	**4,263**	**83,985**	70,719	2,870	73,589

(i) Leave obligations

The current leave obligations include all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and employee entitlements to pro-rata payments where applicable. The total amount of the current provision of $79,722,000 (2021: $70,719,000) 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.

	22 $'000	21 $'000
Current leave obligations expected to be settled after 12 months	**47,253**	25,522

Accounting policies

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.

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.

Share-based payments

Equity settled share-based compensation benefits are provided to employees via the Perenti Global Limited Incentive Rights Plan. Information relating to this scheme is set out in note 19. Equity settled share-based payments are measured at the fair value of the equity instruments at grant date.

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(e) and 7(g)(ii)-(v).

At 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land and buildings				
Office buildings	**-**	**-**	**3,723**	**3,723**
Industrial sites	**-**	**-**	**20,812**	**20,812**
Total non-financial assets	**-**	**-**	**24,535**	**24,535**
At 30 June 2021				
Assets				
Land and buildings				
Office buildings	-	-	3,839	3,839
Industrial sites	-	-	21,251	21,251
Assets classified as held for sale	-	-	28,894	28,894
Total non-financial assets	-	-	53,984	53,984

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(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 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 2021 and 30 June 2022 for recurring fair value measurements:

	Office buildings $'000	Industrial sites $'000	Total $'000
Opening balance 1 July 2020	5,674	51,463	57,137
Acquisitions	-	201	201
Depreciation and impairment	(776)	(1,524)	(2,300)
Revaluation	(1,962)	1,616	(346)
Transfers between classes	995	(55)	940
Losses recognised in other comprehensive income	(92)	(1,556)	(1,648)
Closing balance 30 June 2021	3,839	50,145	53,984
Acquisitions	**-**	**419**	**419**
Disposals	**-**	**(28,953)**	**(28,953)**
Depreciation and impairment	**(444)**	**(1,547)**	**(1,991)**
Gains recognised in other comprehensive income	**328**	**748**	**1,076**
Closing balance 30 June 2022	**3,723**	**20,812**	**24,535**

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.

Description	Fair value at 30 June 2022 $'000	Fair value at 30 June 2021 $'000	Valuation Technique	Unobservable inputs*	Range of inputs (probability-weighted average) 2022	Range of inputs (probability-weighted average) 2021	Relationship of unobservable inputs to fair value
Industrial Sites -Australia and Assets classified as held for sale	**12,219**	41,401	Direct comparison	Selection of industrial sites with similar approximate utility	**$5-$632 per m²**	$5-$632 per m² ($340)	The higher the rate per square metre, the higher the fair value
Industrial Sites -Ghana	**8,593**	8,744	Direct comparison	Selection of industrial sites with similar approximate utility	**$213-$653 per m²**	$213-$653 per m² ($395)	The higher the rate per square metre, the higher the fair value
Office Buildings -Ghana	**3,723**	3,839	Direct comparison	Selection of industrial sites with similar approximate utility	**$857 per m²**	$857 per m² ($857)	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 for the year ended 30 June 2021.

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.

8 EQUITY

(a) Contributed equity

	22 Shares	21 Shares	22 $'000	21 $'000
Fully paid ordinary shares	**702,460,434**	704,295,221	**1,137,030**	1,137,783

(i) Movements in ordinary share capital:

Details	Number of shares	Total $'000
Opening balance 1 July 2021	704,295,221	1,137,783
Share issue on conversion of employee share rights	1,415,972	1,888
Buy-back of ordinary shares, net of transaction costs and tax	(3,250,759)	(2,057)
Deferred tax movement on capital raising costs	-	(584)
Balance 30 June 2022	**702,460,434**	**1,137,030**

(ii) Ordinary shares

Ordinary shares are classified as equity and 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.

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.

(iii) Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

(iv) 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.

(v) Share buy-back

The Company has implemented its capital management strategy which includes the buy-back of shares on market.
In the year ended 30 June 2022, 3.3 million shares were bought back by the Company for a consideration of $2.0 million.
At 30 June 2022, $0.9 million had been paid in cash and the remaining amount payable is recorded in other creditors and accruals in note 6(c).

(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	Financial assets at FVOCI $'000	Share-based payments $'000	Transactions with NCI $'000	Foreign currency translation $'000	Total $'000
Balance at 1 July 2020		24,680	6,379	13,064	(2,664)	(52,563)	(11,104)
Revaluation - gross	6(b)	646	1,904	-	-	-	2,550
Deferred tax		(448)	(571)	-	-	(1,483)	(2,502)
Currency translation differences		(373)	-	-	-	803	430
Other comprehensive income		**(175)**	**1,333**	**-**	**-**	**(680)**	**478**
Transactions with owners in their capacity as owners							
Share-based payments expense	19(c)	-	-	2,033	-	-	2,033
Shares issued on conversion of employee share options/rights		-	-	(2,001)	-	-	(2,001)
At 30 June 2021		**24,505**	**7,712**	**13,096**	**(2,664)**	**(53,243)**	**(10,594)**

8 EQUITY (CONTINUED)

(b) Other reserves (continued)

	Notes	Revaluation surplus $'000	Financial assets at FVOCI $'000	Share-based payments $'000	Transactions with NCI $'000	Foreign currency translation $'000	Total $'000
Balance at 1 July 2021		24,505	7,712	13,096	(2,664)	(53,243)	(10,594)
Vested employee share rights that have lapsed, been cancelled or forfeited		-	-	(1,929)	-	-	(1,929)
Asset revaluation reserve gain taken to retained earnings on sale of asset		(11,998)	-	-	-	-	(11,998)
Revaluation - gross	6(b)	-	31,089	-	-	-	31,089
Deferred tax		-	(9,327)	-	-	-	(9,327)
Transfer from financial assets at FVOCI reserve to retained earnings		-	(29,474)	-	-	-	(29,474)
Currency translation differences		-	-	-	-	(26,497)	(26,497)
Other comprehensive income		**(11,998)**	**(7,712)**	**(1,929)**	**-**	**(26,497)**	**(48,136)**
Transactions with owners in their capacity as owners							
Share-based payments expense	19(c)	-	-	4,591	-	-	4,591
Shares issued on conversion of employee share rights		-	-	(1,888)	-	-	(1,888)
At 30 June 2022		**12,507**	**-**	**13,870**	**(2,664)**	**(79,740)**	**(56,027)**

(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 from the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve related to the asset is transferred to retained earnings.

Financial assets at FVOCI

The Group has elected to recognise changes to the fair value of certain equity security investments in OCI, as explained in note 6(b). These changes are accumulated within the FVOCI reserve. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Transactions with non-controlling interests (NCI)

This reserve is used to record the differences described in note 25(b)(iii) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

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.

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.

9 CASH FLOW INFORMATION

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	22 $'000	21 $'000
Profit/(loss) for the year	**42,486**	(52,303)
Depreciation expense	**250,120**	222,230
Amortisation expense	**29,042**	39,303
Impairment of customer related intangibles	**23,162**	
Impairment of assets	**-**	59,903
Impairment of inventory	**-**	10,660
Loss on revaluation of land and buildings	**-**	992
Gain on sale of businesses	**(25,643)**	-
Net exchange differences	**113**	(140)
Trade receivable provisions and bad debts	**6,670**	11,328
Non-cash employee benefits expense - share-based payments	**4,353**	1,293
Amortisation of borrowing costs and other non-cash finance costs	**5,635**	4,272
Other non-cash items - restructuring	**-**	2,452
Gain on sale of non-current assets	**(3,489)**	(473)
Redemption premium on 2022 High Yield Bonds	**-**	8,143
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	**(44,257)**	22,651
(Increase)/decrease in inventories	**(16,562)**	11,733
(Increase)/decrease in deferred tax assets	**(38,503)**	(16,910)
(Increase)/decrease in other operating assets	**(36,373)**	(5,108)
(Decrease)/increase in trade creditors	**137,927**	15,365
(Decrease)/increase in provision for income taxes payable	**(989)**	(4,058)
(Decrease)/increase in deferred tax liabilities	**(3,641)**	(32,247)
(Decrease)/increase in other provisions	**11,251**	(2,823)
Net cash inflow from operating activities	**341,302**	296,263

(b) Non-cash investing and financing activities

	22 $'000	21 $'000
Recognition of right-of-use assets and lease liabilities	**35,304**	2,878
Issue of shares under Dividend Reinvestment Plan	**-**	(962)
	35,304	1,916

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	22 $'000	21 $'000
Net debt		
Cash and cash equivalents	**348,519**	264,741
Borrowings/lease liabilities - repayable within one year	**(30,115)**	(27,805)
Borrowings/lease liabilities - repayable after one year	**(871,742)**	(740,195)
Net debt	**(553,338)**	(503,259)
Cash and cash equivalents	**348,519**	264,741
Gross debt	**(901,857)**	(768,000)
Net debt	**(553,338)**	(503,259)

Gross debt is comprised of current and non-current borrowings and lease liabilities.

	Cash $'000	Lease liabilities $'000	Borrowings $'000	Total $'000
Net debt as at 1 July 2021	**264,741**	**(73,809)**	**(694,191)**	**(503,259)**
Cash flows	78,292	26,432	(92,706)	12,018
Foreign exchange adjustments	5,486	360	(58,033)	(52,187)
Other non-cash movements	-	(9,176)	(734)	(9,910)
Net debt as at 30 June 2022	**348,519**	**(56,193)**	**(845,664)**	**(553,338)**

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 when applying the Group's accounting policies.

This note provides an overview of the areas that require a high degree of judgement or complexity, and for items which could have a material adjustment if estimates and assumptions were incorrect. Detailed information about each of these estimates and judgements is included in notes 2 to 25 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
• Impairment of assets	note 3
• Recognition of deferred tax asset for carried forward tax losses	note 5
• Uncertain tax positions	note 5(g)
• Estimation of useful life of property, plant and equipment	note 7(c)
• Estimation uncertainties and judgements made in relation to lease accounting	note 7(d)
• Determination of lease term	note 7(d)
• Estimated goodwill impairment	note 7(e)
• Estimated useful life of intangible assets	note 7(e)
• Estimation of fair values of land and buildings	note 7(g)
• Share-based payments - determining the achievement of non-market based conditions	note 19

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.

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 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.

(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 material foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 JUNE 2022								
	USD	GHS	GBP	EUR	INR	TZS	BWP	XOF	CAD
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash	**6,142**	**242**	**-**	**1,409**	**-**	**2,204**	**1,170**	**-**	**71**
Trade and other receivables	**50,800**	**784**	**15**	**63,224**	**-**	**-**	**-**	**450**	**-**
Other non-current receivables	**6,203**	**26,456**	**2,767**	**7,211**	**-**	**-**	**-**	**-**	**15,750**
Trade payables	**(18,848)**	**(12,104)**	**(963)**	**(61,894)**	**-**	**(132)**	**(2,376)**	**(2,230)**	**(2)**
Borrowings	**(11,194)**	**-**	**-**	**(7,560)**	**-**	**-**	**-**	**-**	**-**

	30 JUNE 2021								
	USD	GHS	GBP	EUR	INR	TZS	BWP	XOF	CAD
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash	7,418	8,355	-	2,836	291	1,490	274	-	-
Trade and other receivables	15,363	14,701	16	9,022	-	-	-	469	-
Other non-current receivables	-	-	2,796	11,281	-	-	-	-	-
Financial assets FVOCI	-	-	564	-	-	-	-	-	-
Trade payables	(22,880)	(8,631)	(1,478)	(10,330)	-	(315)	(1,932)	(2,415)	-
Borrowings	(8,794)	-	-	(11,281)	-	-	-	-	-

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity analysis

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax, based solely on the Group's foreign exchange risks exposures existing at the balance sheet date. A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have impacted 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 2021.

The impact on profit is estimated by applying the hypothetical changes in the foreign currency rates to the balance of the financial instruments at the reporting date.

Profit or (loss)	22 $'000	21 $'000
USD	**(3,009)**	808
XOF	**162**	177
GHS	**(1,398)**	(1,311)
GBP	**(165)**	(141)
BWP	**110**	(151)
EUR	**(217)**	(139)
TZS	**(188)**	(107)
EGP	**(63)**	(38)
ZAR	**(191)**	-
CAD	**(1,438)**	-
INR	**-**	(26)
	(6,397)	(928)

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).

0% (2021: 29%) 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 impact of an increase/(decrease) of the financial assets FVOCI on the Group's equity for the year after tax was $nil (2021: FVOCI - increase 10% $1,788,000 and FVOCI - decrease 10% ($1,788,000). 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.

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

(iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with fixed and variable rates, which expose the group to cash flow interest rate risk. Group policy is to review on a continuous basis. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in Australian and US dollars.

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 asset 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 receivables and accrued revenue provisions

The Group's exposure to bad debts is not significant and default rates have historically been low. 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.

Trade receivables and accrued revenue 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 2022, current trade receivables and accrued revenue of $303,760,000 (2021: $283,413,000) were assessed for expected credit losses. Of this $11,518,000 (2021: $42,246,000) were past due. The amount of the provision for impaired and expected credit loss receivables was $10,980,000 (2021: $13,097,000).

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 $797,000 (2021: $397,000) has been recorded for expected credit losses and has been included within the provision for doubtful debts balance at 30 June 2022.

The aging of trade receivables greater than 90 days past due and excluding provisions for doubtful debts and expected credit losses are:

	22 $'000	21 $'000
3 to 6 months	**930**	3,350
Over 6 months	**8,619**	12,983
	9,549	16,333

Movements in the provision for impairment and expected credit losses of trade receivables and accrued revenue that are assessed collectively are as follows:

	22 $'000	21 $'000
At 1 July	**13,097**	11,172
Provision recognised during the year	**8,451**	10,997
Utilisation of provision	**(10,968)**	(8,521)
Expected credit loss provision movement	**400**	(551)
At 30 June	**10,980**	13,097

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) 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
Group - at 30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade payables	**393,298**	**-**	**-**	**-**	**-**	**393,298**	**393,298**
Lease liabilities	**17,172**	**13,540**	**14,806**	**12,759**	**4,548**	**62,825**	**56,193**
Borrowings	**26,058**	**23,577**	**243,271**	**717,438**	**-**	**1,010,344**	**845,664**
Total	**436,528**	**37,117**	**258,077**	**730,197**	**4,548**	**1,466,467**	**1,295,155**
Group - at 30 June 2021							
Trade payables	260,311	-	-	-	-	260,311	260,311
Lease liabilities	14,345	16,102	30,751	26,488	10,714	98,400	73,809
Borrowings	23,008	23,008	44,797	795,583	-	886,396	694,191
Total	297,664	39,110	75,548	822,071	10,714	1,245,107	1,028,311

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 capital management objectives are to ensure there is adequate funding to meet operation requirements, strategic objectives and to provide returns to shareholders through cost effective and efficient capital structuring.

The Group manages its capital needs through a combination of equity and debt funding arrangements. The Group uses a number of different measures to monitor capital including gearing ratio, cash flow leverage ratios and net debt ratios.

(b) Dividends

(i) Dividends paid in the reporting period

	22 $'000	21 $'000
Prior year unfranked dividend of 2.0 cents per ordinary share paid 20 October 2021 (2020: 3.5 cents paid 3 November 2020).	**14,108**	24,563
No interim dividends were determined for the year ended 30 June 2022 (2021: unfranked interim dividend of 3.5 cents per ordinary share paid 7 April 2021).	**-**	24,707
Total dividends provided for or paid	**14,108**	49,270

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2022 and 30 June 2021 were:

	22 $'000	21 $'000
Paid in cash	**14,108**	63,482
Movement in payable	**-**	(15,174)
Issue of shares under dividend re-investment plan	**-**	962
Total dividends provided for or paid	**14,108**	49,270

The Company's Dividend Reinvestment Plan (DRP) was suspended with effect from 16 March 2021 until further notice.

(ii) Dividends not recognised at the end of the reporting period

	22 $'000	21 $'000
No final dividends were determined for the year ended 30 June 2022 (2021: unfranked final dividend of 2.0 cents per ordinary share paid 20 October 2021).	**-**	14,086

(iii) Conduit Foreign Income

	22 $'000	21 $'000
Conduit Foreign Income (CFI) amounts for subsequent reporting periods are	**486,026**	339,948

These balances are taken from the CFI register and are available to pay dividends. The CFI register is adjusted for foreign income received, withholding tax incurred and dividends paid. Unlike franked dividends no tax credit accompanies a dividend paid out of a CFI balance.

(c) Share buy-back

The Company has implemented its capital management strategy which includes the buy-back of shares on market. In the year ended 30 June 2022, 3.3 million shares were bought back by the Company for a consideration of $2.0 million. At 30 June 2022, $0.9 million had been paid in cash and the remaining amount payable is recorded in other creditors and accruals in note 6(c).

13 BUSINESS COMBINATION

On 1 February 2022 the Group, through its subsidiary idoba Pty Ltd, acquired two technology companies, namely, Orelogy Consulting Pty Ltd and Atomorphis Pty Ltd. The total consideration paid for these transactions included $3.75 million of cash. Other balances recognised as part of the acquisitions included goodwill of $2.5 million and software intangibles of $0.7million. The transactions were not considered material, individually or in aggregate, to the Group.

During the year ended 30 June 2021 the Group acquired three entities as part of a single transaction, through its subsidiary idoba Pty Ltd. These transactions were not considered material to the Group. Refer to the 30 June 2021 Annual Report for further details of these transactions.

14 INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of Perenti Global Limited, the ultimate parent entity, and the following principal subsidiaries in accordance with the accounting policy described in note 25(b):

Name of entity	Country of incorporation and principal place of business	Class of shares	Equity holding 22 %	Equity holding 21 %
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
African Mining Services Cote D'Ivoire Sarl	Cote d'Ivoire	Ordinary	**100**	100
African Mining Services Ghana Ltd	Ghana	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
Perenti Holdings Pty Ltd	Australia	Ordinary	**100**	100
Ausdrill Tanzania Limited	Tanzania	Ordinary	**100**	100
Perenti 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
Ausdrill Mining Surface Botswana Proprietary Ltd	Botswana	Ordinary	**100**	100
Drill Rigs Australia Pty Ltd *	Australia	Ordinary	**100**	100
Energy Drilling Australia Pty Ltd	Australia	Ordinary	**–**	100
Golden Plains Pty Ltd *	Australia	Ordinary	**100**	100
Barminco Mining Services Botswana Proprietary Ltd	Botswana	Ordinary	**100**	100
MinAnalytical Laboratory Services Australia Pty Ltd	Australia	Ordinary	**–**	100
MinAnalytical Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Logistics Direct Ltd	Ghana	Ordinary	**100**	100
Perenti UK Ltd	UK	Ordinary	**100**	100
Power Solutions Africa Suarl	Senegal	Ordinary	**100**	100
Mining Technology and Supplies Ltd	Ghana	Ordinary	**100**	100
Barminco Mining Services Canada Limited	Canada	Ordinary	**100**	100
Supply Direct Pty Ltd (United Kingdom Branch)*	United Kingdom	Ordinary	**100**	100
Barminco Finance Pty Ltd *	Australia	Ordinary	**100**	100
Barminco Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Supply Direct South Africa Pty Ltd *	Australia	Ordinary	**100**	100
Barminco Limited *	Australia	Ordinary	**100**	100
Supply Direct Pty Ltd *	Australia	Ordinary	**100**	100
Synegex Holdings Pty Ltd *	Australia	Ordinary	**100**	100
Barholdco (EIS) Pty Ltd	Australia	Ordinary	**100**	100
Barminco South Africa Pty Ltd	South Africa	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
Underground Mining Alliance Ltd	Ghana	Ordinary	**70**	70
African Underground Mining Services Burkina Faso Sarl	Burkina Faso	Ordinary	**100**	100
Barminco Mining Services USA LLC	USA	Ordinary	**100**	100
Perenti USA Inc	USA	Ordinary	**100**	100
AUMS (T) Limited	Tanzania	Ordinary	**96**	96
Improvement Resources Pty Ltd	Australia	Ordinary	**96**	96
idoba Pty Ltd (formerly Technology Driven Mining)	Australia	Ordinary	**96**	96
Sandpit Innovation Pty Ltd	Australia	Ordinary	**96**	96
Spidler Technologies Pty Ltd	Australia	Ordinary	**96**	96
Optika Solutions Pty Ltd	Australia	Ordinary	**96**	96
BG Umoja Services Limited	Tanzania	Ordinary	**80**	80
Spidler Group Pty Ltd	Australia	Ordinary	**96**	96
AMAX Ltd	Ghana	Ordinary	**60**	60
Atomorphis Pty Ltd	Australia	Ordinary	**96**	-
Orelogy Consulting Pty Ltd	Australia	Ordinary	**96**	-

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.
BG Umoja Services Limited is a 80/20 operation between Perenti International Pty Ltd, Barminco AUMS Holding Pty Ltd and Geofields Tanzania Limited, a Tanzanian Mining Contractor, and has been included in subsidiaries above.
AMAX Ltd is a 60/40 operation between African Mining Services (Ghana) Pty Ltd and MAXMASS Ltd, a Ghanaian Mining Contractor, and has been included in subsidiaries above.
During the year the MinAnalytical Laboratory Services Australia Pty Ltd (refer to 3(b) for further detail) and Energy Drilling Australia Pty Ltd were divested.

* 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.

15 CONTINGENCIES

(a) Contingent liabilities

In the course of business, liabilities may arise from different events including contractual disputes, litigations and other claims. The outcomes from these events cannot be predicted or in the opinion of directors are without merit and therefore no amounts have been disclosed.

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 30 June 2022 was unresolved and is subject to litigation. The contingent asset has not been recognised as a receivable at 30 June 2022 as receipt of this amount is dependent on the outcome of the litigation. Refer to note 17 for an update on this matter that have arisen since the end of the financial year.

16 COMMITMENTS

(a) Capital commitments

Capital expenditure that was contracted at the end of the reporting period but not recognised as liabilities:

	22 **$'000**	21 **$'000**
Property, plant and equipment		
Payable:		
Within one year	**114,169**	92,013

The capital commitments are to be funded from cash and available finance facilities.

17 EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 18 July 2022, the Group announced it has entered into a settlement agreement to recover $10 million related to historical damages caused to a property in West Africa. The settlement amount is before fees and taxes and will have a positive impact to FY23 statutory earnings.

On 22 August 2022, the Group announced it executed a Share Sale Agreement for the sale of 10% of the issued shares in idoba Pty Ltd to the Sumitomo Corporation for a total cash consideration of $5.4 million.

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.

18 RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity of the Group is Perenti Global Limited.

(b) Key management personnel compensation

	22 $	21 $
Short-term employee benefits	**4,760,029**	3,903,542
Post-employment benefits	**142,652**	140,675
Long-term benefits	**21,132**	67,012
Share-based payments	**1,686,881**	1,620,819
	6,610,694	5,732,048

Detailed remuneration disclosures are provided in the remuneration report on pages 68 to 85.

(c) Transactions with other related parties

Other than disclosed above and in this note the Group has no other material related parties. As disclosed in note 14, the Group has non-controlling interests, however these are not considered material for the year ended 30 June 2022. Transactions with the non-controlling interests include loans from the non-controlling interest of $1,158,000 (2021: $1,290,000) (note 18(d)), Loans to the non-controlling interest of $1,703,000 (2021: $2,094,000), dividends paid to non-controlling interest of $2,610,000 (2021: $nil), and rental and hire expenses of $18,219,000 (2021: $nil).

(d) Loans to related parties

	22 $	21 $
Loans to key management personnel		
Balance at 1 July	**186,039**	187,512
Interest charged	**8,492**	8,964
Interest received	**(8,492)**	(10,437)
As at 30 June	**186,039**	186,039

Terms and conditions

Loans provided to key management personnel on acquisition of the Barminco group. Loans are repayable by 22 October 2022, interest was payable at a rate of 4.52% (2021: 4.80% and 4.52%) on loans advanced. Outstanding balances are unsecured and are repayable in cash.

	22 $	21 $
Loans from non-controlling interest		
Balance at 1 July	**1,290,008**	2,705,255
Loan repayments made	**(1,867,355)**	(1,200,008)
Impact of foreign exchange	**89,427**	(215,239)
Loan drawdowns	**1,646,585**	-
As at 30 June	**1,158,665**	1,290,008

19 SHARE-BASED PAYMENTS

(a) Employee Option Plan

The Employee Option Plan was designed to provide long-term incentives for senior managers to deliver long-term shareholder returns. Since the Barminco transaction in 2019 no new option plans have been granted with these being replaced by rights plans as disclosed in section (b) of this note. The final exercises under the option plans occurred in December 2020.

