



ASX RELEASE

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New Contract Awards and Operational Update

Highlights:

- Upgrade in forecast FY19 revenue to approx. \$150M
- Conditional award of circa \$100M BOO-EPC-O&M contract with Core Lithium
- Recent ECI contract wins with substantial follow-on EPC potential
- Growing technical reputation as a sought-after delivery partner
- Increase in qualified pipeline; strong pathway to future major contracts

Primero Group Limited (ASX:PGX) (**Primero** or **the Company**) is pleased to provide a business and operational update.

Existing contract extensions and new contract additions have resulted in Primero increasing forecast FY19 revenue to approximately \$150M (previously \$140M). This revenue level represents an approximate 80% increase from FY18. Recent monthly revenues have been in excess of \$17M, demonstrating the capacity of the business to successfully deliver at higher run rates across a broad range of projects, disciplines and geographies.

Business activity has been active within all key sectors. Primero has now been conditionally awarded multi-year Build-Own-Operate (**BOO**) and Operations and Maintenance (**O&M**) contracts with Core Lithium to the value of approximately \$100M. The Company has also secured recent Early Contractor Involvement (**ECI**) contract wins with Agrimin Limited and Hazer Group, both of which deliver strong follow-on potential for large-scale Engineer-Procure-Construct (**EPC**) contract roles.

There has also been further growth in qualified pipeline opportunities. This has included qualification for several new large-scale project opportunities including a number of multiple-year BOO and O&M opportunities, and ECI contracts with a solid pathway to development. Several potential project awards have been delayed due to external or client-specific factors, however these projects remain current and, in Primero's view, possess a reasonable likelihood of approval in the first half of FY20.

Managing Director, Cameron Henry, commented: *"Primero is continuing to build a strong foundation and reputation for delivery. Current revenue run rates demonstrate our ability to concurrently manage growth and deliver on multiple projects, across various Australian and global jurisdictions. Our existing client relationships, and the repeat nature of large amounts of our business, provide a strong platform from which to drive and achieve our strategic goals."*

"The award of early engagement contracts with both Agrimin and Hazer Group, and the addition of a new blue chip client such as Energy Developments Limited, delivers further validation of the strength of our business model and calibre of our team. These awards evidence the capability of our group to work in new commodities, and in developing technologies, that require very high levels of competence and expertise to deliver. This reputation for excellence places Primero in a strong position from which to grow further over coming years."

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MINERALS

Operations & Maintenance (BOO Strategy)

Core Lithium (ASX: CXO): After receiving preferred EPC contractor status early this year, Primero has worked closely with the Core team on the development of their Finiss Project near Darwin. Furthering Primero's partnering contract model, the preferred contractor status has now been extended to include conditional award of Primero's first Build Own Operate (BOO) contract for the crushing and screening circuit, the Engineering Procurement & Construction (EPC) and the complete operations and maintenance (O&M) for the processing facility. The combined value for these contracts is circa \$100M, with the opportunity for extension after the initial 4-year term. Primero continues to work closely with Core Lithium through their funding process, providing further support for the project.

Minerals Processing

During the period Primero has been working closely with new and existing clients in various commodities including Potash, Iron Ore, Rare Earths (Heavy & Light), Lithium and Gold, with the award of several early stage engagement contracts for feasibility studies and ECI works. A brief summary of the main highlights is found below.

Agrimin Ltd (ASX: AMN): Primero has been engaged to deliver, under an ECI arrangement, the Definitive Feasibility engineering and cost development for process plant and infrastructure at the Mackay Sulphate of Potash (SOP) Project. The Mackay Potash Project is currently the 'world's largest undeveloped SOP bearing salt lake'. The purpose of the engagement is to deliver a guaranteed maximum price for the EPC over the associated scope. The current pre-feasibility cost for the scope of work is circa \$100M.

Pilbara Minerals (ASX: PLS): Primero has been awarded a Master Services Agreement (MSA) for ongoing project works, shutdown, maintenance and operational support works at Pilbara Minerals' Pilgangoora Lithium Operation. The award of these works on an ongoing basis is repeat business from Stage 1 works.

Galaxy Resources (ASX: GXY): Primero has been awarded the Definitive Feasibility Study (DFS) for the James Bay Lithium Concentrator situated in Northern Quebec. The DFS, compliant to the national instrument NI-43101, is expected to be signed off by Primero's Qualified Personnel (QPs) from the Montreal office. This work is following on from the feasibility assessment of the project first commenced in 2017.

