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**ANNUAL
REPORT
2020**

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We are a global mining services company and one of the world's only underground and surface mining providers at scale.

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Who we are

Perenti is a diversified global mining services company headquartered in Australia. Founded in Kalgoorlie in 1987, the Group is today one of the world's largest providers of surface mining, underground mining and mining support services at scale through a range of specialist operating businesses.

OUR PURPOSE

To create enduring value and certainty



OUR PRINCIPLES

No shortcuts

Never wasteful

Walk in their shoes

Smarter together

Enable tomorrow



OUR ASPIRATION

To become the indispensable mining services company



Our principles

NO SHORT-CUTS

We never compromise our standards. We strive for the best in everything we do and continue to raise the bar in safety, performance and transparency every day.



NEVER WASTEFUL

We make every moment count. We operate as efficiently as possible. We plan effectively, make full use of our assets and always spend our money wisely.



WALK IN THEIR SHOES

To win new clients, keep existing clients and to ensure everyone benefits, we have to really know them – not just who they are and what they're asking for, but what really matters to them.



SMARTER TOGETHER

None of us is as smart as all of us. By valuing our diversity, working together, sharing knowledge and supporting each other, we're capable of exceptional things.



ENABLE TOMORROW

We actively embrace change, enabling new technologies and smarter ways of working, so the mine of tomorrow is safer, more productive and more reliable than ever before.



Expect More

Our operating businesses



Surface Mining

We provide a range of services to miners throughout Australia and Africa. In Australia, we are a leading provider of drilling services, specialising in exploration, drill and blast, grade control and geotechnical services. In Africa, we have a strong reputation for delivering surface mining and exploration services for clients across a range of commodities and mining jurisdictions.



Underground Mining

We are a leading global hard-rock underground mining services company operating across three continents. Our businesses are synonymous with the delivery of high-quality underground mining services and we specialise in rapid high-speed mine development, production, diamond drilling, vertical development, design planning and scheduling, and equipment supply and maintenance.



Investments

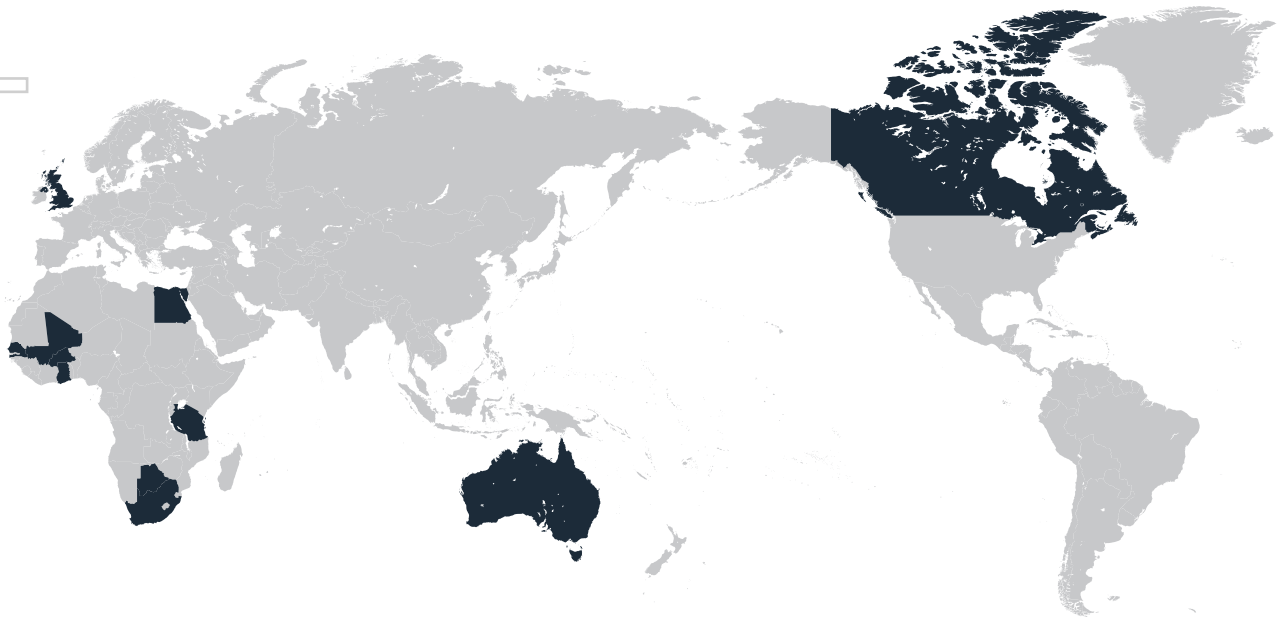
Our diverse network of investment businesses provides critical services throughout the mining and oil and gas value chains. We are a leading supplier of equipment and parts, assaying services and supply and logistics solutions to companies operating in the mining industry while also providing equipment, parts and services to companies operating in the oil and gas industry.