During the year ended 30 June 2021 all options under the Employee Option Plans were either exercised (733,338 shares at average exercise price of $0.17) or forfeited (466,668 shares at average exercise price of $1.15) and therefore at 30 June 2021 there are no unvested options and the Employee Option Plans terminated. As the option plans were finalised in the prior year there were no options granted during the year ended 30 June 2022 (2021: Nil). Refer to 30 June 2021 Annual Report for further details.

(b) Rights Plan

The Board had established an 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. Performance rights were granted during the year and are treated in substance as 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. During the year ended 30 June 2022 3,240,473 retention rights were granted. Retention rights are not subject to performance hurdles and will vest on 31 December 2023.

Short-term incentive rights

Each short-term incentive right issued under the plan converts into one ordinary share of Perenti Global Limited on exercise. Certain Executive's are invited to participate in the plan. Short-term incentive rights are based upon business outcomes which comprise of a mix of financial and non-financial measures. The Board retains absolute discretion with respect to the targets and outcomes assessed under the plan. The short-term incentives vest twelve months after the grant date.

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 year end 30 June 2022 will run from 1 July 2021 until 30 June 2024, (2021: 1 July 2020 until 30 June 2023). In addition to continued service, the Board changed the performance criteria for the rights granted in FY22 to the below terms:

- 50% of the performance rights will vest if the total shareholder return (TSR) vesting condition is met which are on sliding scale based upon the TSR benchmark as disclosed in the remuneration report;
- 30% of the performance rights will vest if the return on equity (ROE) vesting condition is met which are on sliding scale of ROE outcomes between 6% and 6.8% as disclosed in the remuneration report;
- 10% of the performance rights will vest if the strategic initiative regarding a psychological safe work environment is met; and
- 10% of the performance rights will vest if the strategic initiative regarding reducing debt leverage to sub 1.0 times EBITDA, excluding possible acquisitions, as aligned to the Capital Management Policy introduced in December 2021.

Set out below is a summary of rights granted under the above plans.

	22 Number of rights	21 Number of rights
As at 1 July	**13,052,162**	9,644,034
Granted during the year	**15,276,873**	5,891,669
Forfeited during the year	**(3,234,420)**	(1,259,189)
Vested during the year	**(1,415,972)**	(1,224,352)
As at 30 June	**23,678,643**	13,052,162

19 SHARE-BASED PAYMENTS (CONTINUED)

(b) Rights Plan (continued)

There were 11,047,923 performance rights, 988,477 Short Term Incentive Rights and 3,240,473 retention rights granted during the year ended 30 June 2022 (30 June 2021: 5,607,028 performance rights and 284,641 Short Term Incentive Rights and nil retention rights). During the year ended 30 June 2022 1,969,831 performance rights for Mr Norwell (Managing Director & CEO) are awaiting grant at Perenti's Annual General Meeting if approved by the Shareholders.

The weighted average remaining contractual life of rights outstanding at the end of the year was 1.40 years (30 June 2021: 1.13 years). The weighted fair value of rights granted during the year $0.61 (30 June 2021: $0.66).

An independent third party valuer provided a valuation report with the following inputs used to determine the fair value of rights at the grant date:

Right	Grant date	Performance period end 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 Jun 2022	1.95	46.00	3.60	0.66	1.78
Performance - TSR	28 Nov 2019	30 Jun 2022	1.95	46.00	3.60	0.66	1.33
Short Term Incentive Plan	24 Oct 2019	30 Jun 2019	1.84	-	3.74	-	1.88
Short Term Incentive Plan	10 Nov 2020	30 Jun 2020	1.13	-	6.19	-	1.06
Performance - ROACE	9 Apr 2021	30 Jun 2023	1.13	64.00	6.19	0.12	0.99
Performance - TSR	9 Apr 2021	30 Jun 2023	1.13	64.00	6.19	0.12	0.62
Performance - ROACE	28 May 2021	30 Jun 2023	0.67	67.00	10.53	0.08	0.54
Performance - TSR	28 May 2021	30 Jun 2023	0.67	67.00	10.53	0.08	0.21
Short Term Incentive Plan	8 Oct 2021	30 Jun 2021	0.95	-	5.79	-	0.90
Performance - TSR	13 May 2022	30 Jun 2024	0.69	65.23	2.90	2.64	0.45
Performance - ROE	13 May 2022	30 Jun 2024	0.69	65.23	2.90	2.64	0.65
Performance - Others	13 May 2022	30 Jun 2024	0.69	65.23	2.90	2.64	0.65
Retention	9 Jun 2022	31 Dec 2023	0.74	-	2.70	-	0.71

(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:

	22 $'000	21 $'000
Rights issued under employee rights plan	**4,591**	2,033

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.

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.

20 REMUNERATION OF AUDITORS

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PricewaterhouseCoopers Australia

	22 $	21 $
Audit and review of financial statements of the group and controlled entities*	**444,800**	1,205,168
Tax compliance services	**380,058**	499,719
Advisory and accounting consulting services	**361,559**	515,250
Total remuneration of PricewaterhouseCoopers Australia	**1,186,417**	2,220,137

(b) Network firms of PricewaterhouseCoopers Australia

	22 $	21 $
Audit and other assurance services	**715,609**	868,835
Tax compliance services	**359,831**	235,124
Advisory and accounting consulting services	**119,598**	72,202
Total remuneration of network firms of PricewaterhouseCoopers Australia	**1,195,038**	1,176,161
Total remuneration of PricewaterhouseCoopers firms	**2,381,455**	3,396,298

(c) Non PricewaterhouseCoopers audit firms

	22 $	21 $
Audit and review of financial statements of the group and controlled entities	**155,075**	153,763
Tax compliance services	**166,258**	165,963
Advisory and accounting consulting services	**328,239**	636,235
Total remuneration of non PricewaterhouseCoopers audit firms	**649,572**	955,961

* The audit fee for the year for PwC Australia was $897,703 compared to $747,030 in the prior year. The above note is prepared on a cash basis and the difference to the fee agreed is due to timing of invoicing and payments.

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.

21 EARNINGS PER SHARE

(a) Basic earnings/(loss) per share

	22 Cents	21 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**5.8**	(7.8)

(b) Diluted earnings/(loss) per share

	22 Cents	21 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**5.7**	(7.8)

(c) Reconciliation of earnings used in calculating earnings per share

	22 $'000	21 $'000
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**40,658**	(55,140)

(d) Weighted average number of shares used as denominator

	22 Number	21 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**705,364,418**	703,365,307
Adjustments for calculation of diluted earnings per share:		
Effect of share rights on issue	**3,166,764**	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**708,531,182**	703,365,307

The number of potential ordinary shares not considered dilutive at 30 June 2022 is 10,998,465 (2021: 8,305,205).

(e) Information on the classification of securities

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 rights are set out in note 19.

(f) Accounting policy

(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.

(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.

22 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	22 $'000	21 $'000
Current		
Floating charge		
Cash and cash equivalents	**261,853**	207,856
Receivables	**383,119**	291,506
Inventory	**178,604**	170,585
Assets classified as held for sale	**7,488**	-
Total current assets pledged as security	**831,064**	669,947
Non-current		
Floating charge		
Plant and equipment	**747,018**	565,497
Land and buildings	**24,402**	53,844
Receivables	**128,911**	124,679
Investment	**95,156**	120,032
Total non-current assets pledged as security	**995,487**	864,052
Total assets pledged as security	**1,826,551**	1,533,999

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 7(d) and therefore not included in this disclosure.

23 DEED OF CROSS GUARANTEE

Perenti Global Limited and the entities identified with a '*' in note 14 are parties to a deed of cross guarantee under which each company has guaranteed 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.

(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 below 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.

	22 $'000	21 $'000
Consolidated statement of profit or loss		
Revenue from continuing operations	**1,147,881**	998,219
Other income	**232,470**	116,083
Materials expense	**(350,800)**	(302,861)
Labour costs	**(587,625)**	(486,877)
Rental and hire expense	**(17,633)**	(10,773)
Depreciation expense	**(118,777)**	(104,641)
Amortisation expense	**(26,954)**	(38,571)
Finance costs	**(52,215)**	(61,667)
Finance income	**16,121**	12,108
Other expenses from ordinary activities	**(195,373)**	(91,807)
Impairment of assets	**(23,162)**	(8,059)
Profit before income tax	**23,933**	21,154
Income tax benefit	**36,451**	23,196
Profit for the year	**60,384**	44,350
Consolidated statement of comprehensive income		
Other comprehensive income		
Profit for the year	**60,384**	44,350
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(27,053)**	9,203
Items that will not be reclassified to profit or loss		
Gain on revaluation of land and buildings	**-**	4,008
Gain on revaluation of financial assets FVOCI, net of tax	**21,762**	1,333
Other comprehensive (loss)/income for the year, net of tax	**(5,291)**	14,544
Total comprehensive income for the year	**55,093**	58,894
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**153,326**	270,180
Profit for the year	**60,384**	44,350
Retained earnings transfer	**100,665**	(110,532)
Dividends paid	**(14,108)**	(50,672)
Retained earnings at the end of the financial year	**300,267**	153,326

The retained earnings transfer relates to movements in entities entering or exiting the deed of cross guarantee. The 30 June 2022 balance reflects the removal of MinAnalytical Laboratory Services Australia Pty Ltd and Energy Drilling Australia Pty Ltd. The 30 June 2021 reflects the Barminco Australian entities entering the Deed.

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.

	22 $'000	21 $'000
Current assets		
Cash and cash equivalents	**109,603**	98,746
Trade receivables	**337,517**	186,722
Inventories	**79,295**	91,232
Current tax receivables	**10,657**	13,762
Assets classified as held for sale	**-**	28,894
Total current assets	**537,072**	419,356
Non-current assets		
Investments in other Group companies	**504,094**	496,266
Receivables	**303,773**	152,125
Financial assets at fair value through other comprehensive income	**-**	25,536
Property, plant and equipment	**444,317**	394,971
Deferred tax assets	**166,204**	139,055
Right-of-use assets	**47,890**	70,057
Intangible assets	**634,728**	666,585
Total non-current assets	**2,101,006**	1,944,595
Total assets	**2,638,078**	2,363,951
Current liabilities		
Trade and other payables	**206,039**	145,766
Borrowings	**1,926**	1,829
Lease liabilities	**27,943**	22,729
Current tax liabilities	**10,608**	13,389
Employee benefit obligations	**56,527**	54,411
Total current liabilities	**303,043**	238,124
Non-current liabilities		
Borrowings	**852,607**	691,102
Lease liabilities	**16,670**	55,320
Deferred tax liabilities	**55,810**	74,941
Employee benefit obligations	**3,909**	2,656
Total non-current liabilities	**928,996**	824,019
Total liabilities	**1,232,039**	1,062,143
Net assets	**1,406,039**	1,301,808
Equity		
Contributed equity	**1,137,030**	1,137,783
Other reserves	**(31,258)**	10,699
Retained earnings	**300,267**	153,326
Total equity	**1,406,039**	1,301,808

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:

	22 $'000	21 $'000
Balance sheet		
Current assets	**7,372**	5,937
Non-current assets	**949,156**	901,114
Total assets	**956,528**	907,051
Current liabilities	**352**	929
Non-current liabilities	**7,949**	8,074
Total liabilities	**8,301**	9,003
Shareholders' equity		
Contributed equity	**1,137,030**	1,137,783
Other reserves		
Asset revaluation reserve	**3,213**	3,213
Share-based payments reserve	**13,872**	13,096
Accumulated losses - 2015 reserve	**(183,177)**	(183,177)
Accumulated losses - 2020 reserve	**(78,556)**	(78,556)
Retained Earnings	**55,845**	5,689
Total equity	**948,227**	898,048
Profit for the year	**63,881**	54,903
Total comprehensive income	**63,881**	54,903

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 (2021: nil).

However, there are cross guarantees given by Perenti Global Limited as described in note 23. Net asset deficiencies exist in some of the subsidiaries covered by the deed of cross guarantee.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2022, the parent entity had $nil contractual commitments for the acquisition of property, plant and equipment (30 June 2021: $nil).

(e) Accumulated losses - reserves

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 2020 and 30 June 2015 established separate reserves for the purpose of paying future dividends. The reserves are referred to as "Accumulated losses - 2020" and the "Accumulated losses - 2015 reserve". On the date of establishment, the "Accumulated losses - 2020" had an amount of ($78,556,000) 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.

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 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.

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 which haven't been disclosed elsewhere in this document. 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 2020-4 Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions [AASB 16];
- AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 and AASB 139];
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141], and
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112].

The 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 adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Group. The Group is assessing impact of the new standards, however does not expect to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(iv) International Financial Reporting Standards Interpretations Committee final agenda decisions adopted

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions to provide guidance on *AASB 138 Intangible Assets* which impact Software-as-a-Service (SaaS) arrangements covering:

- A customer's right to receive access to the supplier's software hosted on the cloud (March 2019). This decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (March 2021). This decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise costs predominantly related to acquisition, configuration and customisation activities that are related to cloud computing arrangements as intangible assets (software) in the consolidated statement of financial position. The Group has since adopted the IFRIC decisions in the year ended 30 June 2022 and updated its accounting policy for SaaS related intangibles as presented below.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits from the software itself.

The following outlines the accounting classification of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	- Fee for use of application software - Customisation costs (non-distinct services) - Configuration costs (non-distinct services)
Recognise as an operating expense as the service is received	- Data conversion and migration costs - Customisation costs (non-distinct services) - Configuration costs (non-distinct services) - Testing costs - Employee training costs

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iv) International Financial Reporting Standards Interpretations Committee final agenda decisions adopted (continued)

Software-as-a-Service (SaaS) arrangements (continued)

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Refer to Note 7(e) of the 30 June 2021 Annual report for an outline of the Group's previous accounting policy for intangible assets.

The change in accounting policy has resulted in a retrospective reclassification of certain intangible assets as an expense in the Consolidated Statement of Comprehensive Income, impacting both the current and prior periods. Prior period retained earnings in the Consolidated Statement of Changes in Equity has been adjusted by $4.6 million with the corresponding reduction to Property, Plant and Equipment in the Consolidated Statement of Financial Position. The adjustment is not material to the financial statements of the Group and therefore full restatement disclosures have not been prepared.

The change in policy has been applied retrospectively and comparative information has been restated. This had the following impact on the amounts recognised in the financial statements:

	30 June 2021	Movement	30 June 2021 Restated
Balance Sheet	**$'000**	**$'000**	**$'000**
Property, plant and equipment	721,310	(4,643)	716,667
Retained earnings	(165,629)	4,643	(160,986)

(v) 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.

(vi) Climate change

In the preparation of the 30 June 2022 financial statements, an overarching consideration was the impact of the climate change and its risks. The Group continues to develop its assessment of the potential impact of climate change and the transition to a low carbon economy. The Group's current climate change strategy focuses on reducing operational greenhouse gas (GHG) emissions, investing in low emissions technologies, supporting emissions reductions in our supply chain, managing climate-related risk and opportunity, and working in partnership to reduce emissions. Future changes to the Group's climate change strategy or global decarbonisation goals may impact the Group's significant judgements and key estimates and result in a material change to financial results and the carrying values of certain assets and liabilities in future reporting periods. Currently the Group has not finalised and announced any targets with regards to climate change and climate risk and therefore have not adjusted any of the assets or liabilities of the Group in the 30 June 2022 Balance Sheet.

(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(f)).

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.

(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, after initially being recognised at cost in the consolidated statement of financial position.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

(iii) 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) 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.

(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.

(d) Interest income

Interest income from financial assets at fair value through profit and loss is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value though other comprehensive income 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. Any other interest income is included in other income.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax

The income tax expense or benefit 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.

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.

(f) 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.

Goodwill is recorded when there is an 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

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.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iii) Share-based payments

Equity settled share-based compensation benefits are provided to employees via Perenti Global Limited Incentive Rights Plan. Information relating to the Plan 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.

(k) 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.

(l) 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 within 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.

(m) Government grants

Government grants are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grant will be received. Such grants are presented in Other Income.

(n) 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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 90 to 151 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 2022 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 Norwell
Managing Director & CEO

Perth
22 August 2022

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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 2022 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 2022
- 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 significant accounting policies and other explanatory information
- 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 & 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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Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999

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 $12.145 million, which represents approximately 0.5% of the Group's revenue. • 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. • Having considered various other benchmarks, we chose the Group's revenue because, in our view, it is the benchmark against which the performance and strategy of the Group is 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 operating under our instruction. • The group engagement team performed audit procedures on the financial information of Perenti Global, Ausdrill, BTP Parts, BTP Equipment, Perenti Group Services, Perenti International, Perenti Finance, Minanalytical Holdings, Barminco, African Mining	• 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 taxes • These are further described in the *Key audit matters* section of our report.

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Materiality	Audit scope	Key audit matters
• We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	Services Burkina Faso, Barminco Mining Services Canada and Barminco Egypt Underground Mining Services businesses because these were financially significant or contained financially significant balances. • Component auditors performed audit procedures on the financial information of AMS Ghana, African Underground Mining Services Burkina Faso, African Underground Mining Services Ghana, AUMS (T), Underground Mining Alliance and Barminco Mining Services Botswana. • 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 2022, the Group has $457.3m 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 performed an impairment test to assess the recoverable amount through 'value in use' (VIU), using a discounted cashflow model. Significant judgement was required by the Group to estimate the	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 monitored, 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

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Key audit matter	How our audit addressed the key audit matter
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 value estimate; • short term and future growth rates in revenue and earnings before interest, tax depreciation and amortisation (EBITDA) margin; and • the discount rate used to discount the estimated cashflows 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.	Goodwill was consistent with the requirements of Australian Accounting Standards. • Assessing the Group's ability to forecast future cash flows for the business by comparing historical budgets with reported actual results. • With the assistance of PwC valuations experts, 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 appropriateness of the relevant inputs to the calculation against industry and market factors. • Agreeing the mathematical accuracy, on a sample basis, of the impairment model calculations. • Assessing the composition of the assets and liabilities included within the CGUs carrying value and agreeing them back to underlying financial records. • Evaluating the adequacy of the disclosures made in note 7(e) of the financial statements, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

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Key audit matter	How our audit addressed the key audit matter
Valuation of non-current assets (excluding Goodwill) *(Refer to note 3)* As required by Australian Accounting Standards, the Group has performed an assessment for indicators of impairment of non-current assets (excluding Goodwill). The Group's resulting impairment assessments over the Surface Mining Africa, Surface Mining Australia and BTP Group CGU's included consideration of the expected recoverable value at an asset level based on an estimation of the fair value less costs to dispose of the assets. No impairment or reversal of prior impairments was recognised as a result of these assessments. The assessment of impairment for Surface Mining Africa, Surface Mining Australia and BTP was a key audit matter because of the significant judgement involved in estimating the recoverable amount of the assets and the material impact on the financial report.	Our audit procedures included, amongst others, the following: • Examining the external valuation reports obtained by the Group to assist their estimation of the recoverable values of other assets. • Assessing 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. • Considering the completeness of the assets included in the external valuation reports. • Together with PwC valuations experts, considering the methodologies and key assumptions adopted by the external valuer. • Considering whether the valuation indicated a potential reversal of any prior impairments. • Considered the adequacy of the disclosures made in note 3 of the financial statements in light of the requirements of Australian Accounting Standards.
Calculation of current and deferred taxes *(Refer to note 5(g))* 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 $146.1 million of tax losses recognised as assets at 30 June 2022 and the appropriateness of $32.2 million of provisions for uncertain tax positions across Africa.	Our procedures included, amongst others: • Assessing with the support of PwC tax experts, 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 2022 based on the extent to which they can be recovered by forecast taxable profits including performing the following: o Obtaining calculations of forecast taxable income for the next five

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Key audit matter	How our audit addressed the key audit matter
	years and agreeing these to the latest Board approved budget and forecast. o Comparing past Board approved budgets to historical performance to assess the consistency and accuracy of the Group's approach to budgeting. o Assessing the Group's key assumptions in the cash flow budget and taxable income forecasts. o 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. o Agreeing the mathematical accuracy, on a sample basis, of the calculation of forecast taxable income. • Together with our PwC tax experts, we also considered the assumptions made by the Group in making judgemental tax provisions for uncertain tax positions.

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 2022, 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.

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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 68 to 85 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Perenti Global Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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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
22 August 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Note	30 June 2023 $000s	30 June 2022 $000s
Revenue	4	550,447	415,377
Other income	4	12,488	8,427
Other gains and (losses)	4	2,142	(2,300)
Administrative expenses	5	(16,198)	(10,955)
Drilling consumables		(55,676)	(42,799)
Employee and contract labour expenses	5	(266,508)	(191,182)
Fuel and oil expenses		(10,887)	(10,162)
Freight and couriers		(7,149)	(6,105)
Hire of plant		(15,815)	(14,614)
Service and repair expenses		(42,149)	(31,892)
Travel expenses		(22,220)	(15,242)
Transaction expenses	34(b)	(876)	-
Business combination expenses	36	-	(3,820)
Engineering consumables and parts expenses		(4,950)	(1,097)
Other expenses		(4,174)	(2,854)
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")		**118,475**	**90,782**
Depreciation expense	5	(49,968)	(29,956)
Amortisation expense	5	(11,119)	(5,808)
Earnings Before Interest and Tax ("EBIT")		**57,387**	**55,018**
Interest income		129	7
Finance costs	5	(2,910)	(1,651)
Profit before tax		**54,606**	**53,374**
Income tax expense	18	(12,082)	(17,515)
Profit for the year		**42,524**	**35,859**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities	23(b)	**779**	**818**
Total comprehensive income for the year		**43,303**	**36,677**
Profit attributable to owners of the parent		**43,303**	**36,677**
Total comprehensive income attributable to owners of the parent		**43,303**	**36,677**
Earnings per share			
Basic (cents per share)	20	10.51	9.77
Diluted (cents per share)	20	10.44	9.72

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position
As at 30 June 2023

	Note	30 June 2023 $000s	30 June 2022 $000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	25,088	17,941
Trade and other receivables	7	89,647	93,563
Inventories	8	57,768	55,849
Current tax asset		1,487	5,944
Other current assets	9	2,334	1,791
TOTAL CURRENT ASSETS		**176,324**	**175,088**
NON-CURRENT ASSETS			
Financial assets	10	807	2,462
Intangible assets	11	49,245	59,252
Property, plant and equipment	12	245,956	223,290
Right of use assets	13	12,468	13,693
TOTAL NON-CURRENT ASSETS		**308,476**	**298,698**
TOTAL ASSETS		**484,800**	**473,786**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	52,865	51,091
Lease liabilities	15	4,190	4,321
Provisions	17	19,427	20,076
TOTAL CURRENT LIABILITIES		**76,482**	**75,488**
NON-CURRENT LIABILITIES			
Lease liabilities	15	11,594	14,975
Borrowings	16	30,000	30,000
Provisions	17	1,053	626
Deferred tax liabilities	19	24,668	10,685
TOTAL NON-CURRENT LIABILITIES		**67,315**	**56,286**
TOTAL LIABILITIES		**143,797**	**131,774**
NET ASSETS		**341,003**	**342,012**
EQUITY			
Issued capital	21	444,574	464,543
Group reorganisation reserve	22	(266,574)	(266,574)
Share based payment reserve	23(a)	3,585	3,706
Foreign currency translation reserve	23(b)	1,597	818
Retained earnings	24	157,821	139,519
TOTAL EQUITY		**341,003**	**342,012**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Issued Capital $000s	Group Reorganisation Reserve $000s	Share Based Payment Reserve $000s	Foreign Currency Reserve $000s	Retained Earnings $000s	Total Equity $000s
Balance as at 1 July 2021		**375,025**	**(266,574)**	**3,837**	**-**	**121,399**	**233,687**
Profit for the year		-	-	-	-	35,859	**35,859**
Other comprehensive income for the year		-	-	-	818	-	**818**
Total comprehensive income for the year		**-**	**-**	**-**	**818**	**35,859**	**36,677**
Dividends paid	25	-	-	-	-	(17,739)	**(17,739)**
Share capital issued as part of acquisition of subsidiary	36	88,152	-	-	-	-	**88,152**
Proceeds received for treasury shares	21	868	-	-	-	-	**868**
Transfer of share based payment reserve to issued capital	21	498	-	(498)	-	-	**-**
Share based payment expense	23/30	-	-	367	-	-	**367**
As at 30 June 2022		**464,543**	**(266,574)**	**3,706**	**818**	**139,519**	**342,012**
Balance as at 1 July 2022		**464,543**	**(266,574)**	**3,706**	**818**	**139,519**	**342,012**
Profit for the year		-	-	-	-	42,524	**42,524**
Other comprehensive income for the year	23(b)	-	-	-	779	-	**779**
Total comprehensive income for the year		**-**	**-**	**-**	**779**	**42,524**	**43,303**
Dividends paid	25	-	-	-	-	(24,222)	**(24,222)**
Proceeds received for treasury shares	21	1,010	-	-	-	-	**1,010**
Transfer of share based payment reserve to issued capital	21	681	-	(681)	-	-	**-**
Share buy-back	21	(21,660)	-	-	-	-	**(21,660)**
Share based payment expense	23/30	-	-	560	-	-	**560**
As at 30 June 2023		**444,574**	**(266,574)**	**3,585**	**1,597**	**157,821**	**341,003**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2023

	Note	30 June 2023 $000s	30 June 2022 $000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		621,896	447,566
Payments to suppliers and employees		(503,833)	(362,765)
Finance costs		(2,910)	(1,651)
Interest received		129	7
Income tax received		7,794	979
Net cash generated by operating activities	6(b)	**123,076**	**84,136**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,505	485
Payments for property, plant and equipment		(70,040)	(61,550)
Payments for intangibles	11	(1,211)	(587)
Proceeds from sale of financial assets	10	2,050	-
Cash acquired on business combination	36	-	4,994
Payment of acquisition costs	36	-	(3,820)
Net cash used in investing activities		**(66,696)**	**(60,478)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from treasury shares		1,010	868
Principal payments for lease liabilities		(4,663)	(3,594)
Share buy-back	21	(21,660)	-
Proceeds of borrowings		15,000	-
Repayment of borrowings		(15,000)	-
Dividends paid	25	(24,222)	(17,739)
Net cash used in financing activities		**(49,535)**	**(20,465)**
Net increase in cash and cash equivalents		6,845	3,193
Cash and cash equivalents at beginning of the year		17,941	14,591
Effect of foreign exchange rate changes		302	157
Cash and cash equivalents at the end of the year	6(a)	**25,088**	**17,941**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General Information

The financial report covers DDH1 Limited (the "**Company**") and the subsidiaries it controlled during the year (the "**Group**"). The Company is listed on the Australian Securities Exchange (ASX Code: DDH).

