



ASX RELEASE

30 March 2020

Contract additions and operational update

Highlights

- Existing Rio Tinto contract additions for NPI works valued at approx. \$20M
- Operational update, including COVID-19 response and FY20 guidance
- Non-executive director resignation

Multi-disciplinary engineering and contracting firm Primero Group Limited (**Primero** or the **Company**) (ASX:PGX) advises of contract additions, an operational update (including its COVID-19 response) and non-executive director resignation.

Contract additions

Non-Process Infrastructure

Rio Tinto (Koodaideri & Mesa K): Primero has been awarded variations extending currently awarded contracts at both Koodaideri and Mesa K for a combined value of approximately \$20M. Primero is currently progressing both projects in parallel.

The variations awarded under the Mesa K contract reflect additional civil works at the Mesa J PP2 Wet Processing Facility, currently being developed as part of Rio Tinto's Robe Valley Sustaining projects. The additions to the Koodaideri contract reflect additional 'options selections' that have now been confirmed and included for implementation.

The Mesa J works (under the Mesa K contract) are expected to be completed in 2020. The additional Koodaideri works are planned to be completed in-line with the original contracted time frame of mid-2021.

COVID-19 response

The safety and wellbeing of our people is always at the core of our operating philosophy. Pleasingly, Primero can confirm that none of its employees has tested positive for COVID-19 to date.

Given the high level of uncertainty surrounding the spread, duration and impact of COVID-19, including existing and potential future government restrictions, Primero has and continues to implement a range of health and safety measures. These measures have been designed to meet



all relevant government requirements, health department advice and client specifications. The Company has also been working on further contingency plans targeted at working safely and efficiently within a range of potential further restrictions, while seeking to minimise impacts to current workstreams.

As a company that is established in working remotely, work sharing and communicating across time zones and countries, the Primero business is already well prepared. This includes with respect to the continuation of workflows in design engineering and management, where it has established processes and software/hardware to enable this.

The workforce transition to work-from-home has been progressively implemented. Only critical design functions are being driven from the Primero office, complying with full separation requirements under all current governmental advice.

Wartsila contract

As previously announced, the process of assessing and substantiating the increased physical quantities and associated costs for the Barker Inlet Power Station contract with Wartsila Australia has extended over a significantly longer period than expected and remains ongoing. As such, contractual close-out and finalisation of re-measurable claims are still pending.

Primero continues to target the conclusion of this process as rapidly as possible in order to bring the assessment to a conclusion, including where necessary by reference to the claim resolution process relevant to the contract, and is considering all other available legal alternatives.

The Company will provide further updates to the market with respect to this process in-line with its continuous disclosure obligations.

FY20 guidance and financial position

Given the accelerating spread of COVID-19 and the significant preventative measures being undertaken globally, there is a high level of uncertainty with respect to any potential future impact on Primero's operations and financial position.

Primero continues to operate at a run-rate consistent with its FY20 contracted order book guidance of \$195 million. It should also be noted that current business activities with respect to the Company's recent major project contract awards from Rio Tinto and Fortescue Metals Group are still predominantly focussed on off-site design engineering and procurement work. Major planned site activities for these contracts are only scheduled to ramp up during the second half of calendar 2020.

The Company will regularly review its FY20 order book guidance (along with the \$170 million contracted orders guidance previously provided for FY21) given the current environment and update the market, if required, in-line with its continuous disclosure obligations.



Primero retains strong liquidity and a very low level of gearing. As at 27 March 2020, Primero's cash available balance stood at \$14 million (cash plus available overdraft) with debt remaining unchanged from balance date (\$6.1 million of which \$3.1 million relates to the new accounting lease standard). Scheduled payment receipts before month-end means that the cash available balance is expected to be approximately A\$20 million by 1 April 2020.

Primero continues to target the financing of its substantial order book via progressive unwinding of the current elevated working capital position and potentially additional debt facilities.

Non-Executive Director resignation

The Primero Board advises that Mr Luke Graham has resigned as a non-executive director given his growing commitments as the current Managing Director and CEO of mineral sands developer, Strandline Resources Limited.

Luke has served as a non-executive director on the Primero Board since the Company's ASX listing in 2018. For the 18 months prior to Primero's listing, he held a board advisory role. The Primero team would like to thank Luke for his substantial contribution across both these roles and wish him all the best with his current executive role and other endeavours.

Primero plans to add further non-executive directors to the Board, including taking this opportunity to enhance diversity of director skillsets.

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.

