



ASX RELEASE

Monday, 3 February 2020

Substantial New Contract Awards

Highlights:

- **New contract awards totaling approximately A\$100M**
- **Awarded major EPC processing contract by Fortescue Metals Group**
- **Awarded Mesa K non-process infrastructure works by Rio Tinto**
- **Recent contract wins have increased total committed order book to further record levels; approx. A\$195M in FY20 and A\$170M in FY21**

Primero Group Limited (ASX:PGX) (**Primero** or **the Company**) is pleased to advise of recent substantial contract awards and a significantly increased committed order book.

New contract awards

Minerals

Fortescue Metals Group (Christmas Creek WHIMS): Primero has been awarded the Engineering, Procurement and Construction (EPC) contract for the Christmas Creek Wet High Intensity Magnetic Separation (WHIMS) project by Fortescue Metals Group. Works will commence immediately following on from a successful Early Contractor Involvement (ECI) process conducted towards the end of calendar 2019. The project includes the complete engineering design, procurement and construction of a 'wet' iron ore beneficiation plant that will process and upgrade fines material from the Christmas Creek 2 Ore Processing Facility (OPF2).

Primero's contribution to site construction personnel is expected to peak at approximately 150.

Non-Process Infrastructure

Rio Tinto Iron Ore (Mesa K): Primero has secured a significant contract with RTIO for the construction of the Mesa K Non-Process Infrastructure (NPI) facilities. These facilities form part of the Robe Valley Sustaining (RVS) group of projects that are currently being executed by RTIO. The scope includes the construction of the mining infrastructure, including ammonium nitrate and emulsion mixing and storage facilities, and associated administration and access facilities, as well as electrical design of various scope additions. The works are set to commence immediately and are scheduled to be completed in Q3 2020. Primero expects to contribute a workforce of over 80 personnel at peak project works.

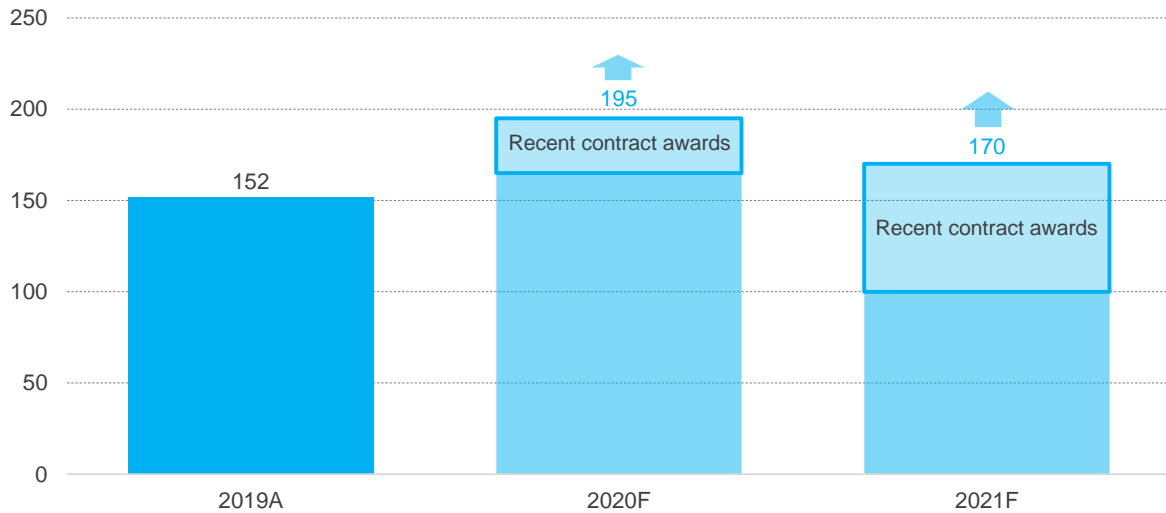
The project is the first award for Primero on the RVS suite of projects, with further award opportunities being pursued with respect to surrounding deposits.

FY20 and FY21 contracted order book upgrades

Primero's committed order book has increased significantly from the previous update provided in early December 2019 (see Primero ASX release dated 6 December 2019). Contracted orders for **FY20** are now approximately **A\$195M** (+A\$30M increase from early December) and for **FY21** stand at approximately **A\$170M** (+A\$70M).



Figure 1: Contracted order book relative to reported FY19 revenue (A\$M)



Managing Director, Cameron Henry, commented:

“The award of these two significant contracts adds to our already strong order book and evidences the strength of the Primero business model and strategic direction. Our teams have worked hard over the past 12 to 18 months in positioning Primero to be a provider of choice for the next phase of major capital projects in the Pilbara. We have delivered on this strategy with the recent conversion of these opportunities into substantial contract awards from these Tier 1 clients.”

“Importantly, the award of the Fortescue WHIMS project has again demonstrated Primero’s capability to deliver turn-key EPC minerals processing solutions, including wet beneficiation of iron ore at large tonnage throughput.”

“Our teams continue to strengthen in all areas as the Primero business and reputation for quality grows. We look forward to strong ongoing delivery performance with respect to these recent contract awards and our overall existing order book.”

Major contract delivery – Barker Inlet Power Station

Primero’s contracted workstreams on the major Barker Inlet Power Station are now complete. The timely completion of this project has been a huge achievement, including the delivery of over 1.3 million manhours of works on a LTI free basis.

As previously announced under contract extension updates, there has been progressive and significant extension of the scope and value of works under the contract with the principal contractor (Wartsila Australia). This extension was undertaken through the contract via typical ‘re-measurable contract’ whereby quantities installed are remeasured and verified by the principal prior to payment being made.

Assessment and substantiation of the increased physical quantities and associated costs is ongoing. As such, contractual close-out and finalisation of claims is still pending. It is now expected that this process is likely to conclude in February.



This ASX release was authorised on behalf of the Primero Board by:

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ABOUT PRIMERO

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