DDH1 Limited is a company limited by shares incorporated in Australia. The address of its registered office and principal place of business is 21 Baile Road, Canning Vale, Western Australia 6155.

Summary of significant accounting policies

1.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ("AASB") and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

1.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. 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 dollars ($), which is DDH1 Limited's functional and presentation currency. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing asset or liability at the measurement date.

1.3 Rounding off of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/*191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated. The principal accounting policies adopted by the Group are set out below.

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the owners of the Company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements (continued)

1.4 Basis of consolidation (continued)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-Based Payments* at the acquisition date (see below); and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Notes to the Consolidated Financial Statements (continued)

1.4 Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates, and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.5 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Notes to the Consolidated Financial Statements (continued)

1.6 Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Drilling revenue

The Group provides a range of drilling services to its clients in the mining, exploration and broader resources sector. Drilling service contracts can be long or short term and are generally structured as an overarching master agreement, with individual work orders made by the customer. Each work order will specify the services to be performed. The combination of the master agreement and each work order forms a contract with the customer.

The revenue derived from these services is recognised when the work has been completed as per the clients' directions and in the accounting period in which the services were rendered. Revenue is determined either on a per-day, per-shift or per-metre rate, depending on the specific contract.

Contracts entered into can cover services that involve different processes and continuous drilling services activities in a sequential set of mobilisation, drilling and demobilisation activities which are invoiced to the customer as those activities progress.

These processes and activities are highly interrelated and the Group provides a significant service of integration of such activities. Where this is the case, these activities and processes are accounted for as one performance obligation.

Revenue from services rendered is recognised in the statement of profit and loss and other comprehensive income over time. The Group has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date (for example, number of metres drilled). As a result, the Group applies the practical expedient to recognise revenue at the amount which it has the right to invoice.

Customers are typically invoiced on a monthly or bi-monthly basis and revenue is recognised in the accounting period in which the right to invoice is obtained. Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. Most drilling services contracts do not include variable payment terms.

(ii) Engineering sales

The Group sells drill rigs and parts directly to customers. Revenue recognition occurs at the point in time when control of the drill rigs and parts are transferred to the customer which occurs when the goods are collected or dispatched by/to the customer. The Group's right to consideration becomes unconditional at that date as only the passage of time is required before payment is due.

(iii) 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. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. There are no significant financing components.

All revenue is stated net of the amount of goods and services tax (GST).

1.7 Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. Leases are recognised as a right of use asset and a corresponding liability at the date on which the leased asset is available for use by the Group, except for short term leases or low value assets. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the 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.

Notes to the Consolidated Financial Statements (continued)

1.7 Leases (continued)

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If the rate can not be determined, the lessee's incremental borrowing rate is used being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities include the value of the following lease payments, where applicable:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lease under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances;
- The lease payments change due to changes in an index or rate or a change in expected payments under a guaranteed residual value; and/or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right of use assets comprise the initial measurement of the corresponding lease liability, less any lease incentives received and any initial direct costs. They are subsequently measured as cost less accumulated depreciation and any impairment losses.

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. The lease term is the current contracted lease term and the term of any lease extension option where there is a likelihood that the option to extend the lease will be exercised. The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 *Impairment of Assets* to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in Note 1.14.

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

1.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

1.9 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.10 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.11 Income taxes

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group in Australia. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is DDH1 Limited, which is also the ultimate head of the Group.

Tax expense, income tax benefits, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities of the members of the tax-consolidation group are recognised by the Company (as the head entity in the tax consolidation group). The Company and each member of the tax-consolidation group have entered into a tax funding arrangement, in terms of which the Company and its subsidiary in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Income tax expense represents the sum of the tax currently payable and deferred tax.

Notes to the Consolidated Financial Statements (continued)

1.11 Income taxes (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.12 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

1.12 Property, plant and equipment (continued)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment using both the diminishing value basis or straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss. Assets under hire purchase arrangements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. If we are reasonably certain the depreciation will be on the useful lives. Land is not depreciated.

The depreciation rates used for the current and comparative years of significant items of property, plant and equipment are as follows:

Classes of Fixed Asset	
Plant & equipment	6.67% - 50%
Motor vehicles	6.67% - 25%
Drilling rigs	6.67% - 12.50%
Office equipment, furniture & fittings	10% - 50%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Notes to the Consolidated Financial Statements (continued)

1.13 Intangibles

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimate useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Customer relationships

Customer relationships acquired are initially recognised at fair value and are subsequently carried at amortised cost. Customer relationships are amortised to profit or loss using the straight-line method over the contract period or estimated useful life of the relationship, whichever is shorter (2-5 years).

Notes to the Consolidated Financial Statements (continued)

1.14 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventories (including rigs being constructed) are determined after deducting rebates and discounts received or receivable. Costs are assigned on a weighted average basis.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchases and delivery costs, net of rebates and discounts received or receivable.

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.

1.16 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in "interest income" on the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost (see (i) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL; and
- Debt instruments that do not meet the amortised cost criteria are classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other income' line item (Note 4). Fair value is determined in the manner described in Note 26(a).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Group considers a customer going into administration as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet this criteria are generally not recoverable when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(ii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the debtor has been placed under liquidation, it has entered into bankruptcy proceedings or when the financial asset is over two years past due). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial assets (continued)

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) it is designated as at FVTPL. The Group does not have any financial liabilities held for trading or that has been designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Notes to the Consolidated Financial Statements (continued)

1.16 Financial instruments (continued)

Financial liabilities (continued)

The Group does not have any hedging activities in the years presented. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including fees all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.18 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

The fair value determined 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. 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 estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified awards, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an

Notes to the Consolidated Financial Statements (continued)

1.18 Share-based payment arrangements (continued)

award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

1.19 Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars.

The assets and liabilities of the Group's foreign operations are translated into Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised through other comprehensive income and recognised in equity.

On the disposal of the foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

1.20 Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or in-country equivalent, except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or in-country equivalent, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

1.22 Application of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022. None of the new standards and interpretation had a material impact on the Group.

Notes to the Consolidated Financial Statements (continued)

1.23 Standards and interpretations issued but not yet adopted

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the following relevant new and revised Australian Accounting Standards, Interpretations and amendments have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*, AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* and AASB 2022-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2023 and 1 January 2025
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*	1 January 2024
AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 January 2024

Management and the Directors have reviewed the above and consider that none of them are likely to have a material impact on the Group when initially adopted in future accounting periods once they become effective.

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key judgements, estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful life of customer relationships

The useful life of customer relationships acquired in business combinations are assessed at the time of acquisition. This requires estimation and judgement. Amortisation of customer relationships is based on the useful life assigned at that time to that contract. Customer relationships are amortised based on a straight line basis of the estimated useful life as assigned on acquisition. These relationships are reviewed regularly to ensure that the useful life remains appropriate.

In the event of an impairment, the change in carrying value will be recognised immediately through profit or loss for the period.

Notes to the Consolidated Financial Statements (continued)

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty (continued)

Impairment testing

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates such as growth rates, discount rates and EBITDA margins. The results of impairment tests are disclosed in Note 11.

Useful life of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Where there is a significant change in the recoverable value of the property, plant and equipment due to a change in judgment of its useful life, the recoverable value will be adjusted to reflect this change and the depreciation charge recognised adjusted as required.

Calculation of loss allowance

As disclosed in the accounting policies, an estimate of ECL is made. Bad debts are written off when identified. The allowance for ECL assessment requires significant estimation. The Directors and management utilise the most recent information available to them such as the aging of the receivable, historical experience, historical collection rates and specific knowledge of the individual debtor situations to make their estimation of the recovery of the trade receivables. When the assessment is made that there is an expected credit loss to be incurred, an allowance will be raised against the trade receivables to account for this expected loss. Where the estimation is different to actual results, carrying amounts are adjusted in the next financial period.

Right of use asset and lease liabilities

The Group has exercised its judgement in its assessment. This judgement is in reference to management's view that it is reasonably certain that it will extend their leases at two of their office premises for a further 5 years from the original lease term. This judgement results in a higher initial recognition of a lease liability and a corresponding right of use asset.

Income tax

As disclosed in Note 1.11, the Company and its Australian subsidiaries form a tax consolidation group which is subject to income tax in Australia. Significant judgement and estimation is required in determining the provisions for income tax. In some instances, the financial statements of the Group are finalised prior to the final lodgement of income tax returns of the consolidated tax group for that particular financial year or previous lodged tax returns may be amended from time to time. When the final tax position on lodgement of these returns differs from the financial statement position, or when an amended tax return is performed and lodged, an adjustment will be completed in the following's years financial report to reflect the impact of the tax position. This may result in differences to the amounts initially recorded, and such differences will impact the tax position of the Company and/or the Group.

Share based payments

The Group measures the cost of equity settle transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model. Judgement is required in estimating the anticipated timing of vesting on equity settled transactions. The valuation basis and related assumptions are detailed in Note 30. The accounting estimates and assumptions relating to equity settled transactions would not impact on the carrying value of assets and liabilities within the next annual report, but may impact expenses and equity.

Notes to the Consolidated Financial Statements (continued)

3. Segment Information

An operating segment is a component of a group that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CEO") for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segments is presented below. The accounting policies of the operating segments are the same as the Group's accounting policies. Information reported to the CEO is focused on the category of services provided through the Group's operating activities. The Group's operating segments based on service type are:

- Drilling Operations – which provides mineral drilling services to the mining industry; and
- Engineering Operations – which sells rigs and parts to external customers and also conducts the internal rig construction of the Group.

Drilling Operations is made up of four aggregated business units (Strike Drilling, Ranger Drilling, DDH1 Drilling and Swick drilling operations) which all provide mineral exploration drilling services with similar production processes and methods (surface and underground drilling). Additionally, there is significant commonality in relation to drilling techniques applied, customer base/type and commodity exposure. The Group's fleet is mobile, which enables the Group to tender and secure contracts for our customers either domestically or internationally. The four business units display similar long-term economic characteristics in regard to return on investor capital ("ROIC"). ROIC is the main reporting metric considered by the CEO when making investment/capital allocation decisions across the four business units, with the expectation that all operations will achieve similar long-term ROIC.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

2023	**Drilling Operations $000s**	**Engineering Operations $000s**	**Eliminations $000s**	**Consolidated $000s**
Revenue				
External sales	544,100	6,347	-	550,447
Intersegment sales	-	-	-	-
Total revenue	**544,100**	**6,347**	**-**	**550,447**
Result				
EBITDA	**124,400**	**(252)**	**-**	**124,148**
Corporate administration costs				(4,798)
Transaction expenses				(876)
Depreciation				(49,968)
Amortisation				(11,119)
Finance income				129
Finance costs				(2,910)
Income tax expense				(12,082)
Profit for the year before tax				**42,524**

Notes to the Consolidated Financial Statements (continued)

3. Segment information (continued)

Total assets	484,488	841	(529)	484,800
Total liabilities	(144,013)	(313)	529	(143,797)
Total net assets	**340,475**	**528**	**-**	**341,003**

2022	**Drilling Operations $000s**	**Engineering Operations $000s**	**Eliminations $000s**	**Consolidated $000s**
Revenue				
External sales	413,954	1,422	-	415,377
Intersegment sales	-	-	-	-
Total revenue	**413,954**	**1,422**	**-**	**415,377**
Result				
EBITDA	**99,967**	**(32)**	**-**	**99,935**
Corporate administration costs				(5,333)
Business combination expenses				(3,820)
Depreciation				(29,956)
Amortisation				(5,808)
Finance income				7
Finance costs				(1,651)
Income tax expense				(17,515)
Profit for the year before tax				**35,859**
Total assets	473,640	339	(193)	473,786
Total liabilities	(131,800)	(167)	193	(131,774)
Total net assets	**341,840**	**172**	**-**	**342,012**

EBITDA earned by the respective segments is without allocation of depreciation, amortisation, finance income, other income, corporate administration costs, finance costs and income tax expense. This measure, along with ROIC, is reported to the CEO for the purposes of resource allocation and assessment of segment performance. The main items in eliminations is intersegment loans and charges.

Notes to the Consolidated Financial Statements (continued)

3. Segment information (continued)

Geographical information

The Group is based in one principal geographical area – Australia (country of domicile). However, drilling operations are provided around the world, mainly in Australia, North America and Europe.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed in the following table:

	Revenue from external customers		Non-current assets	
	2023 $000's	2022 $000's	2023 $000's	2022 $000's
Australia	495,523	395,384	288,555	279,905
North America	38,891	14,800	12,287	13,957
Europe	16,033	5,193	7,634	4,836
Total	**550,447**	**415,377**	**308,476**	**298,698**

Information about major customers

Included in external sales of $550.4 million (2022: $415.3 million) are revenues of $163.8 million (2022: $66.9 million) which arose from sales to the Group's two (2022: one) largest customers. No other single customer contributed 10% or more to the Group's revenue for 2023 or 2022. The Group performs services for these clients within Australia and North America. Both of these customers sit in the Drilling Operations Segment.

Notes to the Consolidated Financial Statements (continued)

4. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	Note	30 June 2023 $000s	30 June 2022 $000s
Revenue			
Revenue from the rendering of drilling services over time		544,100	413,954
Revenue from engineering sales		6,347	1,423
Total revenue from continuing operations		**550,447**	**415,377**
Other income			
Diesel fuel rebate		2,653	1,179
Training booster incentive		9,324	6,689
Other income		511	559
		12,488	**8,427**
Other gains and losses			
Net foreign exchange gains / (losses)		551	(649)
Net fair value gains / (losses) on financial assets		(5)	(1,850)
Gain on disposal of property, plant and equipment		1,596	199
Other gains and losses from continuing operations		**2,142**	**(2,300)**

Disaggregation of drilling services revenue from contracts with customers

The Group disaggregates revenue from its contracts with customers by commodity and drilling type. This appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. All revenue is generated by services transferred over time.

	Note	30 June 2023 $000s	30 June 2022 $000s
Commodity			
Gold		211,588	164,793
Gold / Copper		64,761	36,337
Copper		107,247	91,343
Nickel		49,970	42,289
Iron Ore		58,095	56,560
Zinc		13,422	7,842
Lithium		15,516	2,282
Other		23,501	12,508
		544,100	**413,954**
Drilling type			
Surface drilling		325,955	324,669
Underground drilling		218,145	89,285
		544,100	**413,954**

Notes to the Consolidated Financial Statements (continued)

5. Expenses

Profit before income tax includes the following specific expenses:

	Note	30 June 2023 $000s	30 June 2022 $000s
Finance costs consists of:			
Interest on term loan facility		(1,827)	(302)
Interest expense on lease liabilities		(439)	(367)
Other finance costs		(644)	(982)
Total finance costs		**(2,910)**	**(1,651)**
Administrative expenses consists of:			
Advertising expenses		(882)	(378)
Insurance expenses		(9,446)	(5,909)
Legal and consultancy fees		(2,133)	(1,503)
Computer and telecommunication expenses		(2,568)	(1,779)
Other Administrative expenses		(1,169)	(1,386)
Total Administrative expenses		**(16,198)**	**(10,955)**
Depreciation expense consists of:			
Depreciation on property plant and equipment	12	(47,593)	(28,819)
Depreciation on right of use asset	13	(2,375)	(1,137)
Total depreciation expense		**(49,968)**	**(29,956)**
Amortisation expense consists of:			
Amortisation of customer relationships	11	(10,683)	(5,586)
Amortisation of development assets	11	(436)	(222)
Total amortisation expense		**(11,119)**	**(5,808)**
Employee and contract labour expense consists of:			
Directors Fees		(606)	(566)
Salary and wages including bonuses as well as sick, annual and long service leave		(210,262)	(161,255)
Superannuation expense		(17,417)	(11,804)
Share-based payment – Long term incentive plan	23 / 30	(560)	(367)
Other	(a)	(37,663)	(17,190)
Total		**(266,508)**	**(191,182)**

(a) Other includes subcontractor, agency labour, recruitment, staff amenities, staff training, entertainment, payroll tax and other items.

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows.

	30 June 2023 $000s	30 June 2022 $000s
6(a) Cash at bank and on hand		
Petty cash	1	1
Cash at bank	25,087	17,940
Net cash at bank	**25,088**	**17,941**

The carrying amount of these assets is approximately equal to their fair value. Cash at bank represents amounts held in the Group's trading accounts. Interest is payable on closing balances at 0.0% (FY22: 0.0%)

6(b) Reconciliation of profit for the year to net cash flows from operating activities

	30 June 2023 $000s	30 June 2022 $000s
Profit for the period after income tax	**42,524**	**35,859**
Non-cash items in profit or loss:		
Shares received as compensation	(401)	(150)
Depreciation of non-current assets	49,968	29,956
Amortisation of non-current assets	11,119	5,808
Net gains on disposal of plant and equipment	(1,596)	(199)
Share-based payment expense	560	367
Foreign currency loss	(551)	649
Impairment of trade receivables	-	736
Non-cash loss on financial asset	5	1,850
Change in assets and liabilities:		
(Increase) / decrease in inventories	(1,919)	(3,183)
(Increase) / decrease in current receivables	3,916	(14,720)
(Increase) / decrease in other assets	(543)	713
Increase / (decrease) in trade and other payables	1,774	2,653
Increase / (decrease) in current taxes	4,458	1,796
Increase / (decrease) in deferred taxes	13,983	17,478
Increase / (decrease) in provisions	(222)	4,523
Net cash from operating activities	**123,075**	**84,136**

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents (continued)

Non-cash transactions:

In the current and prior financial year, the Group entered into the following:

- The Group obtained new hire purchase arrangements for some non-current assets (accounted for as lease liabilities) and entered into new/extensions of office leases (accounted for as lease liabilities). The value is shown in the table below; and
- The Group acquired Swick Mining Services Limited. Total consideration was settled via the issuance of shares of the Group. Refer to note 36 for details.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-Cash		
	Balance at 30 June 2022 $000s	Financing cash flows $000s	Additions from acquisition of subsidiary $000s	Additions to lease liabilities $000s	Balance at 30 June 2023 $000s
Borrowings	30,000	-	-	-	30,000
Lease liabilities	19,297	(5,893)	-	2,380	15,784
	49,297	**(5,893)**	**-**	**2,380**	**45,784**

			Non-Cash		
	Balance at 30 June 2021 $000s	Financing cash flows $000s	Additions from acquisition of subsidiary $000s	Additions to lease liabilities $000s	Balance at 30 June 2022 $000s
Borrowings	-	-	30,000	-	30,000
Lease liabilities	9,641	(3,594)	10,510	2,740	19,297
	9,641	**(3,594)**	**40,510**	**2,740**	**49,297**

Notes to the Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	Note	30 June 2023 $000s	30 June 2022 $000s
Current			
Trade receivables		88,791	93,806
Loss allowance		(805)	(805)
		87,986	**93,001**
Other debtors		1,661	562
		89,647	**93,563**

Trade receivables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The assessed ECL is not material.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

At the date of signing, one debtor was considered uncollectable and as such fully provided for by the Group ($755k). This is included within the total ECL.

Credit risk and ageing of trade receivables

The class of assets described as "trade receivables" is considered the main source of credit risk related to the Group. The Group does not hold any collateral over these balances.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair values.

As at 30 June, the ageing analysis of trade receivables is as follows:

	30 June 2023 $000s	30 June 2022 $000s
Current	70,926	60,477
One to three months	16,256	31,181
Three to six months	804	1,343
	87,986	**93,001**

Notes to the Consolidated Financial Statements (continued)

8. Inventories

	Note	30 June 2023 $000s	30 June 2022 $000s
Current			
Consumable stores		57,768	55,849
		57,768	**55,849**

The Group maintains an inventory of drilling parts and spares for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An ongoing review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value. There were no such write-downs for the year ended 30 June 2023 (30 June 2022: Nil).

The cost of inventories recognised as a consumable expense during the year in respect of continuing operations was $55,676k at 30 June 2023 (30 June 2022: $42,799k).

9. Other assets

	30 June 2023 $000s	30 June 2022 $000s
Current		
Prepayments	2,328	1,785
Rental bond	6	6
	2,334	**1,791**

10. Financial assets

	30 June 2023 $000s	30 June 2022 $000s
Financial assets fair valued through OCI		
Unit Trust investment	-	2,050
Financial assets fair valued through Profit or loss		
Equity investments	2,727	2,332
Provision for impairment	(1,920)	(1,920)
	807	412
	807	**2,462**

The Group holds investments in listed and non-listed companies. The investment in equity instruments is not held for trading. Instead, it is held for medium to long term strategic purposes.

The investments in equity instruments are measured at FVTPL. In the current period, the Group has sold its financial assets classified as FVOCI. No fair value gain or loss has been recognised for this sale as the sales price was deemed fair value on date of purchase as per note 36.

The Group holds less than 1% of the ordinary shares of St George Mining Limited, Sensore Limited and Javelin Minerals Limited. All of these companies are involved in mineral exploration in Australia and are listed on the ASX. The directors of the Group do not consider that the Group is able to exercise significant influence over any of these entities due to the minor nature of the Group's shareholding.

Notes to the Consolidated Financial Statements (continued)

10. Financial assets (continued)

The Group holds ordinary shares and performance rights in Serena Minerals Limited ("Serena"), a company involved in mineral exploration in Australia. The ordinary shares are less than 1% of the ordinary shares of Serena, and the performance rights do not give rise to a significant stake in Serena. Serena is a non-listed and private entity. The Directors of the Group do not consider that the Group is able to exercise significant influence over Serena due to the minor nature of its shareholding. Refer to note 26(a) for basis of valuation.

The Group holds 8 million shares in Wiluna Mining Corporation ("WMC"). Given the significant uncertainty surrounding the administration process of Wiluna, the Group carries these at nil value (2022: nil).

11. Intangibles

	Note	30 June 2023 $000s	30 June 2022 $000s
Customer relationships			
Opening balance		25,278	5,123
Acquired as part of business combination	36	-	25,740
Amortisation expense		(10,683)	(5,585)
		14,495	**25,278**
Goodwill			
Opening balance		27,724	25,381
Acquired as part of business combination	36	-	2,343
		27,724	**27,724**
Development assets			
Opening balance		6,251	-
Acquired as part of business combination	36	-	5,886
Additions		1,211	587
Amortisation expense		(436)	(222)
		7,026	**6,251**
Total intangibles		**49,245**	**59,253**

In the 2018 financial year, customer relationships were initially recognised from the acquisition of Strike Drilling Pty Ltd ("Strike"). These are amortised on a straight-line basis over six years and resulted in amortisation of $918k (2022: $918k) this financial year. Additionally, in the 2019 financial year, customer relationships were recognised as a result of the acquisition of Ranger Exploration Drilling Pty Ltd and Izett Holdings Pty Ltd (both referred to as "Ranger"). These customer relationships are amortised on a straight-line basis over a period of each contract. The contracts ranged from 1 – 4.5 years at the acquisition date. This has resulted in amortisation of $967k (2022: $1,230k) this reporting period. In the 2022 financial year, customer relationships were initially recognised from the acquisition of Swick Mining Services Limited ("Swick"). Swick's Customer contracts and relationships are being amortised in line with the valuation assessment (2 - 5 years), resulting in amortisation of $8,798k (2022: $3,447K) this financial year. The total amortisation expense this year was $10,683k (2022: $5,585k).