Where we operate

■ Current operations and offices

4 CONTINENTS
11 COUNTRIES



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The year in review

REVENUE

\$2.04B

up 4% on the back of new projects, partially offset by contract cessations

EBIT(A)

\$212M

reduced by 2.5% due to increased depreciation. Q4 impacted by COVID-19 and other business challenges

UNDERLYING NPAT(A)

\$110M

reduced by 14% due to EBIT reduction, increased interest and increase in the effective tax rate from normalisation of taxation expense

CASH CONVERSION

96%

up from 89% in FY19. Quality cash backed earnings with a high conversion rate of EBITDA into cash

ROACE

16.6%

maintained ROACE of over 16% with continued focus on capital discipline

FULL YEAR DIVIDEND PER SHARE

7.0 cents

including a 3.5 cents interim dividend and a 3.5 cents final dividend, both fully franked

TRIFR

4.9

Total Recordable Injury Frequency Rate up from 4.5 in FY19

EMPLOYEES

7,700

people working in 11 countries across four continents

GLOBAL PROJECTS

55+

providing value for our clients globally across a range of commodities

OPERATIONAL HIGHLIGHTS



DELIVERING CERTAINTY

Robust operational and financial performance in a turbulent year



COVID-19 RESPONSE

Continuity of global operations while safeguarding our people and business during the pandemic



STRATEGIC GROWTH

Expansion into the key mining markets of Botswana and Canada

Managing adversity to safeguard our people and business

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IAN COCHRANE
CHAIRMAN

On behalf of the Board of Perenti, I am pleased to present to you an overview of the Group's performance for the year ended 30 June 2020. Perenti's performance in the 2020 financial year has demonstrated the resolve of this business to withstand unprecedented challenges.

The operational and financial results achieved in the year have demonstrated the strength of the high-calibre team we have built across the Group. Under the leadership of our Managing Director and CEO Mark Norwell, this team delivered on a range of considered strategic initiatives throughout the year and, through the establishment of an internal COVID-19 taskforce, implemented strong measures to mitigate and navigate the significant and multiple risks that the virus has presented to our people and the business.

I want to thank all of our people for their commitment and response to the COVID-19 situation, and in particular our expatriate workforce, many of whom elected to stay on or fly back to site, working away from their families and friends during both extended and uncertain periods as the pandemic spread globally. It is a credit to the COVID-19 taskforce and the team that expatriate crew changes successfully commenced in May 2020 and continue across all of the Company's international operations in the midst of flight cancellations and

COVID-19 travel restrictions. During these crew rotations, Perenti was also able to support the repatriation of almost 50 individuals, who were not employees of Perenti, to their home countries. Importantly, we have looked to the future by continuing to invest in the business and our people during this unprecedented period.