Piedmont Lithium (ASX: PLL): Primero have been awarded further feasibility works to continue with the development progress of the Piedmont's North Carolina Project. Piedmont has recently released updated resource, funding and development timelines for the project.

Critical Elements (TSX: CRE): Primero Americas has been awarded an ECI for the Rose Lithium-Tantalum in Northern Quebec. The ECI phase will develop engineering and costing to provide a guaranteed maximum price for the EPC delivery of the planned ore processing facility on site.

Neometals (ASX: NMT): Primero is continuing with further works on the development of Neometals battery recycling and acid regeneration projects in both Perth and Montreal, working closely with the Neometals team to progress these complex materials handling and hydrometallurgical processes.

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Hazer Group Ltd (ASX:HZR) has engaged Primero under an ECI arrangement to develop the initial detailed design and development costs for its 'Hydrogen Commercial Demonstration Plant'. The technology involved and proposed unit processes are a complex mix of existing and newly developed techniques, specifically for the development of the Hazer process. The Hazer Group has recently signed an MOU with the West Australian Water Corporation to develop a 100 tonnes per annum, low emission, hydrogen production facility based at their Woodman Point Treatment Plant.

Hazer CEO, Geoff Ward, commented: *"We are delighted to move forward into the engineering phase of the Hazer CDP with Primero. We believe Primero are an excellent fit for the capabilities we need to deliver the CDP. I thank Primero for providing Hazer with a flexible, collaborative proposal to deliver this exciting project. I look forward to the Hazer and Primero teams working closely together to deliver a successful project."*

Energy Developments Limited (EDL) has awarded Primero a contract for the upgrade of the Hill 60 Power Station in Western Australia. The award is for the design, procurement of equipment and site construction works (EPC) associated with upgrading the existing facility. This is the first contract awarded by EDL to Primero. EDL owns and operate over 700MW of generation capacity within Australia.

Kalium Lakes Ltd (ASX:KLL) has awarded Primero works associated with the development of the gas pipeline and associated infrastructure for the Beyondie SOP Project. The project has the option for Primero to provide EPC solutions for parts of the scope in line with its core competencies.

Barker Inlet Power Station

Primero's largest Energy contract, and largest company contract to date, the Barker Inlet Power Station in South Australia, is continuing to progress well. The multi-disciplined site workforce peaked at over 400 during the months of May, June and July, with works continuing over the coming months progressing towards completion and commissioning. The gas fired reciprocating engine power station, the largest of its kind in Australia at 211MW, will be the first of its kind connected to the main grid network in Australia. The site has celebrated in excess of 500,000 manhours LTI free to date.



Figure 1: Progress of the Barker Inlet Power Station construction works – July 2019.

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Non-Process Infrastructure (NPI)

Rio Tinto Dampier Salt (RTDSL) has awarded Primero the works to replace the slewing salt stacker at the Lake MacLeod Operations near Carnarvon WA. The scope of work includes design of temporary works, deconstruction of the existing stacker and associated foundations, construction of replacement stacker foundations and erection and mechanical commissioning of the RTDSL free issue stacker components. Preparations for preassembly work are scheduled to commence shortly and the deconstruction and replacement of the new stacker is to be carried out during a 4 week shutdown of the Lake MacLeod operation during August. Primero was awarded the work on the back of previous Dampier Salt contracts and our in-house integrated design and construct capability.

AngloGold Ashanti Limited (ASX:AGG): Primero has secured a contract extension with AngloGold Ashanti’s Tropicana Gold Operations for ongoing sustaining capital works through until the end of December 2021.

Independence Group (ASX:IGO): As part of Primero’s ongoing Master Services Agreement (MSA) and general sustaining capital projects work, Primero has just completed shutdown services for IGO at the Nova Nickel Mine associated with the upgrade of site services including the reverse osmosis treatment plant and water services across site.



Figure 2 – Sustaining capital works at IGO’s Nova Nickel site.

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Opportunity pipeline

The overall pipeline of potential contract opportunities has increased. This is a direct function of Primero qualifying for several new large-scale project opportunities including a number of multi-year BOO and O&M contract opportunities, and ECI contracts with a solid pathway to development.

Tendering activity in the Western Australian iron ore market is generating considerable NPI opportunities given the magnitude of capital programs being undertaken by the Pilbara majors. This is coupled with robust activity in the Minerals and Energy sectors. The market remains both active and competitive, with a large volume of new contract opportunities up for award over coming months.

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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.



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