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

The goodwill recognised is in relation to the acquisition of Swick, Ranger and Strike in prior reporting periods. The Comparative has been revised to reflect finalisation of Swick Mining Services' Purchase Price Accounting (refer to note 36 for details). Goodwill is derived from the below values:

	Note	30 June 2023 $000s	30 June 2022 $000s
Goodwill			
Strike		21,623	21,623
Ranger		3,758	3,758
Swick	36	2,343	2,343
		27,724	**27,724**

For impairment testing purposes, intangible assets are allocated to the cash-generating unit ("CGU") for which they were originally identified on acquisition.

Strike, Ranger, DDH1 Drilling and Swick Cash Generating Units ("CGUs")

The Group performed the annual impairment test of the Swick, Strike and Ranger goodwill in June 2023. In addition, the Group has identified other impairment indicators. As a result, the Group assessed the recoverable amounts of the Strike, Ranger, DDH1 Drilling and Swick CGUs.

In considering the carrying value of the CGUs, the Directors have adopted a value in use methodology to determine the recoverable amounts of the respective CGUs. No impairment charge was necessary for any of the CGUs.

The recoverable amount of each CGU has been determined based on a value in use calculation that uses the cash flow budget over a one year period, followed by an extrapolation of expected cash flows for the CGU over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flows and a terminal value for the CGU is determined by applying a suitable discount rate.

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

Key assumptions used in the value in use calculation and sensitivity to changes in assumptions

The calculation of the value in use for the DDH1 Drilling, Swick, Strike and Ranger CGUs is most sensitive to the following assumptions:

- **Revenue Growth Rate**
  The growth rate has been set at the budget level for the 2024 financial year. For the following years, management have used industry specific nominal growth rate of 3.9% for the DDH1, Swick, Strike and Ranger CGU's. Setting the growth rate from the 2024 financial year onwards at nil does not result in an impairment.

- **Discount Rate**
  The discount rate represents the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is assessed by taking into account the expected return on investment by investors, the cost of debt servicing, plus beta factors for industry risks. Management and the Directors have adopted a post tax discount rate of 12.60% (2022: 12.1%) for the DDH1 Drilling, Swick, Strike and Ranger CGUs. An increase of 1% on the discount rate would have the impact of reducing headroom by approximately $22.9m in DDH1 Drilling, $7.6m in Strike, $9.2m in Ranger and $17.4m in Swick, which would not cause impairment to the CGUs. A reasonable possible change in the discount rate is not likely to cause a material impairment.

- **EBITDA Margin**
  The EBITDA margin for DDH1 Drilling, Swick, Strike and Ranger have been assigned at their budget levels for the 2024 financial year which is comparable with levels achieved in FY23, and it has been assumed that these margins will remain constant for the remaining years of the cash flow model. While this is managements' conservative view of the EBITDA profile, a reasonable possible change in margin is not likely to cause a material impairment.

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2022					
Cost or fair value	67,853	89,218	335,580	24,743	517,394
Accumulated depreciation	(51,693)	(53,771)	(188,640)	0	(294,104)
Net book amount	**16,160**	**35,447**	**146,940**	**24,743**	**223,290**
Year ended 30 June 2023					
Opening net book amount	16,160	35,447	146,940	24,743	223,290
Additions	3,730	6,530	22,130	38,356	70,746
Transfer between class	11,713	8,408	30,131	(50,252)	-
Disposals	(106)	(761)	(308)	-	(1,175)
Depreciation	(7,224)	(11,696)	(28,673)	-	(47,593)
FX movement	47	86	509	46	688
	24,320	**38,014**	**170,729**	**12,893**	**245,956**
At 30 June 2023					
Cost or fair value	83,413	102,376	385,102	12,893	583,784
Accumulated depreciation	(59,093)	(64,362)	(214,373)	-	(337,828)
Net book amount	**24,320**	**38,014**	**170,729**	**12,893**	**245,956**

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2021					
Cost or fair value	30,277	67,083	183,589	8,470	289,419
Accumulated depreciation	(19,419)	(43,110)	(97,475)	-	(160,004)
Net book amount	**10,858**	**23,973**	**86,114**	**8,470**	**129,415**
Year ended 30 June 2022					
Opening net book amount	10,858	23,973	86,114	8,470	129,415
Additions	5,980	12,146	24,235	19,329	61,690
Acquired as part of business combination (refer note 36)	3,021	6,445	41,423	6,853	57,742
Transfer from Inventory	-	-	-	3,604	3,604
Transfer between class	1,827	18	12,026	(13,508)	363
Disposals	(99)	(402)	(404)	0	(905)
Depreciation	(5,433)	(6,732)	(16,654)	0	(28,819)
FX movement	6	(1)	200	(5)	200
	16,160	**35,447**	**146,940**	**24,743**	**223,290**
At 30 June 2022					
Cost or fair value	67,853	89,218	335,580	24,743	517,394
Accumulated depreciation	(51,693)	(53,771)	(188,640)	0	(294,104)
Net book amount	**16,160**	**35,447**	**146,940**	**24,743**	**223,290**

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment (continued)

Property, plant and equipment consist mainly of drilling rigs and associated vehicles and equipment. Directors and management continually monitor both domestic and overseas markets on new and used drill rig pricing and availability, and as a result, are of the opinion that the net written down book value of the Group's property, plant, and equipment is less than its recoverable amount.

Included in "Capital WIP" are deposits paid for drill rigs and other supporting equipment. Once fully acquired, the amount will be transferred appropriately to its class and depreciation will commence.

13. Right Of Use Assets

	Note	30 June 2023 $000s	30 June 2022 $000s
Opening balance		13,693	4,228
Acquired as part of business combination		-	7,398
Additions		1,150	3,204
Depreciation expense		(2,375)	(1,137)
Closing balance		**12,468**	**13,693**

Right of use assets are a consequence of the leasing of office leases and storage yards. The Group has five leases in place for office leases and storage yards. The lease term ranges on these leases between 2-5 years.

Additionally, the Group has options to extend the lease term on some of its premises. It has exercised its judgement and determined where it is reasonably certain that they will extend the leases in some locations, these extensions have been included in the lease term.

The Group does not have an option to purchase any of the properties at the end of the lease term.

In addition to the right of use assets, the Group has a number of short-term leases. The amount expensed on short term leases or low value assets during the financial year amounted to $419k (2022: $644k).

Interest expense recognised within finance costs on the above right of use assets totalled $439k (2022: $367k) for the financial year.

Notes to the Consolidated Financial Statements (continued)

14. Trade and Other Payables

	Note	30 June 2023 $000s	30 June 2022 $000s
Current			
Trade creditors		32,919	35,504
Sundry creditors		3,877	1,696
Superannuation payable		1,816	1,056
Goods and services tax payable		4,930	3,492
Payroll tax payable		966	521
Accrued charges		5,439	6,279
Unearned income		595	704
Other payables		2,323	1,839
		52,865	**51,091**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has a financial risk management process to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair value.

Notes to the Consolidated Financial Statements (continued)

15. Lease Liabilities

	Note	30 June 2023 $000s	30 June 2022 $000s
Lease Liabilities	(i)	**15,784**	**19,296**
Split as follows:			
Current		4,190	4,321
Non-current		11,594	14,975
Closing balance		**15,784**	**19,296**

(i) Lease liabilities include hire purchase liabilities are secured by a registered charge over the asset. Each has a term of 3 years, with 36 monthly payments and no balloon payment. The applicable interest rate of the hire purchase liabilities is fixed and ranges between 1.90% - 6.25% (2022: 1.90% - 6.25%).

The Group does not face a significant liquidity risk with regard to its lease liabilities, and the fair value of the lease liabilities is approximately equal to the carrying amount.

Maturity Analysis:

	Note	30 June 2023 $000s	30 June 2022 $000s
Lease liability commitments			
Amounts payable under lease liabilities:			
Within one year		4,197	4,423
In the second to fifth years, inclusive		9,412	12,322
After five years		2,182	2,704
		15,791	**19,449**
Less: future finance charges		(7)	(153)
Present value of lease obligations		**15,784**	**19,296**

Lease liabilities

The Group has entered into a number of equipment lease liability arrangements with a range of lenders. Under the terms of these facilities, security is limited to the assets to which the facility relates. The Directors are of the opinion that the fair value of the assets pledged as security exceeds the carrying value of the lease liabilities to which they are related.

Notes to the Consolidated Financial Statements (continued)

16. Borrowings

	Note	30 June 2023 $000s	30 June 2022 $000s
Secured borrowings at amortised cost			
- Term loan facility		30,000	30,000
Total borrowings		**30,000**	**30,000**
Amount due for settlement within 12 months			
- Term loan facility		-	-
		-	**-**
Amount due for settlement after 12 months		30,000	30,000
		30,000	**30,000**

The Group has a five year multi-option facility for a maximum of $85 million. This facility at 30 June 2023 has $1.6 million assigned to a bank guarantee facility, and the remaining $83.4 million assigned to the term loan facility and overdraft facility. At 30 June 2023, the Group has drawn down $30m of the facility as a term loan that expires in line with the facility (14 February 2027), the remaining facility is available as an overdraft through to the maturity date of the overall facility (14 February 2027). In addition to the $85m multi-option facility, the Group has a $10 million asset finance facility in place. This facility has a term of five years and expires on 14 February 2027.

The interest rate associated with the $30m Term Loan is calculated as 1.8% plus the BBSY rate set by reference to ASX Benchmarks Pty Ltd. The interest rate associated with the overdraft facility is calculated as the Bank West market reference rate less 1.4% margin.

The facility is secured by a general security agreement granted by each Australian subsidiary of the Company as listed in note 31. The asset finance facility liabilities are secured by a registered charge over the assets financed.

Available borrowing facilities

	Note	30 June 2023 $000s	30 June 2022 $000s
Available facilities		95,000	95,000
Borrowings used at balance date		(30,000)	(30,000)
Asset finance used at balance date		(877)	(2,123)
Bank guarantees used at balance date	35	(1,633)	(1,203)
Unused at balance date		**62,490**	**61,674**

Banking covenants

The Company complied with and continues to comply with all banking covenants specified in its agreements with its financier.

Fair values

The Directors consider that the carrying value of borrowings approximates their fair values.

Notes to the Consolidated Financial Statements (continued)

17. Provisions

	Note	30 June 2023 $000s	30 June 2022 $000s
Provision for short-term incentive bonus		1,682	3,085
Provision for annual leave		13,093	15,090
Provision for long service leave		5,705	2,527
Total provisions		**20,480**	**20,702**
Analysis of total provisions:			
Current		19,427	20,076
Non-current		1,053	626
Total provisions		**20,480**	**20,702**

The Group recognises employee entitlements as current where an unconditional entitlement exists. This includes accrued annual leave and long service leave where employees have completed the required period of service or are otherwise entitled to pro-rata payments in certain circumstances. 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.

18. Income Tax Expense

Income tax expense recognised in profit

	Note	30 June 2023 $000s	30 June 2022 $000s
Income tax expense comprises:			
Current tax	(a)	777	9
Deferred tax		11,305	17,506
		12,082	**17,515**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Note	30 June 2023 $000s	30 June 2022 $000s
Profit before tax from continuing operations		54,606	53,374
Prima facie tax expense on profit from ordinary activities before income tax at 30%		16,381	16,012
- Non-deductible expenses		132	94
- Prior year over/under		(3,692)	36
- Share based payment		168	1,150
- Adjustment for consumables and WIP	(b)	(1,747)	-
- Derecognition of deferred taxes		1,000	-
- Other		265	368
- Effect of foreign tax rate		(425)	(145)
		12,082	**17,515**

Notes to the Consolidated Financial Statements (continued)

18. Income tax expense (continued)

(a) During the year ended 30 June 2023, the Group recognised upfront tax deductions associated with the purchase of certain property, plant and equipment. These upfront tax deductions have resulted in the Group making a taxable loss during the current year, which has resulted in an increased deferred tax asset associated with tax losses and a deferred tax liability associated with property, plant and equipment. These temporary differences are expected to reverse in subsequent periods.

(b) This adjustment relates to the change of treatment of Swick consumables and WIP in the post-acquisition period to 30 June 2022. This resulted in a permanent difference in the current period.

19. Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Note	30 June 2023 $000s	30 June 2022 $000s
The balance comprises temporary differences attributable to:			
Property, plant and equipment		1,717	2,224
Employee benefit provisions		6,545	5,309
Borrowing costs		45	121
Business-related expenses		1,480	2,152
Right of use liabilities		4,746	4,260
Tax losses		15,855	18,261
Other		1,678	2,201
Deferred tax assets		**32,066**	**34,527**
Intangibles		(4,271)	(7,373)
Inventories		(15,106)	(15,605)
Property, plant and equipment		(33,309)	(17,147)
Right of use assets		(2,031)	(3,964)
Other		(2,017)	(1,124)
Deferred tax liabilities		**(56,734)**	**(45,212)**
Net deferred tax liabilities		**(24,668)**	**(10,685)**

Notes to the Consolidated Financial Statements (continued)

19. Deferred tax (continued)

(a) Prior to acquisition, the former Swick Mining Services Limited tax consolidated group was a separate taxpayer from the DDH1 Limited tax consolidated group. Tax losses of $13,198k were generated by the Swick Mining Services Limited tax consolidated group prior to acquisition. These losses have been assessed from an availability perspective by the Group and have been transferred to the DDH1 Limited tax consolidated group on acquisition. Accordingly, a deferred tax asset of $3,959k associated with these losses has been recognised on the acquisition of Swick and forms part of the net deferred tax liability of $7,835k recognised on acquisition of Swick refer note 36 for further information.

	30 June 2023 $000s	30 June 2022 $000s
Movements in the period:		
Opening balance at 1 July	(10,685)	14,413
Initial acquisition adjustments (refer note 36)	-	(7,620)
Credit / (Debit) to the income statement	(12,645)	(17,506)
Derecognition and re-recognition of deferred taxes	(1,000)	-
Adjustment for tax rate movement	-	(3)
Other	(624)	66
Prior year adjustment	286	(35)
Closing balance at 30 June	**(24,668)**	**(10,685)**

Unrecognised deferred tax balances		
Tax losses (revenue in nature)	1,543	543
Tax losses (capital in nature)	-	-
Deductable temporary differences	-	-
Taxable temporary differences	(339)	(339)

20. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	30 June 2023	30 June 2022
Earnings for basic earnings per share being net profit attributable to owners of the Company	43,303	36,677
Earnings for the purposes of dilutive earnings per share	**43,303**	**36,677**
Number of shares		
The weighted average number of ordinary shares for basic earnings per share	**411,968**	**375,556**
Effect of dilutive potential ordinary shares:		
Performance rights	2,807	1,653
The weighted average number of ordinary shares for diluted earnings per share	**414,775**	**377,209**

Notes to the Consolidated Financial Statements (continued)

20. Earnings Per Share (continued)

The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations.

From continuing operations

Basic – cents per share	10.51	9.77
Diluted – cents per share	10.44	9.72

21. Issued capital

Movement in issued capital	**Number of shares No.**	**Share capital $000s**
DDH1 Limited		
Ordinary Shares		
Opening Balance at 1 July 2022	426,759,176	464,543
Share buy-back	(25,665,756)	(21,660)
Conversion of Treasury Shares	-	1,691
Closing Balance at 30 June 2023	**401,093,420**	**444,574**
Less Treasury Shares		
Opening Balance at 1 July 2022	11,476,128	-
Conversion to Ordinary Shares	(2,523,504)	-
Closing Balance at 30 June 2023	**8,952,624**	**-**
Balance at 30 June 2023	**392,140,796**	**444,574**

During the period, there has been movement between treasury shares and ordinary shares as a result of the exercise of share-based payments. 2,523,504 treasury shares were converted into ordinary shares via the receipt of $1,010k for the repayment of attached loans. This also incorporates a transfer of share-based payment reserve to issued capital of $681k relative to the treatment of treasury shares on IPO of the group.

Ordinary Shares

Ordinary shares participate in voting, carry a right to a dividend and the proceeds on winding up of the Group in proportion to the number of shares held.

Treasury Shares

Treasury shares participate in dividends and the proceeds on winding up of the Group in proportion to the total number of shares held.

There are no externally imposed capital requirements. At any meeting of shareholders, each treasury share is entitled to one vote.

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. No additional shares were acquired under the buy-back program post 30 June 2023.

Notes to the Consolidated Financial Statements (continued)

22. Group Reorganisation Reserve

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 30 June		266,574	266,574

In 2021, the Company successfully listed on the ASX. As part of this process, a corporate restructure occurred, whereby DDH1 Limited, via its wholly owned subsidiary, acquired 100% of DDH1 Holdings Pty Ltd. As a result of this transaction, the group reorganisation reserve was created. The balance recognised represents the excess of the fair value of the shares issued by DDH1 Limited over the carrying value of the net assets of DDH1 Holdings Pty Ltd as at the date of the listing, which resulted in an uplift of $266,574k.

23. Other Reserves

a) Share-based payment reserve

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 1 July		**3,706**	**3,837**
Share based payment expense for LTIP		560	367
Transfer to share capital		(681)	(498)
Balance at 30 June		**3,585**	**3,706**

Long Term Incentive Plan ('LTIP')

During the year, the Group issued performance rights under the LTIP to certain senior employees of the Group. As a result of the issue of these performance rights, a share-based payment expense of $199k (2022: $144k) has been recognised. The remaining share-based payment expense recognised for the period was for performance rights issued prior to 30 June 2022.

b) Foreign currency translation reserve

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 1 July		**818**	**-**
Other comprehensive income/(loss)		779	818
Balance at 30 June		**1,597**	**818**

Notes to the Consolidated Financial Statements (continued)

24. Retained earnings

	Note	30 June 2023 $000s	30 June 2022 $000s
Balance at 1 July		**139,519**	**121,399**
Dividends paid	25	(24,222)	(17,739)
Net profit for the year		42,524	35,859
Balance at 30 June		**157,821**	**139,519**

25. Dividends

Amounts recognised as distributions to equity holders in the year:	(a)	(24,222)	(17,739)

Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30.0%	14,879	32,457

During the year, the Group paid two fully franked dividends of 2.65 cents per share totalling $10.9M and 3.33 cents per share totalling $13.3M (2022: $17.7M) On 29 August 2023, the directors declared a fully franked final dividend of 1.96 cents per share to the holders of fully paid ordinary shares in respect of the six months ended 30 June 2023, to be paid to shareholders in September 2023. This final dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $7.9M.

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments

(a) Classes and categories of financial instruments and their fair values

The following table discloses information about:

- Classes of financial instruments, including their nature and characteristics;
- The carrying amounts of financial instruments; and
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value).

Fair value hierarchy Levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Financial assets			Financial liabilities		
	FVTPL	FVTOCI	Amortised cost	FVTPL	Amortised cost	Total
2023	$000s	$000s	$000s	$000s	$000s	$000s
Cash and bank balances	-	-	25,088	-	-	25,088
Trade and other receivables	-	-	89,647	-	-	89,647
Other financial assets	807	-	-	-	-	807
Borrowings	-	-	-	-	30,000	30,000
Trade and other payables	-	-	-	-	52,865	52,865
Lease liabilities	-	-	-	-	15,784	15,784

	Financial assets			Financial liabilities		
	FVTPL	FVTOCI	Amortised cost	FVTPL	Amortised cost	Total
2022	$000s	$000s	$000s	$000s	$000s	$000s
Cash and bank balances	-	-	17,941	-	-	17,941
Trade and other receivables	-	-	93,563	-	-	93,563
Other financial assets	412	2,221	-	-	-	2,633
Borrowings	-	-	-	-	30,000	30,000
Trade and other payables	-	-	-	-	51,091	51,091
Lease liabilities	-	-	-	-	19,296	19,296

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

The Directors are of the opinion that the fair value for all categories of financial assets and financial liabilities approximates the carrying value.

Financial assets carried at fair value through the profit and loss related to listed and non-listed investments are reviewed annually with regard to observable data based on the quoted prices of the instruments held. These are typically measured at Level 1 fair value hierarchy and there are no transfers between levels during the period. At 30 June 2023, listed investments with a carrying value of $653k (2022: $408k) have been measured at Level 1. For financial assets that are non-listed investments, there are measured accordingly to inputs other than quoted prices within Level 1 that are observable for the assets indirectly. The methodology employed in this valuation related to prices the instrument has traded for in a private sale. These are measured at Level 3. At 30 June 2023, financial assets (including the Investment unit trust) with a carrying value of $154k (2022: $154k) have been measured at Level 3.

There were no other financial assets or financial liabilities held at FVTPL during the period that were valued according to a Level 3 hierarchy assessment, or in the opinion of the Directors, held at a fair value that did not approximate its carrying value.

In the current period, the Group has sold its financial assets classified as FVOCI. No fair value gain or loss has been recognised for this sale as the sales price was deemed fair value on date of purchase as per note 36.

(b) Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Management reviews compliance with policies and exposure limits continuously. The Group does not enter into or trade financial instruments for speculative purposes.

(c) Market risk

The Group's activities expose it to the financial risks of changes in interest rates, and there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk management

The Group is exposed to interest rate risk because the Group had a term loan facility at floating interest rates at 30 June 2023, and the cash and cash equivalents have variable interest rates. All asset finance lease liabilities are fixed. A one percentage point increase/decrease in interest rates would result in a net profit after tax decrease/increase of approximately ($49k) (2022: $123k).

Lease liabilities are fixed, and therefore there is no associated market risk with these instruments.

Other price risks

The Group is exposed to equity price risks arising from equity investments.

Equity investments in entities (see Note 10) are held for strategic rather than trading purposes. The Group does not actively trade these investments. A five percentage point increase/decrease in the underlying value of the equity instruments would result in a net profit after tax increase/decrease of approximately $40k (2022: $21k).

Notes to the Consolidated Financial Statements (continued)

27. Financial Instruments (continued)

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To minimise credit risk, the Group has adopted a practice of only dealing with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Group only transacts with entities that have a good trading and credit history or where there is sufficient other publicly available information to assess its creditworthiness. The Group uses additional publicly available financial information and its trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. At the date of reporting, the Directors were of the opinion that the credit-related risk of loss was not material. Therefore no amount has been recorded for credit loss.

(i) Overview of the Group's exposure to credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings.

As at 30 June 2023, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised trade and other receivables (Note 7) and cash and cash equivalents (Note 6) as stated in the consolidated statement of financial position.

(e) Liquidity risk management

Responsibility for liquidity risk management rests with the Management, which has established an appropriate risk management process to manage the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

26. Financial instruments (continued)

The following table sets out the maturity analysis for financial liabilities based on contractual cash flows:

	Weighted average effective interest rate %	Due in less than one year $000s	Due within one to five years $000s	Total $000s
30 June 2023				
Trade and other payables	Nil	52,865	-	52,865
Borrowings	4.88%	-	30,000	30,000
Lease liabilities	2.69%	4,190	11,594	15,784
30 June 2022				
Trade and other payables	Nil	51,091	-	51,091
Borrowings	3.75%	-	30,000	30,000
Lease liabilities	2.69%	4,321	14,975	19,296

The Group manages its capital to ensure that entities in the Group will continue as going concerns while maximising returns to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior reporting period.

The capital structure of the Group consists of net debt (borrowings as disclosed in Note 16 and lease liabilities in Note 15 less the cash and bank balances in note 6) and equity of the Group (comprising issued capital, reserves and retained earnings).