Perenti delivered record revenue of \$2.04 billion in the 2020 financial year, up from \$1.97 billion in the prior 12-month period. The breadth of our diverse revenue base in conjunction with our disciplined approach to capital management ensured we were able to deliver a strong underlying net profit after tax of \$110 million, despite the challenges that the Group faced during the year. Importantly, the Group's strong liquidity position was further enhanced in the year as a result of our focus on cash conversion and capital discipline, and an increase to our available undrawn debt facilities, ensuring Perenti is well placed to withstand the ongoing global economic challenges from COVID-19 while also providing the Company with greater flexibility to fund growth opportunities.

In addition to COVID-19, Perenti has been confronted with challenges in the 2020 financial year that the team has navigated with compassion and conviction. In November 2019, a terrorist attack occurred near the Boungou project in Burkina Faso.

This senseless attack resulted in the tragic loss of 19 Perenti employees and a further 26 were injured. Our thoughts are with the injured employees, and the families, friends and work colleagues of those who tragically lost their lives with the Company providing them the best possible care and support. As a result of this attack, and ongoing security challenges in the region, Perenti exited the Boungou and Bissa projects in Burkina Faso.

In June 2020, a heavy vehicle incident occurred at AngloGold Ashanti's (AGA) Obuasi Gold Mine in Ghana which resulted in the tragic fatality of an Underground Mining Alliance (UMA) employee, Justice Sarkodie. UMA – an incorporated joint venture between Perenti's subsidiary, African Underground Mining Services (AUMS), and Rocksure International, a Ghanaian contracting company – has supported Justice's family, local community and colleagues. AGA and UMA have undertaken an investigation into the cause of the fatality in conjunction with the Ghanaian authorities. Learnings from this tragic event will be applied to UMA and implemented across Perenti where applicable.

Operationally, a key highlight was our ability to continue to leverage scale and synergies from the Barminto acquisition. We have built on the success of this business within the Perenti Group with the geographic expansion of our service offerings, including into Canada,



Managing adversity to safeguard our people and business



EARNINGS PER SHARE

15.7 cents

based on underlying net profit after tax before amortisation

FULL YEAR DIVIDEND PER SHARE

7.0 cents

including a 3.5 cents interim dividend and a 3.5 cents final dividend, both fully franked

where the team is providing underground mining services for Barrick Gold at the Hemlo mine in north western Ontario, and in Botswana, where we successfully commenced an \$800 million underground mining services contract at the Zone 5 Mine for Khoemacau. In addition, our Surface Industry Sector Group (ISG) secured more than \$550 million in contract extensions and new work under new management disciplines during the 2020 financial year, including a flagship \$235 million contract at the new Sanbrado Gold Project for West African Resources Limited. Managing Director and CEO Mark Norwell provides further details on our operational achievements and strategy in his report.

It is a testament to the executive team that Perenti successfully navigated the unexpected and unparalleled challenges presented during the 2020 financial year, delivering robust financial results, preserving cash and shareholder value in extremely difficult circumstances, and ensuring Perenti is well placed for growth. As a result, the Board has reached a strong consensus that the executive team's performance exceeded expectations. Further details are provided in the Remuneration Report.

At a Board level, I was delighted to welcome Andrea Hall as a Non-Executive Director. Andrea has brought extensive directorship experience to Perenti that aligns with the Company's strategy to provide shareholders with balanced representation, diversity and skillsets to underpin a long-term strategic vision.

Her strong understanding of external audit processes, key audit risk, accounting and disclosure issues, financial statements, financial and non-financial risks and the resources sector has already been invaluable.

I would also like to thank Keith Gordon for his contribution to the Board. Keith, who was appointed to the Board as a representative of the former Barmenco shareholders, departed in line with the terms of his appointment in August and we wish him all the best with his future endeavours.

The refreshed Board is focused on strengthening the Group's organisational health under the Group 2025 strategy. This includes a stronger focus on environmental, social and corporate governance (ESG) measures. I am proud that this Annual Report contains our inaugural Sustainability Report, a step towards Perenti's long-term intention to enhance its reporting and performance in this area as we seek to drive additional ESG initiatives across the Group. In addition, Perenti has made tangible improvements to its governance and audit controls, such as implementing a new code of conduct and policies around whistleblowing and establishing an internal audit function.

Finally, I would like to extend my gratitude to Perenti's shareholders. I recognise that the important steps taken as a part of our prudent approach to cash management in response to the COVID-19 pandemic and subsequent global financial events affected shareholders. This included the decision in March 2020 to defer payment of the Company's interim dividend of 3.5 cents per share until 20 October 2020.

The Company also reactivated its Dividend Reinvestment Plan from 21 April 2020 to enhance our cash position and to provide flexibility to our shareholders. Pleasingly, with greater clarity as to Perenti's operational performance in the 2020 financial year and ongoing strong liquidity position, the Board resolved in June 2020 to bring forward the payment of the cash portion of the interim dividend of circa \$15 million to 23 July 2020. Furthermore, the directors determined a final dividend of 3.5 cents per share bringing the full year dividend to a total of 7 cents per share fully franked.

Perenti has entered the 2021 financial year with a strong order book and a robust pipeline of potential work with active tenders that, if secured, would see additional projects commence in the second half of the year and the full value of those opportunities realised in the 2022 financial year. The Group also has a strong liquidity position that ensures Perenti is well placed to withstand the ongoing economic challenges COVID-19 may present and provides the Company with greater flexibility to fund growth opportunities. I look forward to the year ahead with optimism as to what can be achieved.

IAN COCHRANE
CHAIRMAN

Delivering certainty today and positioning for growth



MARK NORWELL
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

I was honoured to lead Perenti as Managing Director and CEO through the Company's first year under its new brand and identity. Our commitment to deliver on the clear initiatives set out in the 2025 Group strategy during a challenging year has further established Perenti's standing as a global mining services provider that creates enduring value and certainty.

Perenti's robust operational and financial performance, in what was a turbulent year with a number of significant challenges, reflects the commitment, resilience and capability of our people demonstrates the financial strength of the business. In particular, the COVID-19 pandemic presented unprecedented economic challenges for companies around the world in the second half of the 2020 financial year and I am proud with how our people responded during such an uncertain period. I would like to thank all our people particularly our expatriate staff, those working on site away from their homes and local employees for their dedication and commitment as well as their families and friends for their support during this uncertain time.

We established a COVID-19 taskforce to proactively identify and manage the challenges presented by the pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing the business for future scenarios that may result from COVID-19.

We put in place additional hygiene and social distancing measures across our offices and operations and worked hard

FY20 highlights and achievements

- Delivering robust operational and financial performance in a turbulent year
- Resilience and commitment of our workforce in dealing with significant adversity
- Expansion into the key geographical mining markets of Canada and Botswana
- Focus on transforming AMS delivered stronger performance in H2
- Strengthened balance sheet with a focus on capital and liquidity management to safeguard the business

Future objectives

- Continue to navigate COVID-19 with a focus on the health and wellbeing of our people, operational continuity, and value for our customers
- Winning work through extending current contracts and securing new projects
- Invest in growing our people capability across the business and develop our culture
- Continue the AMS transformation
- Enhance our Environment, Social and Governance (ESG) performance and reporting

to rotate our expatriate workforce with replacement crews using charter flights. These measures helped ensure the impact of COVID-19 at Perenti was isolated across our projects during the 2020 financial year. The taskforce remains in place as we navigate the ongoing issues stemming from COVID-19 including those which continue to impact crew changes for our expatriate workforce.