	Note	30 June 2023 $000s	30 June 2022 $000s
Total borrowings	16	30,000	30,000
Lease liabilities	15	15,784	19,296
Less cash	6	(25,088)	(17,941)
Net debt / (cash)		**20,696**	**31,555**
Total equity		341,003	342,012
Total capital		**361,699**	**373,367**
Gross gearing ratio (gross debt/equity)		13.43%	14.41%
Net gearing ratio (net debt/total capital)		5.72%	8.40%

The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements (continued)

27. Related party transactions

(a) Related parties

The Group's main related parties are as follows:

(i) Entities within the Group

The 100% owned subsidiary companies in the Group are:

Entity Name	ACN
DDH1 Group Holdings Pty Ltd	636 839 613
DDH1 Holdings Pty Ltd	636 946 321
DDH1 Midco Pty Ltd	625 959 908
DDH1 Finco Pty Ltd	625 961 980
DDH1 Drilling Pty Ltd	154 493 008
Strike Drilling Pty Ltd	164 225 656
Ranger Exploration Drilling Pty Ltd	617 982 680
Izett Holdings Pty Ltd	120 340 678
Swick Mining Services Pty Ltd	112 917 905
SMS Operations Pty Ltd	008 736 543
SMS Asset Holdings Pty Ltd	107 371 540
Swick Engineering Pty Ltd	126 053 209
Swick Mining Services (Indonesia) Pty Ltd	163 995 677
Swick Mining Services (Canada) Inc	N/A
Swick Mining Services (USA) Inc	N/A
Swick Drilling Portugal Uniprossal Lda	N/A
Swick Drilling Europe Ltd	N/A

Refer to Note 31 for further information on the above entities. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(ii) Key management personnel

Key Management Personnel ("**KMP**") are any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Disclosures relating to KMPs are as set out in Notes 28 and 29 below.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. No transactions occurred during the current or prior reporting period with related parties other than the remuneration of their services as stated in note 29.

(c) Outstanding balances arising from sales /purchases of goods and services

No balances are outstanding with related parties.

(d) Loans to/from related parties

There are no loans to or from related parties.

(e) Terms and conditions of related party transactions

All transactions were conducted on commercial terms with no discounts or interest applicable to outstanding balances.

Notes to the Consolidated Financial Statements (continued)

28. Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

Diane Smith-Gander, AO	Chairperson and Independent Non-Executive Director
Alan Broome, AM	Independent Non-Executive Director
Andrea Sutton	Independent Non-Executive Director
Murray Pollock	Non-Executive Director
Byron Beath	Non-Executive Director
Sy Van Dyk	Managing Director and CEO
Simon Franich	Chief Financial Officer/Company Secretary (commenced 26 April 2023)
Ben MacKinnon	Chief Financial Officer/Company Secretary (resigned 20 January 2023)

29. Key Management Personnel Compensation

The compensation for the key management personnel of the Group is set out in aggregate below:

	Note	30 June 2023	30 June 2022
Short term employee benefits		1,583,418	1,598,150
Long-term benefits[2]		-	-
Non-monetary benefits[1]		2,259	2,560
Post-employment benefits		75,698	70,930
Share-based payments		99,234	156,744
Total		**1,760,609**	**1,828,384**

[1] – Non-monetary benefits includes phone and laptop.

[2] – Long-term benefits represents the accrual for long service leave.

30. Share-Based Payments

Long Term Incentive Plan ("LTIP")

LTIP was created to allow the Company to issue equity-based incentives to senior management to align their remuneration with the long-term interest of shareholders by rewarding those issued LTIP incentives for the delivery of sustained Group performance over the long term. The equity-based incentives currently under issue are Performance Rights. Details as to the performance criteria of the Performance Rights are below:

CRITERIA	KPI	WEIGHT	PERFORMANCE PERIOD
Value Creation (Group)	CAGR in TSR of 15% to 25% over the performance period (**TSR Hurdle**)	30%	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. It also rewards executives who have contributed to the Company's value creation and support the retention and attraction of executives.
Financial (Group)	CAGR in EPS of 7.5% to 20% over the performance period (**EPS Hurdle**)	70%	

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

During the reporting period, a total of 1,591,717 Performance Rights have been issued (including rights to Ben MacKinnon).

These Performance Rights are subject to a performance period that commences on 1 July 2022 and ends on 30 June 2024. The vesting date for all the performance rights detailed above is 31 August 2025. If conditions are met and the Performance Rights are issued, the expiration date is ten years after granting date, being 31 August 2035.

As a result of entering into the SIA, the Board on 28 July 2023, approved and exercised their discretion in accordance with clause 19.1 of the DDH1 Long Term Investment Plan and determined that all Performance Rights will vest and become immediately exercisable subject to the Scheme approval by shareholders and that the relevant number of shares be issued to the relevant executives and employees upon conversion, with shares in the Company to be issued after shareholders have approved the Scheme at the Scheme Meeting on 18 September 2023.

If the Scheme does not proceed, then all of the Performance Rights on issue will be assessed in line with their original terms and conditions.

The fair value of the Performance Rights issued during the reporting period was determined using the Black Scholes Model for the EPS Hurdle and a Monte Carlo model used for the TSR Hurdle. The valuation was undertaken by a professional accounting firm, and the information contained below is from their report:

INPUT	CEO	EXECUTIVE
Grant date	4 November 2022	23 September 2022
Share Price	$0.835	$0.798
Exercise Price	Nil (as per plan rules)	Nil (as per plan rules)
Expected Volatility	45%	45%
Expected life (years)	2.94 years	2.82 years
Risk Free Rate	3.35%	3.63%
Expected Dividend Yield	6.0%	6.0%
VALUATION	**CEO**	**EXECUTIVE**
EPS Hurdle	$0.70	$0.67
TSR Hurdle	$0.29	$0.27

A total of $199,365 has been expensed in respect to the Performance Rights issued this financial year (2022: $149,701).

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

	2023		2022	
	Weighted-average exercise price	Number of performance rights	Weighted-average exercise price	Number of performance rights
As at 1 July	-	2,102,738	-	1,176,362
Granted during the year	-	1,591,717	-	1,062,739
Cancelled during the year	-	(822,595)	-	(136,363)
Outstanding at the end of the year		**2,871,860**		**2,102,738**
Exercisable at 30 June	-	-	-	-

The Performance Rights outstanding at 30 June 2023 had a weighted average exercise price of nil, and a weighted average remaining contractual life of 1.33 years.

31. Subsidiaries

Name of Subsidiary	Principal Activity	Place of Incorporation & Operation	Ownership interest and voting power 30 June 2023	Ownership interest and voting power 30 June 2022
DDH1 Group Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Midco Pty Ltd	Holding company	Australia	100%	100%
DDH1 Finco Pty Ltd	Holding Company	Australia	100%	100%
DDH1 Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Strike Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Ranger Exploration Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Izett Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Mining Services Pty Ltd	Holding company	Australia	100%	100%
SMS Operations Pty Ltd	Provision of Drilling Services	Australia	100%	100%
SMS Asset Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Engineering Pty Ltd	Construction of Drill rigs	Australia	100%	100%
Swick Mining Services (Indonesia) Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Mining Services (Canada) Inc	Provision of Drilling Services	Canada	100%	100%
Swick Mining Services (USA) Inc	Provision of Drilling Services	USA	100%	100%
Swick Drilling Portugal Uniprossal Lda	Provision of Drilling Services	Portugal/Spain	100%	100%
Swick Drilling Europe Ltd	Provision of Drilling Services	United Kingdom	100%	100%

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

The parent entity and its wholly-owned subsidiaries that are incorporated in Australia form the Tax Consolidation Group.

Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Australian wholly-owned subsidiaries listed above, are parties to the Deed of Cross Guarantee and are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of Financial Reports and Director Reports.

The consolidated income statement and the consolidated statement of financial position of the entities which are parties to the deed of cross guarantee are:

Consolidated Statement of Profit or Loss and Other Comprehensive Income of entities party to the deed of cross guarantee

	Note	30 June 2023 $000s	30 June 2022 $000s
Revenue		497,918	396,753
Other income		12,469	9,563
Other gains and losses		(346)	(2,300)
Administrative Expenses		(12,969)	(8,022)
Drilling consumables		(44,621)	(39,200)
Employee and contract labour expenses		(241,248)	(182,678)
Fuel and oil expenses		(10,887)	(10,162)
Freight and couriers		(7,149)	(6,105)
Hire of plant		(15,815)	(14,614)
Service and repair expenses		(39,244)	(31,857)
Travel expenses		(20,015)	(15,242)
Transaction expenses		(876)	-
IPO expenses		-	(3,820)
Engineering consumables and parts		(4,950)	
Other expenses		(4,174)	(5,642)
EBITDA		**108,093**	**86,674**
Depreciation expense		(44,880)	(28,628)
Amortisation expense		(11,119)	(5,808)
EBIT		**52,094**	**52,238**
Interest income		129	7
Finance costs		(2,892)	(1,644)
Profit before tax		**49,331**	**50,601**
Income tax (expense)/benefit		(10,992)	(17,379)
Profit for the year		**38,339**	**33,222**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities		**779**	**818**
Total comprehensive income for the year		**39,118**	**34,040**
Profit attributable to owners of the parent		**39,118**	**34,040**

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

Consolidated Statement of Financial Position of entities party to the deed of cross guarantee

	30 June 2023 $000s	30 June 2022 $000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	16,116	11,558
Trade and other receivables	83,456	85,570
Inventories	52,949	51,756
Current tax asset	1,609	4,055
Other current assets	2,109	1,717
TOTAL CURRENT ASSETS	**156,239**	**154,656**
NON-CURRENT ASSETS		
Financial assets	20,151	16,998
Intangible assets	49,245	61,385
Property, plant and equipment	226,220	204,732
Right of use assets	12,300	13,459
Deferred tax asset	-	-
TOTAL NON-CURRENT ASSETS	**307,916**	**296,574**
TOTAL ASSETS	**464,155**	**451,230**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	47,748	47,768
Lease liabilities	2,946	4,215
Provisions	21,211	19,820
TOTAL CURRENT LIABILITIES	**71,905**	**71,803**
NON-CURRENT LIABILITIES		
Lease liabilities	12,445	14,632
Borrowings	30,000	29,827
Provisions	1,052	626
Deferred tax liabilities	28,839	10,933
TOTAL NON-CURRENT LIABILITIES	**72,336**	**56,018**
TOTAL LIABILITIES	**144,241**	**127,821**
NET ASSETS	**319,914**	**323,408**
EQUITY		
Issued capital	444,574	464,543
Group reorganisation reserve	(266,574)	(266,574)
Share based payment reserve	3,585	3,706
Foreign Currency Translation reserve	1,597	818
Retained earnings	136,732	120,915
TOTAL EQUITY	**319,914**	**323,408**

Notes to the Consolidated Financial Statements (continued)

32. Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See Note 1 for a summary of the significant accounting policies relating to the Group.

Refer to Note 31, which discloses the Deed of Cross Guarantees which are in place between the parent entity and all of its subsidiaries. Under the deed, each company guarantees to support the liabilities and obligations of the others.

The financial information for the parent entity is detailed below.

Financial position	**30 June 2023 $000s**	**30 June 2022 $000s**
Assets		
Current assets	141	162
Non-current assets	359,522	358,092
Total assets	**359,663**	**358,254**
Liabilities		
Current liabilities	(4,221)	(1,849)
Non-current liabilities	(30,000)	(30,000)
Total liabilities	**(34,221)**	**(31,849)**
Equity		
Issued capital	444,574	464,543
Retained earnings/(accumulated losses)	(119,132)	(138,138)
Total equity	**325,442**	**326,405**
Financial performance		
Profit/(loss) for the year	30,342	21,557
Total comprehensive income/(loss)	30,342	21,557

Notes to the Consolidated Financial Statements (continued)

33. Auditor's Remuneration

During the year, the following fees were paid for services provided by the External Auditor, Deloitte, and its network firms:

	Note	30 June 2023	30 June 2022
Deloitte and related network firms			
Audit and review of financial reports		486,750	444,000
		486,750	**444,000**
Other services:			
Financial Due Diligence		350,000	-
Other Advisory services		12,000	12,000
		362,000	**12,000**
Total remuneration		**848,750**	**456,000**

The auditor of the Group is Deloitte Touche Tohmatsu.

34. Commitments and contingencies

a) Capital Commitments

The Group has capital commitments for purchases of drill rig assets and support gear totaling $2,520k (2022: 8,362k).

b) Contingent liabilities

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. No additional shares were acquired under the buy-back program post 30 June 2023 and the share buy-back program concluded on 18 July 2023.

On 26 June 2023 DDH1 Limited and Perenti Group entered into a binding Scheme Implementation Agreement ("SIA" or "Scheme") under which DDH1 will combine with Perenti. Costs incurred during the year related to the scheme have been expensed. Expensed amounts do not include any success fees, which will only become due and payable when the SIA becomes effective, expected to be in October 2023. Expensed amounts also do not include legal fees, or professional fees related to the Scheme booklet or Independent Expert and Independent Accountant Reports. The quantum of these fees will be circa $5.4 million.

35. Bank guarantees

The Group has bank guarantees in the amount of $1,633k (2022: $1,203k) in relation to lease liabilities. The total facility for bank guarantees are fully drawn down at balance date.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries

Details of the provisional fair values of the net assets acquired and goodwill was set in the Company's 2022 Annual Report. The final fair values of the net assets acquired resulted in a reduction of $2.1 million of goodwill being recognised from the disclosed provisional values. Final adjustments resulted in an increase of tax receivables ($2.1 million) and deferred tax liabilities ($0.2 million net result of the finalisation of the deferred tax balances and recognition of additional losses) and a decrease to financial assets classified as FVOCI ($0.2million) as a result of additional information being obtained within the measurement period.

Final fair value recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	7 February 2022 $000s
Cash and cash equivalents	4,994
Trade and other receivables	23,148
Inventory	28,718
Other assets	4,742
Property, plant and equipment	57,884
Intangible development assets	5,886
Financial assets classified as FVOCI	2,050
Right of use assets	7,398
Identifiable intangible assets	25,740
Trade and other payables	(19,681)
Borrowings	(30,000)
Lease Liabilities	(10,510)
Provisions	(6,941)
Deferred tax assets/(Liabilities)	(7,619)
Total net identifiable assets acquired	**85,809**
Goodwill	2,343
Total Consideration	**88,152**

The goodwill of $2.3 million arising from the acquisition included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce of Swick. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for income tax purposes.

An external assessment has been performed to determine the carrying value of the intangibles recognised on acquisition. Customer contracts and relationships ($25.7 million) are being amortised in line with the valuation assessment of 2-5 years depending on the underlying relationship.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries (continued)

All consideration was in the form of DDH1 ordinary fully paid shares issued at a ratio of 0.2970 DDH1 shares for each Swick Mining Services Limited share, resulting in DDH1 issuing 83.95 million new ordinary fully paid shares. At the date of acquisition, the market price for DDH1 shares was $1.05 per share, resulting in consideration of $88.15 million.

Acquisition-related costs relating to the acquisition of Swick Mining Services Limited were $3,820k, which have been expensed in the prior period.

Swick contributed circa $69 million revenue and circa $7 million to the Group's profit before tax for the period between the date of acquisition to 30 June 2022.

If the acquisition of Swick had been completed on the first day of the comparative financial year, Group revenues for the 2022 financial year would have been circa $507 million and Group net profit after tax would have been circa $113 million.

37. Post-reporting Date Events

For the year ended 30 June 2023, a fully franked dividend of 1.96 cents per share was declared on 29 August 2023 and is payable on 28 September 2023 to DDH1 shareholders on the share register at 15 September 2023.

On 26 June 2023 DDH1 Limited and Perenti Group entered into a binding Scheme Implementation Agreement (the "SIA" or 'Scheme") under which DDH1 will combine with Perenti to create one of the ASX's leading contract mining services groups. Subsequent to year end on 30 July 2023 the Scheme Booklet was lodged with ASIC. The Scheme Booklet was approved on 16 August 2023. The Scheme Implementation effective date is currently timetabled to be 3 October 2023. As a result of entering into the SIA, the Board approved and exercised their discretion in accordance with clause 19.1 of the DDH1 Long Term Investment Plan and determined that all unvested performance rights will vest and become immediately exercisable subject to the Scheme approval by shareholders and that the relevant number of shares be issued to the relevant executives and employees upon conversion, with shares in the Company to be issued after shareholders have approved the Scheme at the Scheme Meeting on 18 September 2023.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

38. Company Details

DDH1 Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered office and principal place of business of the Company:

21 Baile Road
Canning Vale, Perth, Western Australia 6155

Directors' Declaration

In accordance with a resolution of the Directors of DDH1 Limited, I state that:

In the opinion of the Directors:

(a) The attached financial statements and notes thereto for the financial year ended 30 June 2023 are 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 2023 and of its performance for the year ended on that date: and

   b. Complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) The attached financial statements and notes comply with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (*Wholly-owned Companies*) Instrument 2016/785. The nature of the deed of cross guarantee is such that each entity which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

Signed on behalf of the Board of Directors pursuant to s.295(5) of the *Corporations Act 2001*.

Director
Diane Smith-Gander, AO

Dated this 29th day of August 2023

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of DDH1 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DDH1 Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 & 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These 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.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td><u>Finalisation of the acquisition of Swick Mining Services</u>

As disclosed in Note 36 the acquisition of Swick Mining Services Limited (Swick) was completed during the prior year on 7 February 2022 for total purchase consideration of $88.15 million. The acquisition was provisionally accounted for as at 30 June 2022 and finalised during the current period ended 30 June 2023.

As a result of the finalisation of the acquisition accounting the following tax balances were impacted with a resulting adjustment to Goodwill:
The treatment for the deduction of consumables was aligned with the Group resulting in adjustment to the current tax receivable; and
Deferred tax assets and liabilities were adjusted for the treatment of the consumables deduction, recognition of available tax losses and the finalisation of the allocable cost allocation (ACA) process.</td><td>Our procedures performed, included but were not limited to:
In conjunction with our taxation specialists, assessing the competence and experience of management's experts and evaluating:
the tax treatment for the consumable deductions;
the recognition of tax losses; and
the finalisation of the ACA process
Reviewing the adjustments to and final determination of goodwill; and
Assessing the adequacy of the disclosures in notes 36, 18 and 19.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, 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 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, 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 has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

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a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 81 to 101 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of DDH1 Limited, for the year ended 30 June 2023, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 29 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	30 June 2022 $000s	30 June 2021 $000s
Revenue	4	415,377	294,606
Other income	4	8,427	4,206
Other gains and losses	4	(2,300)	(139)
Administrative expenses	5	(8,022)	(4,901)
Drilling consumables		(42,799)	(32,686)
Employee and contract labour expenses	5	(191,182)	(132,091)
Fuel and oil expenses		(10,162)	(6,457)
Freight and couriers		(6,105)	(3,909)
Hire of plant		(14,614)	(8,501)
Service and repair expenses		(31,892)	(23,869)
Travel expenses		(15,242)	(10,412)
IPO expenses		-	(7,431)
Business combination expenses	36	(3,820)	-
Other expenses		(6,884)	(2,806)
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")		**90,782**	**65,610**
Depreciation expense	5	(29,956)	(21,528)
Amortisation expense	5	(5,808)	(2,151)
Earnings before Interest and Tax ("EBIT")		**55,018**	**41,931**
Interest income		7	1
Finance costs	5	(1,651)	(2,526)
Profit before tax		**53,374**	**39,406**
Income tax benefit / (expense)	18	(17,515)	17,780
Profit for the year		**35,859**	**57,186**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities	23(b)	**818**	**-**
Total comprehensive income for the year		**36,677**	**57,186**
Profit attributable to owners of the parent		**36,677**	**57,186**
Total comprehensive income attributable to owners of the parent		**36,677**	**57,186**
Earnings per share			
Basic (cents per share)	20	9.77	18.58
Diluted (cents per share)	20	9.72	18.02

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	30 June 2022 $000s	30 June 2021 $000s
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	17,941	14,591
Trade and other receivables	7	93,563	55,696
Inventories	8	55,849	26,098
Current tax asset		3,856	4,279
Other current assets	9	1,791	1,221
TOTAL CURRENT ASSETS		**173,000**	**101,885**
NON-CURRENT ASSETS			
Financial assets	10	2,633	562
Intangible assets	11	61,385	30,818
Property, plant and equipment	12	223,290	129,415
Right of use assets	13	13,693	4,228
Deferred tax asset	19	-	14,413
TOTAL NON-CURRENT ASSETS		**301,001**	**179,437**
TOTAL ASSETS		**474,001**	**281,322**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	51,091	28,757
Lease liabilities	15	4,321	3,217
Provisions	17	20,076	8,433
TOTAL CURRENT LIABILITIES		**75,488**	**40,407**
NON-CURRENT LIABILITIES			
Lease liabilities	15	14,975	6,424
Borrowings	16	30,000	-
Provisions	17	626	804
Deferred tax liabilities	19	10,900	-
TOTAL NON-CURRENT LIABILITIES		**56,501**	**7,228**
TOTAL LIABILITIES		**131,989**	**47,635**
NET ASSETS		**342,012**	**233,687**
EQUITY			
Issued capital	21	464,543	375,025
Group reorganisation reserve	22	(266,574)	(266,574)
Share based payment reserve	23(a)	3,706	3,837
Foreign Currency Translation Reserve	23(b)	818	-
Retained earnings	24	139,519	121,399
TOTAL EQUITY		**342,012**	**233,687**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Issued Capital $000s	Group Reorganisation Reserve $000s	Share Based Payment Reserve $000s	Foreign Currency Reserve $000s	Fair value reserve $000s	Retained Earnings $000s	Total Equity $000s
DDH1 Holdings Pty Ltd								
Balance as at 1 July 2020	1	**209,665**	**(140,812)**	**2,194**	**-**	**-**	**64,213**	**135,260**
DDH1 Limited								
Profit for the year		-	-	-	-	-	57,186	**57,186**
Other comprehensive income for the year		-	-	-	-	-	-	**-**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**57,186**	**57,186**
Group reorganisation	22	226,427	(266,574)	2,194	-	-	64,213	**26,260**
Issued capital	21	150,000	**-**	**-**	**-**	**-**	**-**	**150,000**
Share issue costs	21	(2,060)	-	-	-	-	-	**(2,060)**
Employee gift shares	21	658	-	-	-	-	-	**658**
Share based payment expense	23/30	-	-	1,643	-	-	-	**1,643**
As at 30 June 2021		**375,025**	**(266,574)**	**3,837**	**-**	**-**	**121,399**	**233,687**
Balance as at 1 July 2021	1	**375,025**	**(266,574)**	**3,837**	**-**	**-**	**121,399**	**233,687**
Profit for the year		-	-	-	-	-	35,859	**35,859**
Other comprehensive income for the year	23(b)	-	-	-	818	-	-	**818**
Total comprehensive income for the year		**-**	**-**	**-**	**818**	**-**	**35,859**	**36,677**
Dividends paid	25	-	-	-	-	**-**	**(17,739)**	**(17,739)**
Share capital issued as part of acquisition of subsidiary	36	88,152	-	-	-	-	-	**88,152**
Proceeds received for treasury shares	21	868	-	-	-	-	-	**868**
Transfer of share based payment reserve to issued capital	21	498	-	(498)	-	-	-	**-**
Share based payment expense	23/30	-	-	367	-	-	-	**367**
As at 30 June 2022		**464,543**	**(266,574)**	**3,706**	**818**	**-**	**139,519**	**342,012**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	30 June 2022 $000s	30 June 2021 $000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		447,566	314,190
Payments to suppliers and employees		(362,765)	(245,434)
Finance costs		(1,651)	(2,526)
Interest received		7	1
Income tax received/(paid)		979	(17,624)
Net cash generated by operating activities	6(b)	**84,136**	**48,607**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant and equipment		484	312
Payments for property, plant and equipment		(65,014)	(39,251)
Payments for intangibles		(587)	(71)
Cash acquired on business combination	36	4,994	-
Payment of acquisition costs	36	(3,819)	-
Proceeds from sale of financial assets		-	95
Net cash used in investing activities		**(63,942)**	**(38,915)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	41,000
Proceeds from treasury shares		868	-
Share issue costs		-	(9,491)
Principal payments for lease liabilities		(3,594)	(2,742)
Repayment of borrowings		-	(61,449)
Dividends paid	25	(17,739)	-
Net cash used in financing activities		**(20,465)**	**(32,682)**
Net (decrease) / increase in cash and cash equivalents		3,193	(22,990)
Cash and cash equivalents at beginning of the year		14,591	37,581
Effect of foreign exchange rate changes		157	-
Cash and cash equivalents at the end of the year	6(a)	**17,941**	**14,591**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General Information

The financial report covers DDH1 Limited (the "**Company**") and the subsidiaries it controlled during the year (the "**Group**"). The Company is listed on the Australian Securities Exchange (ASX Code: DDH).

DDH1 Limited is a company limited by shares incorporated in Australia. The address of its registered office and principal place of business is 21 Baile Road, Canning Vale, Western Australia 6155.

Summary of significant accounting policies

1.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ("AASB") and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

1.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at re-valued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. 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 dollars ($), which is DDH1 Drilling Limited's functional and presentation currency. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing asset or liability at the measurement date.

Corporate Restructure

On 9 March 2021, when the Company listed on the ASX, a restructure of the Group was undertaken whereby the Company, via its wholly-owned subsidiary DDH1 Group Holdings Pty Ltd, acquired 100% of the share capital of DDH1 Holdings Pty Ltd ("DDH1 Holdings"). Under the terms of this restructure, the Company became the ultimate parent of DDH1 Holdings.

Due to the corporate restructure, the consolidated financial statements of DDH1 Limited have been prepared, by an accounting policy choice, as a continuation of the business and operations of DDH1 Holdings except that the issued capital and consolidated statement of changes in equity presented is that of the Company.

Notes to the Consolidated Financial Statements (continued)

1.2 Basis of preparation (continued)

The implications of the corporate restructure on 9 March 2021 on the consolidated financial statements, including the comparative financial statements, was as follows:

a) Consolidated Statement of Profit or Loss and Other Comprehensive Income
The current year financial performance is that of the combined Group. The comparative financial year information is that of DDH1 Holdings and its controlled entities (referred to as "DDH1 Holdings Group") prior to the group reorganisation that occurred on IPO in March 2021 and of the combined group thereafter. For calculation of earnings per share, the capital reflects the new capital structure put in place on IPO in March 2021.

b) Consolidated Statement of Changes in Equity
When the group undertook the corporate restructure whereby the Company became the ultimate parent of DDH1 Holdings it accounted for the group reorganisation as a continuation of DDH1 Holdings except that with effect from the corporate restructure the share capital is that of the Company. The Group Reorganisation Reserve (refer to Note 22) represents the excess of the fair value of the shares issued by the Company on 9 March 2021 over the carrying value of the net assets of the DDH1 Holding Group as of that date.

c) Consolidated Statement of Cash Flows
The Comparative consolidated cashflows represent those of DDH1 Holdings Group until the group reorganisation on IPO in March 2021 and those of the combined group thereafter.

1.3 Rounding off of amounts
The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/*191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The principal accounting policies adopted by the Group are set out below.

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The total comprehensive income of subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements (continued)

1.4 Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the releVant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

1.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-Based Payments* at the acquisition date (see below); and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates, and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.5 Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.6 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

1.7 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Notes to the Consolidated Financial Statements (continued)

1.7 Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Drilling revenue

The Group provides a range of drilling services to its clients in the mining, exploration and broader resources sector. Drilling service contracts can be long or short term and are generally structured as an overarching master agreement, with individual work orders made by the customer. Each work order will specify the services to be performed. The combination of the master agreement and each work order forms a contract with the customer.

The revenue derived from these services is recognised when the work has been completed as per the clients' directions and in the accounting period in which the services were rendered. Revenue is determined either on a per-day or per-metre rate, depending on the specific contract.

Contracts entered into can cover services that involve different processes and continuous drilling services activities in a sequential set of mobilisation, drilling and demobilisation activities which are invoiced to the customer as those activities progress.

These processes and activities are highly interrelated and the Group provides a significant service of integration of such activities. Where this is the case, these activities and processes are accounted for as one performance obligation.

Revenue from services rendered is recognised in the statement of profit and loss and other comprehensive income over time. The Group has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date (for example, number of meters drilled). As a result, the Group applies the practical expedient to recognise revenue at the amount which it has the right to invoice.

Customers are invoiced on a monthly basis and revenue is recognised in the accounting period in which the right to invoice is obtained. Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. Most drilling services contracts do not include variable payment terms.

(ii) Engineering sales

The Group sells drill rigs and parts directly to customers. Revenue recognition occurs at the point in time when control of the drill rigs and parts is transferred to the customer which occurs when the goods are collected or dispatched by/to the customer. The Group's right to consideration becomes unconditional at that date as only the passage of time is required before payment is due.

(iii) 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. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. There are no significant financing components.

All revenue is stated net of the amount of goods and services tax (GST).

1.8 Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. Leases are recognised as a right of use asset and a corresponding liability at the date on which the leased asset is available for use by the Group, except for short term leases or low value assets. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the 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.

Notes to the Consolidated Financial Statements (continued)

1.8 Leases (continued)

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If the rate can not be determined, the lessee's incremental borrowing rate is used being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities include the value of the following lease payments, where applicable:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lease under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances;
- The lease payments change due to changes in an index or rate or a change in expected payments under a guaranteed residual value; and/or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right of use assets comprise the initial measurement of the corresponding lease liability, less any lease incentives received and any initial direct costs. They are subsequently measured as cost less accumulated depreciation and any impairment losses.

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. The lease term is the current contracted lease term and the term of any lease extension option where there is a likelihood that the option to extend the lease will be exercised. The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 *Impairment of Assets* to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in Note 1.14.

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

1.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

1.10 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.11 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.12 Income taxes

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group in Australia. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is DDH1 Limited, which is also the ultimate head of the Group. During the prior reporting period, the Group completed a corporate restructure (refer section 1.2) in March 2021 and as part of this restructure, all entities in the Group were brought into the tax consolidation group.

Tax expense, income tax benefits, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities of the members of the tax-consolidation group are recognised by the Company (as the head entity in the tax consolidation group).

The Company and each member of the tax-consolidation group have entered into a tax funding arrangement, in terms of which the Company and its subsidiary in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Notes to the Consolidated Financial Statements (continued)

1.12 Income taxes (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.13 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Consolidated Financial Statements (continued)

1.13 Property, plant and equipment (continued)

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment using both the diminishing value basis or straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss. Assets under hire purchase arrangements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. If we are reasonably certain the depreciation will be on the useful lives. Land is not depreciated.

The depreciation rates used for the current and comparative years of significant items of property, plant and equipment are as follows:

Classes of Fixed Asset	
Plant & equipment	6.67% - 50%
Motor vehicles	6.67% - 25%
Drilling rigs	6.67% - 12.50%
Office equipment, furniture & fittings	10% - 50%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Notes to the Consolidated Financial Statements (continued)

1.14 Intangibles

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimate useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Customer relationships

Customer relationships acquired are initially recognised at fair value and are subsequently carried at amortised cost. Customer relationships are amortised to profit or loss using the straight-line method over the contract period or estimated useful life of the relationship, whichever is shorter (2-5 years).

Notes to the Consolidated Financial Statements (continued)

1.15 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the releVant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the releVant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventories (including rigs being constructed) are determined after deducting rebates and discounts received or receivable. Costs are assigned on a weighted average basis.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchases and delivery costs, net of rebates and discounts received or receivable.

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.

1.17 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the releVant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in "interest income" on the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost (see (i) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL; and
- Debt instruments that do not meet the amortised cost criteria are classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other income' line item (Note 4). Fair value is determined in the manner described in Note 26(a).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Group considers a customer going into administration as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet this criteria are generally not recoverable when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(ii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the debtor has been placed under liquidation, it has entered into bankruptcy proceedings or when the financial asset is over two years past due). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial assets (continued)

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) it is designated as at FVTPL. The Group does not have any financial liabilities held for trading or that has been designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The Group does not have any hedging activities in the years presented. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.17 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the releVant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including fees all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.19 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

The fair value determined 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. 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 estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified awards, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Notes to the Consolidated Financial Statements (continued)

1.20 Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars.

The assets and liabilities of the Group's foreign operations are translated into Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised through other comprehensive income and recognised in equity.

On the disposal of the foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

1.21 Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or in-country equivalent, except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or in-country equivalent, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

1.22 Application of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are releVant to its operations and effective for an accounting period that begins on or after 1 July 2021. None of the new standards and interpretation had a material impact on the Group.

Notes to the Consolidated Financial Statements (continued)

1.23 Standards and interpretations issued but not yet adopted

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the following releVant new and revised Australian Accounting Standards, Interpretations and amendments have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*, AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* and AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*	1 January 2023
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*	1 January 2023

Management and the Directors have reviewed the above and consider that none of them are likely to have a material impact on the Group when initially adopted in future accounting periods once they become effective.

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be releVant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key judgements, estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful life of customer relationships

The useful life of customer relationships acquired in business combinations are assessed at the time of acquisition. This requires estimation and judgement. Amortisation of customer relationships is based on the useful life assigned at that time to that contract. Customer relationships are amortised based on a straight line basis of the estimated useful life as assigned on acquisition. These relationships are reviewed regularly to ensure that the useful life remains appropriate.

In the event of an impairment, the change in carrying value will be recognised immediately through profit or loss for the period.

Notes to the Consolidated Financial Statements (continued)

2. Critical Accounting Judgements and Key Sources Of Estimation Uncertainty (continued)

Impairment testing

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates such as growth rates, discount rates and EBITDA margins. The results of impairment tests are disclosed in Note 11.

Useful life of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Where this is a significant change in the recoverable value of the property, plant and equipment due to a change in judgment of its useful life, the recoverable value will be adjusted to reflect this change and the depreciation charge recognised adjusted as required.

Calculation of loss allowance

As disclosed in the accounting policies, an estimate of ECL is made. Bad debts are written off when identified. The allowance for ECL assessment requires significant estimation. The Directors and management utilise the most recent information available to them such as the aging of the receivable, historical experience, historical collection rates and specific knowledge of the individual debtor situations to make their estimation of the recovery of the trade receivables. When the assessment is made that there is an expected credit loss to be incurred, an allowance will be raised against the trade receivables to account for this expected loss. Where the estimation is different to actual results, carrying amounts are adjusted in the next financial period.

Right of use asset and lease liabilities

The Group has exercised its judgement in its assessment. This judgement is in reference to management's view that it is reasonably certain that it will extend their leases at two of their office premises for a further 5 years from the original lease term. This judgement results in a higher initial recognition of a lease liability and a corresponding right of use asset.

Income tax

As disclosed in Note 1.11, the Company and its Australian subsidiaries form a tax consolidation group which is subject to income tax in Australia. Significant judgement and estimation is required in determining the provisions for income tax. In some instances, the financial statements of the Group are finalised prior to the final lodgement of income tax returns of the consolidated tax group for that particular financial year or previous lodged tax returns may be amended from time to time. When the final tax position on lodgement of these returns differs from the financial statement position, or when an amended tax return is performed and lodged, an adjustment will be completed in the following's years financial report to reflect the impact of the tax position. This may result in differences to the amounts initially recorded, and such differences will impact the tax position of the Company and/or the Group.

Share based payments

The Group measures the cost of equity settle transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model. Judgement is required in estimating the anticipated timing of vesting on equity settled transactions. The valuation basis and related assumptions are detailed in Note 30. The accounting estimates and assumptions relating to equity settled transactions would not impact on the carrying value of assets and liabilities within the next annual report, but may impact expenses and equity.

Notes to the Consolidated Financial Statements (continued)

3. Segment Information

An operating segment is a component of a group that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker (CEO) for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segments are presented below. The accounting policies of the operating segments are the same as the Group's accounting policies. Information reported to the CEO is focused on the category of services provided through the Groups operating activities. The group's operating segments based on service type are:

- Drilling Operations – which provides mineral drilling services to the mining industry; and
- Engineering operations – which sells rigs and parts to external customers, and also conducts the internal rig construction of the group.

Drilling operations is made up of four aggregated business units/operating segments (Strike Drilling, Ranger Drilling, DDH1 Drilling and Swick drilling operations) which all provide mineral exploration drilling services with similar production processes and methods (surface and underground drilling), additionally there is significant commonality in relation to drilling techniques applied, customer base/type, and commodity exposure. The Group's fleet is mobile, which enables the Group to tender and secure contracts for our customers either domestically or internationally. The 4 business units display similar long term economic characteristics in regards to return on investor capital ("ROIC"). ROIC is the main reporting metric considered by the Chief Operating Decision Maker when making investment/capital allocation decisions across the four operating segments, with the expectation that all operations will achieve similar long term ROIC.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

2022	**Drilling Operations $000s**	**Engineering Operations $000s**	**Eliminations $000s**	**Consolidated $000s**
Revenue				
External Sales	413,954	1,422	-	415,377
Inter Segment Sales	-	-	-	-
Total Revenue	413,954	1,422	-	415,377
Result				
EBITDA	99,967	(32)	-	99,935
Corporate Administration costs				(5,333)
Business combination expenses				(3,820)
Depreciation				(29,956)
Amortisation				(5,808)
Finance Income				7
Finance Costs				(1,651)
Income Tax expense				(17,515)
Profit for the year before tax				**35,859**

Notes to the Consolidated Financial Statements (continued)

3. Segment information (continued)

Total assets	473,855	339	(193)	474,002
Total liabilities	(132,016)	(167)	193	(131,990)
Total net assets	**341,839**	**172**	**-**	**342,012**

EBITDA earned by the respective segments is without allocation of depreciation, amortisation, finance income, other income, corporate administration costs, finance costs and income tax expense. This measure, along with ROIC, is reported to the CODM for the purposes of resource allocation and assessment of segment performance. The main items in eliminations is inter-segment loans and charges.

Geographical information

The Group is based in one principal geographical area – Australia (country of domicile). However, drilling operations are provided around the world mainly in Australia, North America and Europe.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed in the following table:

	Revenue from external customers		**Non-current assets**	
	2022 $000's	**2021 $000's**	**2022 $000's**	**2021 $000's**
Australia	395,384	294,606	282,208	179,437
North America	14,800	-	13,957	-
Europe	5,193	-	4,836	-
Total	**415,377**	**294,606**	**301,001**	**179,437**

Information about major customers

Included in external sales of $415,377k (2021: $294,606k) are revenues of $66,895k (2021: $31,214k) which arose from sales to the Group's one (2021: one) largest customer. No other single customer contributed 10% or more to the Group's revenue for 2022. This customer operates within the Drilling Operations segment within Australia and North America.

Notes to the Consolidated Financial Statements (continued)

4. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	Note	30 June 2022 $000s	30 June 2021 $000s
Revenue			
Revenue from the rendering of drilling services over time		413,954	294,606
Revenue from engineering sales		1,423	-
Total revenue from continuing operations		**415,377**	**294,606**
Other income			
Diesel fuel rebate		1,179	1,635
Training booster incentive		6,689	1,987
Other income		559	584
		8,427	**4,206**
Other gains and losses			
Net foreign exchange gains / (losses)		(649)	(1)
Net fair value gains / (losses) on financial assets		(1,850)	(162)
Gain / (loss) on disposal of property, plant and equipment		199	24
Other gains and losses from continuing operations		**(2,300)**	**(139)**

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from its contracts with customers by commodity and drilling type. This appropriately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. All revenue is generated by services transferred over time.

	Note	30 June 2022 $000s	30 June 2021 $000s
Commodity			
Gold		164,793	139,667
Gold / Copper		36,337	41,455
Copper		61,367	25,868
Nickel		81,789	19,509
Iron Ore		47,036	53,848
Other		22,632	14,259
		413,954	**294,606**
Drilling type			
Surface drilling		319,884	274,503
Underground drilling		89,285	10,353
Other		4,785	9,750
		413,954	**294,606**

Notes to the Consolidated Financial Statements (continued)

5. Expenses

Profit before income tax includes the following specific expenses:

	Note	30 June 2022 $000s	30 June 2021 $000s
Finance costs consists of:			
Interest on term loan facility		(302)	(1,755)
Interest expense on lease liabilities		(367)	(427)
Other finance costs		(982)	(344)
Total finance costs		**(1,651)**	**(2,526)**
Administrative expenses consists of:			
Advertising expenses		(378)	(450)
Insurance expenses		(4,755)	(3,123)
Legal and consultant fees		(1,503)	(699)
Other Administrative expenses		(736)	-
Rent		(650)	(629)
Total Administrative expenses		(8,022)	(4,901)
Depreciation expense consists of:			
Depreciation on property plant and equipment	12	(28,819)	(20,685)
Depreciation on right of use asset	13	(1,137)	(843)
Total depreciation expense		**(29,956)**	**(21,528)**
Amortisation expense consists of:			
Amortisation of customer relationships	11	(5,586)	(2,148)
Amortisation of development assets	11	(222)	-
Amortisation of software development	11	-	(3)
Total amortisation expense		**(5,808)**	**(2,151)**
Employee and contract labour expense consists of:			
Director Fees		(566)	(190)
Salary and wages including bonuses as well as sick, annual and long service leave		(161,255)	(105,217)
Superannuation expense		(11,804)	(7,744)
Share based payment – M Class shares	23 / 30	-	(1,509)
Share-based payment – Long term incentive plan	23 / 30	(367)	(134)
Share-based payment – employee gift shares	21	-	(658)
Other	(a)	(17,190)	(16,639)
Total		**(191,182)**	**(132,091)**

(a) Other includes subcontractor, agency labour, recruitment, staff amenities, staff training, entertainment and other items.

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows.

	Note	30 June 2022 $000s	30 June 2021 $000s
6(a) Cash at bank and on hand			
Petty cash		1	1
Cash at bank		17,940	14,589
Net cash at bank		**17,941**	**14,590**

The carrying amount of these assets is approximately equal to their fair value. Cash at bank represents amounts held in the Group's trading accounts. Interest is payable on closing balances at 0.0% (FY21: 0.0%)

6(b) Reconciliation of profit for the year to net cash flows from operating activities

	Note	30 June 2022 $000s	30 June 2021 $000s
Profit for the period after income tax		**35,859**	**57,186**
Non-cash items in profit or loss:			
Shares received as compensation		(150)	(250)
Income tax expense/(benefit)		17,515	(17,780)
Depreciation of non-current assets		29,956	21,528
Amortisation of non-current assets		5,808	2,151
Net gains on disposal of plant and equipment		199	(24)
Share-based payment expense		367	2,301
Foreign currency (gain)/loss		649	-
IPO/acquisition costs		-	7,431
Impairment of trade receivables		736	-
Non-cash loss/ (gain) /on financial asset		1,850	(162)
Change in assets and liabilities:			
(Increase) / decrease in inventories		(29,751)	(2,477)
(Increase) / decrease in current receivables		(37,868)	(13,484)
(Increase) / decrease in other assets		(570)	(493)
Increase / (decrease) in trade and other payables		22,334	24,709
Increase / (decrease) in current taxes		423	(10,018)
Increase / (decrease) in deferred taxes		25,313	(25,386)
Increase / (decrease) in provisions		11,465	3,375
Net cash from operating activities		**84,136**	**48,607**

Notes to the Consolidated Financial Statements (continued)

6. Cash and Cash Equivalents (continued)

Non-cash transactions:

In the current and prior financial year, the Group entered into the following:

- The Group obtained new hire purchase arrangements for some non-current assets (accounted for as lease liabilities) and entered into new/extensions of office leases (accounted for as lease liabilities). The value is shown in the table below.
- The Group acquired Swick Mining Services Limited. Total consideration was settled via the issuance of shares of the Group. Refer to note 36 for details.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-Cash		
	Balance at 30 June 2021	**Financing cash flows**	**Additions from acquisition of subsidiary**	**Additions to lease liabilities**	**Balance at 30 June 2022**
Borrowings	-	-	30,000	**-**	**30,000**
Lease liabilities	9,641	(3,594)	10,510	2,740	19,297
	9,641	**(3,594)**	**40,510**	**2,740**	**49,297**

			Non-Cash		
	Balance at 30 June 2020	**Financing cash flows**	**Additions from acquisition of subsidiary**	**Additions to lease liabilities**	**Balance at 30 June 2021**
Borrowings	61,449	(61,449)	**-**	**-**	**-**
Lease liabilities	8,467	(2,742)	-	3,917	9,641
	69,916	**(64,191)**	**-**	**3,917**	**9,641**

Notes to the Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	Note	30 June 2022 $000s	30 June 2021 $000s
Current			
Trade receivables		93,806	55,686
Loss allowance		(805)	-
		93,001	**55,686**
Other debtors		562	10
		93,563	**55,696**

Trade receivables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The assessed ECL is not material.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

At the date of signing, one debtor was considered uncollectable by the Group ($755k).

Credit risk and ageing of trade receivables

The class of assets described as "trade receivables" is considered the main source of credit risk related to the Group. The Group does not hold any collateral over these balances.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair values.

As at 30 June, the ageing analysis of trade receivables is as follows:

	30 June 2022 $000s	30 June 2021 $000s
Current	60,477	44,493
One to three months	31,181	11,193
Three to six months	1,343	-
	93,001	**55,686**

Notes to the Consolidated Financial Statements (continued)

8. Inventories

	Note	30 June 2022 $000s	30 June 2021 $000s
Current			
Consumable stores		55,849	26,098
		55,849	**26,098**

The Group maintains an inventory of drilling parts and spares for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An ongoing review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value. There were no such write-downs for the year ended 30 June 2022 (30 June 2021: Nil).

The cost of inventories recognised as a consumable expense during the year in respect of continuing operations was $42,799k at 30 June 2022 (30 June 2021: $32,686k).

9. Other assets

Current		
Prepayments	1,785	1,215
Rental bond	6	6
	1,791	**1,221**

10. Financial assets

Financial assets fair valued through OCI		
Unit Trust investment	2,221	-
Financial assets fair valued through Profit or loss		
Equity investments	2,332	562
Provision for impairment	(1,920)	-
	412	562
	2,633	**562**

The Group holds investments in listed and non-listed companies. The investment in equity instruments is not held for trading. Instead, it is held for medium to long term strategic purposes.

The investments in equity instruments are measured at FVTPL.

The Group holds less than 1% of the ordinary shares of St George Mining Limited and Victory Mines Limited. All of these companies are involved in mineral exploration in Australia and are listed on the ASX. The directors of the Group do not consider that the Group is able to exercise significant influence over any of these entities due to the minor nature of the Group's shareholding.

The Group holds ordinary shares and performance rights in Serena Minerals Limited ("Serena"), a company involved in mineral exploration in Australia. The ordinary shares are less than 1% of the ordinary shares of Serena, and the performance rights do not give rise to a significant stake in Serena. Serena is a non-listed and private entity. The Directors of the Group do not consider that the Group is able to exercise significant influence over Serena due to the minor nature of its shareholding. Refer to note 26(a) for basis of valuation.

Notes to the Consolidated Financial Statements (continued)

10. Financial assets (continued)

The Group holds 8 million shares in Wiluna Mining Corporation ("WMC") which, as at 30 June 2022, was valued at $0.24 per share. Subsequent to year end WMC entered into voluntary administration. Given the significant uncertainty surrounding the administration process of Wiluna the Group has impaired the full value of these shares.

The Group has an investment in an unlisted unit trust for a building utilised by the Group, that is not traded in an active market but is classified as a Fair Value Through Other Comprehensive Income.

Notes to the Consolidated Financial Statements (continued)

11. Intangibles

	Note	30 June 2022 $000s	30 June 2021 $000s
Customer relationships			
Opening balance		5,123	7,271
Acquired as part of business combination	36	25,740	-
Amortisation expense		(5,585)	(2,148)
		25,278	**5,123**
Goodwill			
Opening balance		25,381	25,381
Acquired as part of business combination	36	4,475	-
		29,856	**25,381**
Software development			
Opening balance		314	246
Additions		-	71
Amortisation expense		-	(3)
Transfer to property plant and equipment		(314)	-
		-	**314**
Development assets			
Opening balance		-	-
Acquired as part of business combination	36	5,886	-
Additions		587	-
Amortisation expense		(222)	-
		6,251	**-**
Total intangibles		**61,385**	**30,818**

In the 2018 financial year, customer relationships were initially recognised from the acquisition of Strike Drilling Pty Ltd ("Strike"). These are amortised on a straight-line basis over six years and resulted in amortisation of $918k (2021: $918k) this financial year. Additionally, in the 2019 financial year customer relationships were recognised as a result of the acquisition of Ranger Exploration Drilling Pty Ltd and Izett Holdings Pty Ltd (both referred to as "Ranger"). These customer relationships are amortised on a straight-line basis over a period of each contract. The contracts ranged from 1 – 4.5 years at the acquisition date. This has resulted in amortisation of $1,220k (2021: $1,230k) this reporting period. In the current financial year customer relationships were initially recognised from the acquisition of Swick Mining Services Limited ("Swick"). Customer contracts and relationships are being amortised in line with the valuation assessment (2-5 years), resulting in amortisation of $3,447k (2021: Nil) this financial year. The total amortisation expense this year was $5,585k (2021: $2,148k).

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

The goodwill recognised is in relation to the acquisition of Ranger and Strike in prior reporting periods. The acquisition of Swick has resulted in goodwill recognised in the current year (refer to note 36 for details). There is no other goodwill in the Group allocated to any other CGUs. Goodwill is derived of the below values

	Note	30 June 2022 $000s	30 June 2021 $000s
Goodwill			
Strike		21,623	21,623
Ranger		3,758	3,758
Swick	36	4,475	-
		29,856	**25,381**

For impairment testing purposes, intangible assets are allocated to the cash-generating unit ("CGU") for which they were originally identified on acquisition.

Strike, Ranger, DDH1 Drilling and Swick Cash Generating Units ("CGUs")

The Group performed the annual impairment test of the Strike and Ranger goodwill in June 2022. In addition the Group has identified an impairment indicator as a result of the market capitalisation of the Company exceeding the net assets of the Group as at 30 June 2022. As a result the Group assessed the recoverable amounts of the Strike, Ranger, DDH1 Drilling and Swick CGUs.

In considering the carrying value of the CGUs, the Directors have adopted a value in use methodology to determine the recoverable amounts of the respective CGUs. No impairment charge is necessary for any of the CGUs.

The recoverable amount of each CGU has been determined based on a value in use calculation that uses the cash flow budget over a one year period, followed by an extrapolation of expected cash flows for the CGU over a four year period using the growth rates determined by management and the assumptions outlined below. The present value of the expected cash flows and a terminal value for the CGU is determined by applying a suitable discount rate.

Notes to the Consolidated Financial Statements (continued)

11. Intangibles (continued)

Key assumptions used in the value in use calculation and sensitivity to changes in assumptions

The calculation of the value in use for the DDH1 Drilling, Swick, Strike and Ranger CGUs is most sensitive to the following assumptions:

- **Revenue Growth Rate**
  The growth rate has been set at the budget level for the 2023 financial year. For the following years, management have used industry specific nominal growth rate of 3.9% for the DDH1, Swick, Strike and Ranger CGU's. Setting the growth rate from the 2024 financial year onwards at nil does not result in an impairment.

- **Discount Rate**
  The discount rate represents the current market risks, taking into consideration the time value of money and specific risks not incorporated in the cash flow forecasts. The discount rate is assessed by taking into account the expected return on investment by investors, the cost of debt servicing, plus beta factors for industry risks. Management and the Directors have adopted a post tax discount rate of 12.10% (2021: 9.40%) for the DDH1 Drilling, Strike and Ranger CGUs. A discount rate of 13% (2021: N/A) has been applied for the Swick CGU. The post tax discount rate has been adjusted to reflect the higher current and forecast interest rates along with macro economic considerations. An increase of 1% on the discount rate would have the impact of reducing headroom by approximately $25.3m in DDH1 Drilling, $9.7m in Strike, $10.3m in Ranger and $16.5m for Swick, which would not cause impairment to the CGUs. A reasonable possible change in the discount rate is not likely to cause a material impairment.

- **EBITDA Margin**
  The EBITDA margin for DDH1 Drilling, Strike and Ranger have been assigned at their budget levels for the 2023 financial year which is comparable with levels achieved in FY22, and it has been assumed that these margins will remain constant for the remaining years of the cash flow model. While this is managements' conservative view of the EBITDA profile, a reasonable possible change in margin is not likely to cause a material impairment. For the Swick CGU EBITDA margin has been assigned at their budget levels for the 2023 financial year which is comparable with levels achieved in FY22 plus the realisation of cost efficiencies related to the being a subsidiary of the Group. While this is managements' conservative view of the EBITDA profile, a reasonable possible change in margin is not likely to cause a material impairment.

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2021					
Cost or fair value	30,277	67,083	183,589	8,470	289,419
Accumulated depreciation	(19,419)	(43,110)	(97,475)	-	(160,004)
Net book amount	**10,858**	**23,973**	**86,114**	**8,470**	**129,415**
Year ended 30 June 2022					
Opening net book amount	10,858	23,973	86,114	8,470	129,415
Additions	5,980	12,146	24,235	19,329	61,690
Acquired as part of business combination (refer note 36)	3,021	6,445	41,423	6,853	57,742
Transfer from Inventory	-	-	-	3,604	3,604
Transfer between class	1,827	18	12,026	(13,508)	363
Disposals	(99)	(402)	(404)	0	(905)
Depreciation	(5,433)	(6,732)	(16,654)	0	(28,819)
FX movement	6	(1)	200	(5)	200
	16,160	**35,447**	**146,940**	**24,743**	**223,290**
At 30 June 2022					
Cost or fair value	67,853	89,218	335,580	24,743	517,394
Accumulated depreciation	(51,693)	(53,771)	(188,640)	0	(294,104)
Net book amount	**16,160**	**35,447**	**146,940**	**24,743**	**223,290**

	Plant and Equipment $000s	Motor Vehicles $000s	Drill Rigs $000s	Capital WIP $000s	Total $000s
At 1 July 2020					
Cost or fair value	25,205	64,346	154,580	2,409	246,540
Accumulated depreciation	(16,420)	(37,465)	(85,435)	-	(139,320)
Net book amount	**8,785**	**26,881**	**69,145**	**2,409**	**107,220**
Year ended 30 June 2021					
Opening net book amount	8,785	26,881	69,145	2,409	107,220
Additions	4,927	2,424	26,469	10,053	43,873
Transfer between class	338	917	2,737	(3,992)	-
Disposals	(192)	(604)	(197)	-	(993)
Depreciation	(3,000)	(5,645)	(12,040)	-	(20,685)
	10,858	**23,973**	**86,114**	**8,470**	**129,415**
At 30 June 2021					
Cost or fair value	30,277	67,083	183,589	8,470	289,419
Accumulated depreciation	(19,419)	(43,110)	(97,475)	-	(160,004)
Net book amount	**10,858**	**23,973**	**86,114**	**8,470**	**129,415**

Notes to the Consolidated Financial Statements (continued)

12. Property, Plant and Equipment (continued)

Property, plant and equipment comprise mainly of drilling rigs and associated vehicles and equipment. Directors and management continually monitor both domestic and overseas markets on new and used drill rig pricing and availability, and as a result, are of the opinion that the net written down book value of the Group's property, plant, and equipment is less than its recoverable amount.

Included in "Capital WIP" are deposits paid for drill rigs and other supporting equipment. Once fully acquired, the amount will be transferred appropriately to its class and depreciation will commence.

13. Right Of Use Assets

	Note	30 June 2022 $000s	30 June 2021 $000s
Opening balance		4,228	5,072
Acquired as part of business combination		7,398	-
Additions		3,204	-
Depreciation expense		(1,137)	(844)
Closing balance		**13,693**	**4,228**

The Group has five leases in place for office leases and storage yards. The lease term ranges on these leases between 2-5 years.

Additionally, the Group has options to extend the lease term on some of its premises. It has exercised its judgement and determined where it is reasonably certain that they will extend the leases in some locations these extensions have been included in the lease term.

The Group does not have an option to purchase any of the properties at the end of the lease term.

In addition to the right of use assets, the Group has a number of short-term leases. The amount expensed on short term leases or low value assets during the financial year amounted to $644k (2021: $2,667k).

Interest expense recognised within finance costs on the above right of use assets totalled $367k (2021: $281k) for the financial year.

Notes to the Consolidated Financial Statements (continued)

14. Trade and Other Payables

	Note	30 June 2022 $000s	30 June 2021 $000s
Current			
Trade creditors		35,504	18,744
Sundry creditors		1,696	691
Superannuation payable		1,056	699
Goods and services tax payable		3,492	2,660
Payroll tax payable		521	394
Accrued charges		6,279	5,315
Customer deposits		704	-
Other payables		1,839	254
		51,091	**28,757**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has a financial risk management process to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair value.

Notes to the Consolidated Financial Statements (continued)

15. Lease Liabilities

		Note	30 June 2022 $000s	30 June 2021 $000s
Leases on right of use assets	(i)		14,756	4,653
Hire purchase liabilities	(ii)		4,540	4,988
Closing balance			**19,296**	**9,641**
Split as follows:				
Current			4,321	3,217
Non-current			14,975	6,424
Closing balance			**19,296**	**9,641**

(i) These liabilities relate to the right of use assets as disclosed in Note 13 to the financials.

(ii) The hire purchase liabilities are secured by a registered charge over the asset. Each has a term of 3 years, with 36 monthly payments and no balloon payment. The applicable interest rate of the hire purchase liabilities is fixed and ranges between 1.90% - 4.23% (2021: 2.60% - 4.23%).

The Group does not face a significant liquidity risk with regard to its lease liabilities, and the fair value of the lease liabilities is approximately equal to the carrying amount.

Maturity Analysis:

	Note	30 June 2022 $000s	30 June 2021 $000s
Lease liability commitments			
Amounts payable under lease liabilities:			
Within one year		4,423	3,562
In the second to fifth years, inclusive		12,322	4,755
After five years		2,704	2,435
		19,449	**10,752**
Less: future finance charges		(153)	(1,111)
Present value of lease obligations		**19,296**	**9,641**

<u>Lease liabilities</u>

The Group has entered into a number of equipment lease liability arrangements with a range of lenders. Under the terms of these facilities, security is limited to the assets to which the facility relates. The Directors are of the opinion that the fair value of the assets pledged as security exceeds the carrying value of the lease liabilities to which they are related.

Notes to the Consolidated Financial Statements (continued)

16. Borrowings

	Note	30 June 2022 $000s	30 June 2021 $000s
Secured borrowings at amortised cost			
- Term loan facility		30,000	-
Total borrowings		**30,000**	**-**
Amount due for settlement within 12 months			
- Term loan facility		-	-
		-	**-**
Amount due for settlement after 12 months		30,000	-
		30,000	**-**

The Group has a five year multi-option facility for a maximum of $85 million. This facility at 30 June 2022 has $1.2m assigned to a bank guarantee facility, and the remaining $83.8 million assigned to the term loan facility and overdraft facility. At 30 June 2022, the Group has drawn down $30m of the facility as a Term loan that expires in line with the facility (14 February 2027), the remaining facility is available as an overdraft through to the maturity date of the overall facility (14 February 2027). In addition, the Group has a $10 million asset finance facility in place. This facility has a term of 5 years and expires on 14 February 2027.

The interest rate associated with the $30m Term Loan is calculated as 1.8% plus the BBSY rate set by reference to ASX Benchmarks Pty Ltd. The interest rate associated with the overdraft facility is calculated as the Bank West market reference rate less 1.4% margin.

The facility is secured by a general security agreement granted by each Australian subsidiary of the Company as listed in note 31 excluding Swick Australian entities.

Available borrowing facilities

	Note	30 June 2022 $000s	30 June 2021 $000s
Available facilities		95,000	60,000
Borrowings used at balance date		(30,000)	-
Asset finance used at balance date		(2,123)	(4,988)
Bank guarantees used at balance date	35	(1,203)	(629)
Unused at balance date		**61,674**	**54,383**

Banking covenants

The Company complied with and continues to comply with all banking covenants specified in its agreements with its financier.

Fair values

The Directors consider that the carrying value of borrowings approximates their fair values.

Notes to the Consolidated Financial Statements (continued)

17. Provisions

	Note	30 June 2022 $000s	30 June 2021 $000s
Provision for short-term incentive bonus		3,085	2,602
Provision for annual leave		15,090	4,448
Provision for long service leave		2,527	2,187
Total provisions		**20,702**	**9,237**
Analysis of total provisions:			
Current		20,076	8,433
Non-current		626	804
Total provisions		**20,702**	**9,237**

The Group recognises employee entitlements as current where an unconditional entitlement exists. This includes accrued annual leave and long service leave where employees have completed the required period of service or are otherwise entitled to pro-rata payments in certain circumstances. 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.

18. Income Tax Expense

Income tax expense recognised in profit

	Note	30 June 2022 $000s	30 June 2021 $000s
Income tax expense comprises:			
Current tax	(a&b)	9	6,987
Deferred tax	(a)	17,506	(24,767)
		17,515	**(17,780)**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Note	30 June 2022 $000s	30 June 2021 $000s
Profit before tax from continuing operations		53,374	39,406
Prima facie tax expense on profit from ordinary activities before income tax at 30%		16,012	11,822
- Non-deductible expenses		94	75
- Prior year over/under		36	1
- Share based payment		1,150	669
- Adjustment for consumables and WIP	(b)	-	(8,481)
- Adjustment for step up value on listed shares	(b)	-	(712)
- Adjustment for step up value on property, plant & equipment	(b)	-	(21,029)
- Other		368	(125)
- Effect of foreign tax rate		(145)	-
		17,515	**(17,780)**

Notes to the Consolidated Financial Statements (continued)

18. Income tax expense (continued)

(a) During the year ended 30 June 2022 the Group recognised upfront tax deductions associated with the purchase of certain property, plant and equipment. These upfront tax deductions have resulted in the Group making a taxable loss during the current year, which has resulted in an increased deferred tax asset associated with tax losses and a deferred tax liability associated with property, plant and equipment. These temporary differences are expected to reverse in subsequent periods.

(b) As disclosed in Note 1.2 to the financials, DDH1 Limited acquired the previous DDH1 Holdings Pty Ltd group of entities during the year ended 30 June 2021. As required by law, we reset the tax bases of assets held by the former DDH1 Holdings Pty Ltd tax consolidated group at this point in time. As a result, a tax base reset occurred, which gave rise to a significant step up in tax values on all assets of the former DDH1 Holdings Pty Ltd tax consolidated group, including the property, plant and equipment of the Group. Accordingly, additional tax deductions arose for during the prior period following the acquisition of DDH1 Holdings Pty Ltd, which resulted in a tax loss for the period 5 March to 30 June 2021. The potential tax benefit of this tax loss was booked as a Deferred Tax Asset at 30 June 2021.

(c) For the period from 1 July 2020 to 4 March 2021, the former DDH1 Holdings Pty Ltd tax consolidated group was a separate taxpayer from the DDH1 Limited tax consolidated group. Its tax liability for that period was $6,987,394. The tax loss generated by the DDH1 Limited tax consolidated group for the year ended 30 June 2021 could not be used to reduce the tax liability of the former DDH1 Holdings Pty Ltd tax consolidated group for the period prior to acquisition. Accordingly, this tax loss was carried forward as a Deferred Tax Asset in the manner described above and the current tax expense for the prior period was reflective of tax on taxable income for the former DDH1 Holdings Pty Ltd tax consolidated group.

19. Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Note	30 June 2022 $000s	30 June 2021 $000s
The balance comprises temporary differences attributable to:			
Property, plant and equipment		2,224	10,912
Employee benefit provisions		5,279	2,716
Borrowing costs		121	282
Business-related expenses		2,152	2,771
Right of use liabilities		3,768	1,396
Tax losses (a)		18,467	5,965
Other		2,706	1,190
Deferred tax assets		**34,717**	**25,232**
Intangibles		(7,373)	(1,537)
Inventories		(15,605)	(7,830)
Property, plant and equipment		(17,358)	-
Right of use assets		(3,480)	(1,269)
Other		(1,801)	(183)
Deferred tax liabilities		**(45,617)**	**(10,819)**
Net deferred tax asset / (liabilities)		**(10,900)**	**14,413**

Notes to the Consolidated Financial Statements (continued)

19. Deferred tax (continued)

(a) Prior to acquisition, the former Swick Mining Services Limited tax consolidated group was a separate taxpayer from the DDH1 Limited tax consolidated group. Tax losses of $13,198k were generated by the Swick Mining Services Limited tax consolidated group prior to acquisition. These losses have been assessed from an availability perspective by the Group and have been transferred to the DDH1 Limited tax consolidated group on acquisition. Accordingly, a deferred tax asset of $3,959k associated with these losses has been recognised on the acquisition of Swick and forms part of the net deferred tax liability of $7,835k recognised on acquisition of Swick refer note 36 for further information.

	30 June 2022 $000s	30 June 2021 $000s
Movements in the period:		
Opening balance at 1 July	14,413	(10,973)
Initial acquisition adjustments (refer note 36)	(7,835)	
Deferred tax on share issue costs	-	619
Credit / (Debit) to the income statement	(17,506)	24,767
Adjustment for tax rate movement	8	-
Other	55	-
Prior year adjustment	(35)	-
Closing balance at 30 June	**(10,900)**	**14,413**
Unrecognised deferred tax balances		
Tax losses (revenue in nature) (a)	4,966	-
Tax losses (capital in nature)	-	-
Deductable temporary differences	-	-
Taxable temporary differences	(389)	-

(a) Tax losses not recognised relate to foreign tax jurisdictions. As at balance date, the ability to claim these losses is provisional as they relate to periods prior to the Group's acquisition of Swick. The assessment of the availability of these tax losses has not been confirmed at balance date.

20. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	30 June 2022	30 June 2021
Earnings for basic earnings per share being net profit attributable to owners of the Company	36,677	57,186
Earnings for the purposes of dilutive earnings per share	**36,677**	**57,186**
Number of shares		
The weighted average number of ordinary shares for basic earnings per share	**375,556**	**307,849**
Effect of dilutive potential ordinary shares:		
Performance rights	1,653	380
Share options (M Class and N Shares)	-	9,344
The weighted average number of ordinary shares for diluted earnings per share	**377,209**	**317,573**

Notes to the Consolidated Financial Statements (continued)

20. Earnings Per Share (continued)

The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations.

From continuing operations

Basic – cents per share	9.77	18.58
Diluted – cents per share	9.72	18.02

21. Issued capital

Movement in issued capital	**Note**	**Number of shares No.**	**Share capital $000s**
DDH1 Limited			
Ordinary Shares			
Opening Balance at 1 July 2021		342,804,678	375,025
Conversion of Treasury Shares		-	1,366
Issue of shares for acquisition of subsidiaries	**36**	83,954,498	88,152
Closing Balance at 30 June 2022		**426,759,176**	**464,543**
Less Treasury Shares			
Opening Balance at 1 July 2021		13,349,630	**-**
Conversion to Ordinary Shares		(1,873,502)	-
Closing Balance at 30 June 2022		**11,476,128**	**-**
Balance at 30 June 2022		**415,283,048**	**464,543**

During the period, there has been movement between treasury shares and ordinary shares as a result of the exercise of share-based payments. 1,873,502 treasury shares were converted into ordinary shares via the receipt of $868k for the repayment of attached loans. This also incorporates a transfer of share-based payment reserve to issued capital of $498k relative to the treatment of treasury shares on IPO of the group as detailed in note 23 (m class shares). Refer to note 36 for issue of shares related to acquisition of subsidiaries during the year.

Ordinary Shares

Ordinary shares participate in voting, carry a right to a dividend and the proceeds on winding up of the Group in proportion to the number of shares held.

Treasury Shares

Treasury shares participate in dividends and the proceeds on winding up of the Group in proportion to the total number of shares held.

There are no externally imposed capital requirements. At any meeting of shareholders, each treasury share is entitled to one vote.

Notes to the Consolidated Financial Statements (continued)

22. Group Reorganisation Reserve

	Note	30 June 2022 $000s	30 June 2021 $000s
DDH1 Limited			
Balance at 1 July		266,574	**-**
Group restructure		-	266,574
Balance at 30 June		**266,574**	**266,574**

In the comparative period, the Company successfully listed on the ASX. As part of this process, a corporate restructure occurred, whereby DDH1 Limited, via its wholly owned subsidiary, acquired 100% of DDH1 Holdings Pty Ltd. As a result of this transaction, the group reorganisation reserve was created. The balance recognised at previous year end represents the excess of the fair value of the shares issued by DDH1 Limited over the carrying value of the net assets of DDH1 Holdings Pty Ltd as at the date of the listing, which resulted in an uplift of $266,574k.

23. Other Reserves

a) Share-based payment reserve

	Note	30 June 2022 $000s	30 June 2021 $000s
Balance at 1 July		**3,837**	**2,194**
Share based payment expense for M Class shares		-	1,509
Share based payment expense for LTIP		367	134
Transfer to share capital		(498)	-
Balance at 30 June		**3,706**	**3,837**

Management Equity Plan

M Class shares were all settled on IPO. No new M Class shares were issued during the current year.

Long Term Incentive Plan ('LTIP')

During the year, the Group issued performance rights under the LTIP to certain senior employees of the Group. As a result of the issue of these performance rights, a share-based payment expense of $144k (2021: $134k) has been recognised. The remaining share-based payment expense recognised for the period was for performance rights issued prior to 30 June 2021.

b) Foreign currency translation reserve

	Note	30 June 2022 $000s	30 June 2021 $000s
Balance at 1 July		**-**	**-**
Other comprehensive income/(loss)		818	-
Balance at 30 June		**818**	**-**

Notes to the Consolidated Financial Statements (continued)

24. Retained earnings

	Note	30 June 2022 $000s	30 June 2021 $000s
Balance at 1 July		**121,399**	**64,213**
Dividends paid	25	(17,739)	-
Net profit for the year		35,859	57,186
Balance at 30 June		**139,519**	**121,399**

25. Dividends

Amounts recognised as distributions to equity holders in the year:	(a)	(17,739)	-

Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30.0%	32,457	38,540

During the year, the Group paid two fully franked dividends of 2.18 cents per share totalling $7,259,156 and 2.51cents per share totalling $10,480,125 (2021: nil). On 29 August 2022, the directors declared a fully franked dividend of 2.65 cents per share to the holders of fully paid ordinary shares in respect of the six months ended 30 June 2022, to be paid to shareholders in October 2022. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $11,249,036.

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments

(a) Classes and categories of financial instruments and their fair values

The following table discloses information about:

- Classes of financial instruments, including their nature and characteristics;
- The carrying amounts of financial instruments; and
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value).

Fair value hierarchy Levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Financial assets			Financial liabilities		
	FVTPL	FVTOCI	Amortised cost	FVTPL	Amortised cost	Total
2022	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Cash and bank balances	-	-	17,941	-	-	17,941
Trade and other receivables	-	-	93,563	-	-	93,563
Other financial assets	412	2,221	-	-	-	2,633
Borrowings	-	-	-	-	30,000	30,000
Trade and other payables	-	-	-	-	51,091	51,091
Lease liabilities	-	-	-	-	19,296	19,296

	Financial assets			Financial liabilities		
	FVTPL	FVTOCI	Amortised cost	FVTPL	Amortised cost	Total
2021	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Cash and bank balances	-	-	14,591	-	-	14,591
Trade and other receivables	-	-	55,696	-	-	55,696
Other financial assets	562	-	-	-	-	562
Borrowings	-	-	-	-	-	-
Trade and other payables	-	-	-	-	28,777	28,777
Lease liabilities	-	-	-	-	9,642	9,642

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments (continued)

(a) Classes and categories of financial instruments and their fair values (continued)

The Directors are of the opinion that the fair value for all categories of financial assets and financial liabilities approximates the carrying value.

Financial assets carried at fair value through the profit and loss related to listed and non-listed investments are reviewed annually with regard to observable data based on the quoted prices of the instruments held. These are typically measured at Level 1 fair value hierarchy and there are no transfers between levels during the period. At 30 June 2022, listed investments with a carrying value of $258k (2021: $408k) have been measured at Level 1. For financial assets that are non-listed investments, there are measured accordingly to inputs other than quoted prices within Level 1 that are observable for the assets indirectly. The methodology employed in this valuation related to prices the instrument has traded for in a private sale. These are measured at Level 3. At 30 June 2022, financial assets (including the Investment unit trust) with a carrying value of $154k (2021: $154k) have been measured at Level 3.

There were no other financial assets or financial liabilities held at FVTPL during the period that were valued according to a Level 3 hierarchy assessment, or in the opinion of the Directors, held at a fair value that did not approximate its carrying value.

Financial assets carried at fair value through other comprehensive income relate to an investment in an unlisted unit trust that is not traded in an active market, and was acquired as part of the acquisition of subsidiary contained in Note 36. The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a qualitative sensitivity analysis as at 30 June 2022 and 2021 are as shown below:

	Fair value as at				
Financial Asset	**30 June 2022 $000s**	**30 June 2021 $000s**	**Valuation Technique**	**Significant unobservable input(s)**	**Sensitivity of the input to fair value**
Investment in unlisted property trust(i)(ii)	2,221	-	Capitalisation method per external valuation	Sales of sites within similar areas taking into account the location, size and condition of improvements to determine a rate per square metre of $614 (2021: $N/A)	A $25 per square metre increase in price would increase the value by $123k (2021: N/A), and vice versa.

(i)Investment income of $63k (2021:N/A) received during the financial year from the investment in the unlisted property trust has been included in other income.

(ii)A gain after tax of $nil (2021:N/A) resulting from the valuation of the unit trust is recognised in other comprehensive income and accumulated in the fair value reserve (Nil at June 2022).

(b) Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Management reviews compliance with policies and exposure limits continuously. The Group does not enter into or trade financial instruments for speculative purposes.

Notes to the Consolidated Financial Statements (continued)

26. Financial Instruments (continued)

(c) Market risk

The Group's activities expose it to the financial risks of changes in interest rates, and there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk management

The Group is exposed to interest rate risk because the Group had a term loan facility at floating interest rates at 30 June 2022, and the cash and cash equivalents have variable interest rates. All asset finance lease liabilities are fixed. A one percentage point increase/decrease in interest rates would result in a net profit after tax decrease/increase of approximately ($123k) (2021: $146k).

Lease liabilities are fixed, and therefore there is no associated market risk with these instruments.

Other price risks

The Group is exposed to equity price risks arising from equity investments.

Equity investments in entities (see Note 10) are held for strategic rather than trading purposes. The Group does not actively trade these investments. A five percentage point increase/decrease in the underlying value of the equity instruments would result in a net profit after tax increase/decrease of approximately $21k (2021: $28k).

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To minimise credit risk, the Group has adopted a practice of only dealing with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Group only transacts with entities that have a good trading and credit history or where there is sufficient other publicly available information to assess its creditworthiness. The Group uses additional publicly available financial information and its trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. At the date of reporting, the Directors were of the opinion that the credit-related risk of loss was not material. Therefore no amount has been recorded for credit loss.

(i) Overview of the Group's exposure to credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings.

As at 30 June 2022, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognised trade and other receivables (Note 7) and cash and cash equivalents (Note 6) as stated in the consolidated statement of financial position.

(e) Liquidity risk management

Responsibility for liquidity risk management rests with the Management, which has established an appropriate risk management process to manage the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

26. Financial instruments (continued)

The following table sets out the maturity analysis for financial liabilities based on contractual cash flows:

	Weighted average effective interest rate %	Due in less than one year $000s	Due within one to five years $000s	Total $000s
30 June 2022				
Trade and other payables	Nil	51,091	-	51,091
Borrowings	3.75%	-	30,000	30,000
Lease liabilities	2.69%	4,321	14,975	19,296
30 June 2021				
Trade and other payables	Nil	28,757	-	28,757
Lease liabilities	2.69%	3,217	6,424	9,641

The Group manages its capital to ensure that entities in the Group will continue as going concerns while maximising returns to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior reporting period.

The capital structure of the Group consists of net debt (borrowings as disclosed in Note 16 and lease liabilities in note 15 less the cash and bank balances in note 6) and equity of the Group (comprising issued capital, reserves and retained earnings).

	Note	30 June 2022 $000s	30 June 2021 $000s
Total borrowings	16	30,000	-
Lease liabilities	15	19,296	9,641
Less cash	6	(17,941)	(14,591)
Net debt / (cash)		**31,555**	**(4,950)**
Total equity		342,012	233,687
Total capital		**373,367**	**228,737**
Gross gearing ratio (gross debt/equity)		14.41%	4.1%
Net gearing ratio (net debt / total capital)		8.40%	2.2%

The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements (continued)

27. Related party transactions

(a) Related parties

The Group's main related parties are as follows:

(i) Entities within the Group

The 100% owned subsidiary companies in the Group are:

Entity Name	ACN
DDH1 Group Holdings Pty Ltd	636 839 613
DDH1 Holdings Pty Ltd	636 946 321
DDH1 Midco Pty Ltd	625 959 908
DDH1 Finco Pty Ltd	625 961 980
DDH1 Drilling Pty Ltd	154 493 008
Strike Drilling Pty Ltd	164 225 656
Ranger Exploration Drilling Pty Ltd	617 982 680
Izett Holdings Pty Ltd	120 340 678
Swick Mining Services Pty Ltd	112 917 905
SMS Operations Pty Ltd	008 736 543
SMS Asset Holdings Pty Ltd	107 371 540
Swick Engineering Pty Ltd	126 053 209
Swick Mining Services (Indonesia) Pty Ltd	163 995 677
Swick Mining Services (Canada) Inc	N/A
Swick Mining Services (USA) Inc	N/A
Swick Drilling Portugal Uniprossal Lda	N/A
Swick Drilling Europe Ltd	N/A

Refer to note 31 for further information on the above entities. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(ii) Key management personnel

Key Management Personnel ("**KMP**") are any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Disclosures relating to KMPs are as set out in note 28 and 29 below.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. No transactions occurred during the current or prior reporting period with related parties other than the remuneration of their services as stated in note 29.

(c) Outstanding balances arising from sales / purchases of goods and services

No balances are outstanding with related parties.

(d) Loans to/from related parties

There are no loans to or from related parties.

(e) Terms and conditions of related party transactions

All transactions were conducted on commercial terms with no discounts or interest applicable to outstanding balances.

Notes to the Consolidated Financial Statements (continued)

28. Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

Diane Smith-Gander, AO	Chairperson and Independent Non-Executive Director
Alan Broome, AM	Independent Non-Executive Director
Andrea Sutton	Independent Non-Executive Director
Murray Pollock	Non-Executive Director
Byron Beath	Non-Executive Director
Sy Van Dyk	Managing Director and CEO
Ben MacKinnon	Chief Financial Officer/Company Secretary

29. Key Management Personnel Compensation

The compensation for the key management personnel of the Group is set out in aggregate below:

	Note	30 June 2022	30 June 2021
Short term employee benefits		1,559,300	1,445,486
Long-term benefits[2]		-	3,208
Non-monetary benefits[1]		2,560	4,000
Post-employment benefits		70,930	71,207
Share-based payments		156,744	703,985
Total		**1,789,534**	**2,227,886**

[1] – Non-monetary benefits includes phone and laptop.

[2] – Long-term benefits represents the accrual for long service leave.

30. Share-Based Payments

Long Term Incentive Plan ("LTIP")

LTIP was created to allow the Company to issue equity-based incentives to senior management to align their remuneration with the long-term interest of shareholders by rewarding those issued LTIP incentives for the delivery of sustained Group performance over the long term. The equity-based incentives currently under issue are Performance Rights. Details as to the performance criteria of the Performance Rights are below:

CRITERIA	KPI	WEIGHT	PERFORMANCE PERIOD
Value Creation (Group)	CAGR in TSR of 15% to 25% over the performance period (**TSR Hurdle**)	30%	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance over the long term. It also rewards executives who have contributed to the Company's value creation and support the retention and attraction of executives.
Financial (Group)	CAGR in EPS of 7.5% to 20% over the performance period (**EPS Hurdle)**	70%	

During the reporting period, a total of 1,062,739 Performance Rights have been issued.

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

The Performance Rights are subject to a performance period that commences on 1 July 2021 and ends on 30 June 2024. The vesting date for all the performance rights detailed above is 31 August 2024. If conditions are met and the Performance Rights are issued, the expiration date is ten years after granting date, being 31 August 2034.

The fair value of the Performance Rights was determined using the Black Scholes Model for the EPS Hurdle and a Monte Carlo model used for the TSR Hurdle. The valuation was undertaken by a professional accounting firm, and the information contained below is from their report:

INPUT	CEO	EXECUTIVE
Grant date	18 November 2021	8 November 2021
Share Price	$1.19	$1.18
Exercise Price	Nil (as per plan rules)	Nil (as per plan rules)
Expected Volatility	35%-45%	35%-45%
Expected life (years)	2.8 years	2.8 years
Risk Free Rate	0.97%	0.85%
Expected Dividend Yield	4.0%	4.0%

VALUATION	CEO	EXECUTIVE
EPS Hurdle	$1.06	$1.05
TSR Hurdle	$0.40	$0.39

A total of $149,701 has been expensed in respect to the Performance Rights issued this financial year (2021: 133,947).

	2022		2021	
	Weighted-average exercise price	Number of performance rights	Weighted-average exercise price	Number of performance rights
As at 1 July	0.66	1,176,362		-
Granted during the year	0.85	1,062,739	0.66	1,176,362
Cancelled during the year	0.75	(531,441)		-
Outstanding at the end of the year		**1,707,660**		**1,762,362**
Exercisable at 30 June	0.75	-	0.66	-

The Performance Rights outstanding at 30 June 2022 had a weighted average exercise price of $0.75, and a weighted average remaining contractual life of 1.55 years.

Notes to the Consolidated Financial Statements (continued)

30. Share-Based Payments (continued)

Management Equity Plan

Prior to the Company's IPO and ASX listing, the Group had in place a Management Equity Plan. The securities issued under this plan included 'M' and 'N' class shares (**Plan Shares)**. The Plan Shares were non-voting shares but had similar rights to ordinary fully paid shares in that they were able to receive dividends and other distributions.

Plan Shares were convertible into ordinary fully paid shares upon the satisfaction of vesting conditions, which included either an IPO or a sale of the business. The Plan Shares expire ten years from the date of issue (Plan Shares were issued in FY18 and FY19).

The consideration for the M Class Plan Shares was funded through a non-recourse loan to participants, which is repayable on any sale of the shares. The consideration payable for the N Class Plan Shares was paid in cash.

Notes to the Consolidated Financial Statements (continued)

30. Share-based payments (continued)

As the M Class shares were a right to an ordinary share, they were treated as a share-based payment.

At the beginning of the comparative reporting period, there were 13,349,630 Plan Shares on issue.

On 9 March 2021, the Plan Shares vested and were converted into ordinary fully paid shares in DDH1 Limited as part of the corporate restructuring and are now subject to the terms of an Escrow Deed. The non-recourse loan continues to remain in place over these ordinary shares, which are held as Treasury Shares.

The Escrow Deed modifies the Plan Shares from the previous parent entity, DDH1 Holdings Pty Ltd, to the new publicly listed entity, DDH1 Limited. Under the terms of the Escrow Deed, the vested ordinary fully paid shares are required to be held in escrow for the following periods:

a) Half of the ordinary fully paid shares issued are to be held in escrow until the lodgement of the Company's 30 June 2022 financial report; and
b) The remaining ordinary fully paid shares are to be held in escrow until the lodgement of the Company's 30 June 2022 financial report.

Set out below are summaries of M Class shares granted under the plan:

	2022		2021	
	Weighted-average exercise price	**Number of share options**	**Weighted-average exercise price**	**Number of share options**
As at 1 July		-		13,349,630
Modified during the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year *	-	-	-	-
Converted during the year	-	-	-	(13,349,630)
Expired during the year	-	-	-	-
Outstanding at the end of the year		-		**-**
Exercisable at 30 June	Nil	-	-	-

* In the prior year, a member of the Management Equity Plan left the Group. Upon leaving the Group, the M Class shares were purchased back at nil value by DDH1 Holdings Pty Ltd.

During the prior year, all M Class shares were converted into Ordinary Shares of DDH1 Limited and are held as Treasury Shares at year end as they are in escrow.

The fair value of the M Class shares previously granted was determined using the Monte Carlo model for valuation purposes. The valuation was undertaken by a professional accounting firm, and the information contained below is from their report.

Notes to the Consolidated Financial Statements (continued)

30. Share-based payments (continued)

The inputs into the Monte Carlo model were as follows:

	31 May 2018	30 Nov 2018	17 Dec 2018	13 May 2019
Weighted average share price (cents) (i)	150	75	75	80
Weighted average exercise price (cents)	91	45	45	52
Expected volatility (ii)	20%	20%	20%	20%
Expected life – years (iii)	3	3	3	1.75
Risk-free rate (iv)	2.10%	2.10%	2.10%	1.49%
Expected dividend yields (v)	Nil	Nil	Nil	Nil
Fair value per M Class share	$0.53	$0.27	$0.27	$0.23

(i) The weighted average share price was determined based on the most recent issue of shares to a third party. Given the Company was private when the M Class shares were issued, this was considered an appropriate valuation.

(ii) As DDH1 Holdings Pty Ltd was a privately held company, there was no observable share price history to calculate a historical volatility estimate. The expected volatility was therefore based on an assessment of the share price volatility of other similar businesses.

(iii) The M Class shares convert to ordinary shares on an exit event, subject to the achievement of the performance conditions. Accordingly, the expected exit date is equivalent to the effective life of the M Class shares. This was initially assessed as 30 June 2021, however as an exit event occurred during the year, the share-based payment expense was expensed in full to 9 March 2021.

(iv) The risk-free rate assumed in the model was assumed to best fit with the yield on three-year Australian Government bonds to broadly match the effective life of the plan.

(v) Potential dividends were not expected to be significant over the plan period and therefore had been assumed to be nil for the valuation.

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries

As this financial report is a continuation of business (refer to Note 1), the information about the composition of the Group during the comparative reporting period below is demonstrated as if the Group had been in existence for the entire period.

Name of Subsidiary	Principal Activity	Place of Incorporation & Operation	Proportion of ownership interest and voting power held by the Group 30 June 2022	30 June 2021
DDH1 Group Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Holdings Pty Ltd	Holding company	Australia	100%	100%
DDH1 Midco Pty Ltd	Holding company	Australia	100%	100%
DDH1 Finco Pty Ltd	Holding Company	Australia	100%	100%
DDH1 Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Strike Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Ranger Exploration Drilling Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Izett Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	100%
Swick Mining Services Pty Ltd	Holding company	Australia	100%	-
SMS Operations Pty Ltd	Provision of Drilling Services	Australia	100%	-
SMS Asset Holdings Pty Ltd	Provision of Drilling Services	Australia	100%	-
Swick Engineering Pty Ltd	Construction of Drill rigs	Australia	100%	-
Swick Mining Services (Indonesia) Pty Ltd	Provision of Drilling Services	Australia	100%	-
Swick Mining Services (Canada) Inc	Provision of Drilling Services	Canada	100%	-
Swick Mining Services (USA) Inc	Provision of Drilling Services	USA	100%	-
Swick Drilling Portugal Uniprossal Lda	Provision of Drilling Services	Portugal/Spain	100%	-
Swick Drilling Europe Ltd	Provision of Drilling Services	United Kingdom	100%	-

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

The parent entity and its wholly-owned subsidiaries that are incorporated in Australia, form the Tax Consolidation Group.

Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Australian wholly-owned subsidiaries listed above, are parties to the Deed of Cross Guarantee and are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of Financial Reports and Director Reports.

The consolidated income statement and the consolidated statement of financial position of the entities which are parties to the deed of cross guarantee are:

Consolidated Statement of Profit or Loss and Other Comprehensive Income of entities party to the deed of cross guarantee

	Note	30 June 2022 $000s	30 June 2021 $000s
Revenue	4	396,753	294,606
Other income	4	9,563	4,206
Other gains and losses	4	(2,300)	(139)
Administrative Expenses		(8,022)	(4,901)
Drilling consumables		(39,200)	(32,686)
Employee and contract labour expenses	5	(182,678)	(132,091)
Fuel and oil expenses		(10,162)	(6,457)
Freight and couriers		(6,105)	(3,909)
Hire of plant		(14,614)	(8,501)
Service and repair expenses		(31,857)	(23,869)
Travel expenses		(15,242)	(10,412)
IPO expenses		(3,820)	(7,431)
Other expenses		(5,642)	(2,806)
EBITDA		**86,674**	**65,610**
Depreciation expense	5	(28,628)	(21,528)
Amortisation expense	5	(5,808)	(2,151)
EBIT		**52,238**	**41,931**
Interest income		7	1
Finance costs	5	(1,644)	(2,526)
Profit before tax		**50,601**	**39,406**
Income tax (expense)/benefit	18	(17,379)	17,780
Profit for the year		**33,222**	**57,186**
Other comprehensive income, net of income tax			
Exchange differences on foreign controlled entities		**818**	**-**
Total comprehensive income for the year		**34,040**	**57,186**
Profit attributable to owners of the parent		**34,040**	**57,186**

Notes to the Consolidated Financial Statements (continued)

31. Subsidiaries (continued)

Consolidated Statement of Financial Position of entities party to the deed of cross guarantee

	30 June 2022 $000s	30 June 2021 $000s
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	11,558	14,591
Trade and other receivables	85,570	55,696
Inventories	51,756	26,098
Current tax asset	4,055	4,279
Other current assets	1,717	1,221
TOTAL CURRENT ASSETS	**154,656**	**101,885**
NON-CURRENT ASSETS		
Financial assets	16,998	562
Intangible assets	61,385	30,819
Property, plant and equipment	204,732	129,415
Right of use assets	13,459	4,228
Deferred tax asset	-	14,413
TOTAL NON-CURRENT ASSETS	**296,574**	**179,437**
TOTAL ASSETS	**451,230**	**281,322**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	47,768	28,757
Lease liabilities	4,215	3,217
Provisions	19,820	8,433
TOTAL CURRENT LIABILITIES	**71,803**	**40,407**
NON-CURRENT LIABILITIES		
Lease liabilities	14,632	6,424
Borrowings	29,827	-
Provisions	626	804
Deferred tax liabilities	10,933	-
TOTAL NON-CURRENT LIABILITIES	**56,018**	**7,228**
TOTAL LIABILITIES	**127,821**	**47,635**
NET ASSETS	**323,408**	**233,687**
EQUITY		
Issued capital	464,543	375,025
Group reorganisation reserve	(266,574)	(266,574)
Share based payment reserve	3,706	3,837
Foreign Currency Translation reserve	818	-
Retained earnings	120,915	121,399
TOTAL EQUITY	**323,408**	**233,687**

Notes to the Consolidated Financial Statements (continued)

32. Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See Note 1 for a summary of the significant accounting policies relating to the Group.

Refer to Note 31, which discloses the Deed of Cross Guarantees which are in place between the parent entity and all of its subsidiaries. Under the deed, each company guarantees to support the liabilities and obligations of the others.

The financial information for the parent entity is detailed below.

Financial position	30 June 2022 $000s	30 June 2021 $000s
Assets		
Current assets	162	939
Non-current assets	358,092	232,845
Total assets	**358,254**	**233,784**
Liabilities		
Current liabilities	(1,849)	(96)
Non-current liabilities	(30,000)	-
Total liabilities	**(31,849)**	**(96)**
Equity		
Issued capital	464,543	375,025
Retained earnings/(accumulated losses)	(138,138)	(141,338)
Total equity	**326,405**	**233,687**
Financial performance		
Profit/(loss) for the year	21,557	(2,360)
Total comprehensive income/(loss)	21,557	(2,360)

Notes to the Consolidated Financial Statements (continued)

33. Auditor's Remuneration

During the year, the following fees were paid for services provided by the External Auditor, Deloitte, and its network firms:

	Note	30 June 2022	30 June 2021
Deloitte and related network firms			
Audit and or review of financial reports		444,000	343,113
		444,000	**343,113**
Other assurance and agreed-upon procedures under other legislation or contractual arrangements			
Investigating accountants report		-	393,316
Other consulting services		12,000	-
		12,000	**393,316**
Total remuneration		**456,000**	**736,429**

The auditor of the Group is Deloitte Touche Tohmatsu.

34. Commitments and contingencies

a) Capital Commitments

The Group has capital commitments for purchases of drill rigs assets and support gear totalling $8,362k (2021: 9,057k).

b) Contingent liabilities

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. Subsequent to 30 June 2022, 3,023,376 shares at a total amount of $2,481,922 have been bought back under the buy-back program.

35. Bank guarantees

The Group has bank guarantees in the amount of $1,203k (2021: $628k) in relation to lease liabilities. The total facility for bank guarantees are fully drawn down at balance date.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries

On 7 February 2022, the Group completed the acquisition of Swick Mining Services Limited ("Swick") and its subsidiaries. Total consideration for Swick was $88.15 million for 100% of the shares.

Swick was acquired to achieve the following:

- An additional 72 best-in-class rigs and 625 highly skilled employees;
- Addition of world-renowned underground drilling management and rig design executive team;
- Access to world leading R&D, rig construction and maintenance skill sets;
- Exposure to first world mining jurisdictions in North America and Western Europe; and
- Potential to realise revenue and cost synergies through the combined group.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	7 February 2022 $000s
Cash and cash equivalents	4,994
Trade and other receivables	23,148
Inventory	28,718
Other assets	2,656
Property, plant and equipment	57,884
Intangible development assets	5,886
Financial assets classified as FVOCI	2,221
Right of use assets	7,398
Identifiable intangible assets	25,740
Trade and other payables	(19,681)
Borrowings	(30,000)
Lease Liabilities	(10,510)
Provisions	(6,941)
Deferred tax assets/(Liabilities)	(7,835)
Total net identifiable assets acquired	**83,677**
Goodwill	4,475
Total Consideration	**88,152**

The initial accounting for the acquisition of Swick has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Swick's assets are required to be reset based on market values of the assets as they are included within the Company's Australian tax consolidated group. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations relative to the fair value of the right of use assets, financial assets classified as FVOCI and finalisation of deferred tax valuations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely values.

The goodwill of $4,475k arising from the acquisition included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce of Swick. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for income tax purposes.

An external assessment has been performed to determine the carrying value of the intangibles recognised on acquisition. Customer contracts and relationships are being amortised in line with the valuation assessment of 2-5 years depending on the underlying relationship.

Notes to the Consolidated Financial Statements (continued)

36. Acquisition Of Subsidiaries (continued)

All consideration was in the form of DDH1 ordinary fully paid shares issued at a ratio of 0.2970 DDH1 shares for each Swick Mining Services Limited share, resulting in DDH1 issuing 83.95 million new ordinary fully paid shares. At the date of acquisition, the market price for DDH1 shares was $1.05 per share, resulting in consideration of $88.15 million.

Acquisition-related costs (included in administrative expenses) relating to the acquisition of Swick Mining Services Limited were $3,820k, which have been expensed.

Swick contributed circa $69 million revenue and circa $7 million to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of Swick had been completed on the first day of the financial year, Group revenues for the year would have been circa $507 million and Group net profit would have been circa $113 million.

37. Post-reporting Date Events

For the year ended 30 June 2022, a fully franked dividend of 2.65 cents per share was declared on 29 August 2022 and is payable on 7 October 2022 to DDH1 shareholders on the share register at 16 September 2022.

On 30 June 2022, the Board of Directors of DDH1 approved an on-market share buy-back program of up to 34,280,468 shares, representing approximately 8% of the issued capital of DDH1, over 12 months from 18 July 2022 at no more than 5% above the volume-weighted average price of DDH1 shares over the five trading days prior to the purchase. Subsequent to 30 June 2022, 3,023,376 shares at a total amount of 2,481,922 have been bought back under the buy-back program.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

38. Company Details

DDH1 Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered office and principal place of business of the Company:

21 Baile Road
Canning Vale, Perth, Western Australia 6155

Directors' Declaration

In accordance with a resolution of the Directors of DDH1 Limited, I state that:

In the opinion of the Directors:

(a) The attached financial statements and notes thereto for the financial year ended 30 June 2022 are 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 2022 and of its performance for the year ended on that date: and

   b. Complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) The attached financial statements and notes comply with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (*Wholly-owned Companies*) Instrument 2016/785. The nature of the deed of cross guarantee is such that each entity which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

Signed on behalf of the Board of Directors pursuant to s.295(5) of the *Corporations Act 2001*.

Director
Diane Smith-Gander, AO

Dated this 29th day of August 2022

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of DDH1 Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DDH1 Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 & 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These 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.

Deloitte.

Acquisition of Swick Mining Services
 	
As disclosed in Note 36 to the financial statements the Group completed the acquisition of Swick Mining Services Limited (Swick) on 7 February 2022, for total purchase consideration of $88.15 million, which has been provisionally accounted for at 30 June 2022.
 	
Significant judgement was required in assessing the appropriateness of the acquisition accounting, including:
 	
• concluding on the date that control was obtained by the Company under the Scheme of Arrangement;
• valuing the property, plant and equipment, including the Drill Rigs, that were acquired;
• identifying and valuing the identifiable intangible assets acquired, including customer contracts, customer relationships, and intangible development assets; and
• the impact of the transaction on associated tax balances, including the deferred tax impact on reset tax cost bases.
	Our procedures included, but were not limited to:
	
	• reviewing the Scheme of Arrangement to understand the nature of the transaction, and the consideration;
	• assessing the acquisition date;
	• assessing the fair value of consideration transferred to shareholders of Swick;
	• understanding management's controls over the valuation process for the identification of the assets acquired and liabilities assumed including consideration of contingent assets or liabilities;
	• obtaining a copy of management's experts' valuation report that was commissioned to determine the fair values at acquisition date of property, plant and equipment and intangible assets acquired;
	• assessing the independence, competence and objectivity of management's experts;
	• assessing, in conjunction with our internal valuation specialists, the identification of assets acquired and liabilities assumed, and the appropriateness of the methodologies and assumptions used by management and their experts, including the following:
	  o *Customer contracts and relationships:* assessing the methodologies applied in valuing the assets, and the reasonableness of critical assumptions including assumed contract renewal periods, contract pricing, contributory asset charges and discount rate;
	  o *Intangible development assets:* assessing the methodologies applied in relation to valuing the rig development assets, and the reasonableness of critical assumptions such as useful life of the related assets;
	  o *Property, plant and equipment:* assessing the methodologies applied in valuing assets and the resulting valuations adopted; and
	  o assessing the provisional allocation of the consideration to the assets acquired and liabilities assumed.
	• assessing, in conjunction with our internal taxation specialists, the calculation and valuation of the provisional deferred tax balances arising on the transaction.
	
	We also assessed the appropriateness of the disclosures in Note 36 to the financial statements.

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, 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 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, 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 has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 74 to 93 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of DDH1 Limited, for the year ended 30 June 2022, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 29 August 2022

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PERENTI FINANCE PTY LTD

7.50% Guaranteed Senior Notes due 2029

Offering Memorandum

Standard Chartered Bank **HSBC**

April 18, 2024