In addition to the challenges presented by COVID-19, it is with great sadness I note that two devastating incidents took place during the 2020 financial year. Firstly, there was an unprecedented terrorist attack near the Boungou project in Burkina Faso in November 2019, which resulted in the tragic loss of 19 Perenti employees and a further 26 were injured. As a consequence, Perenti exited the Boungou and Bissa projects in Burkina Faso. Secondly, a heavy vehicle incident occurred at AngloGold Ashanti's Obuasi Gold Mine in Ghana in June 2020, which resulted in the fatality of an Underground Mining Alliance (UMA) employee, Justice Sarkodie. UMA is an incorporated joint venture between AUMS, and Rocksure International, a Ghanaian contracting company. We worked closely with all stakeholders in conducting a thorough investigation into this incident. Our thoughts continue to be with all employees impacted by these events, and their families, friends and work colleagues.

2025 GROUP STRATEGY

The 2020 financial year was our first full year working under the 2025 Group strategy, which was established in March 2019 to ensure clarity for our workforce on our future, and the principles and

behaviours which will define how individually and collectively we will achieve our desired strategic outcomes to create long-term value for our clients, shareholders, employees and communities in which we operate. The 2025 Group strategy has five pillars – operational excellence, strategic growth, organisational health, technology driven future, and financial capacity – with key initiatives identified under each pillar. Significant progress was achieved against those initiatives during the 2020 financial year.

OPERATIONAL EXCELLENCE

Positive progress has been made in transforming our surface mining business in Africa. AMS, although further improvement is needed in the coming years. Some of the achievements during the year included:

- Appointing a new leadership team to focus on operational and financial disciplines
- Addressing legacy contracts
- Reducing overheads
- Targeting and winning new work that fits within the Company's investment criteria and capital discipline, and
- A continued focus on portfolio rationalisation and asset intensity within the region, including the redeployment and sale of idle fleet.

These initiatives helped drive a stronger performance from AMS during the second half of FY20 compared to the first half, despite the challenges presented by COVID-19. A highlight was the award of a \$235 million, five-year contract for open

Delivering certainty today and positioning for growth

pit mining services at the Sanbrado Gold Project in Burkina Faso. This contract, awarded under our new investment criteria, was a significant achievement and represents the positive progress we are making in building on the suite of projects which AMS operates in the region. In addition to our initiatives to transform AMS, during the second half of FY20 we commenced an in-depth strategic review of AMS to consider options for this business with the review to be concluded in early FY21.

Safety is a paramount focus for the Group and nothing is more important to us than ensuring our employees finish their work safely every day. The incidents that occurred during the 2020 financial year are a reminder to all of us to continually raise the bar in safety and ensure that it is always central to everything we do. Our focus has been to do all we can to stop such tragic events happening again – this included exiting the Boungou and Bissa projects in Burkina Faso due to ongoing security challenges in the region and continuing to drive safety improvements across the Group, including implementing findings from the Obuasi investigation.

In the year, safety improvement initiatives included the introduction of a Group-wide Health, Safety and Environment (HSE) Management System in June 2020, which will be a key foundation block for building improved safety performance across the Company. The plan, which includes 12 Group-wide Critical Risk Standards, has been developed collaboratively with input from all our Industry Sector Groups (Surface, Underground, and Investments) and provides a systematic approach to assist in sustained improvements in HSE performance for all our businesses.

In the 2020 financial year our Total Recordable Injury Frequency Rate (TRIFR) was 4.9, a slight increase on FY19, and our All Injury Frequency Rate (AIFR) was 26.2 an improvement against the FY19 figure of 27.0. In future years we will report our safety performance using AIFR as this aligns with industry best practice and will ensure our focus is on reducing all injuries, not just recordable injuries.

Another key initiative under our operational excellence pillar has been pursuing organic growth opportunities. Despite the challenging global economic environment, Perenti has a robust tender pipeline for the Group's Underground and Surface ISGs. This \$8.8 billion pipeline includes a number of highly prospective active tenders that, if secured, would see additional projects commence in the second half of FY21 and the full value of those opportunities realised in FY22.

In addition, Perenti has continued to focus on capital discipline, which encompasses how we deploy capital and the return we can generate. This is embedded as a core element in how we assess our performance at projects and new opportunities.

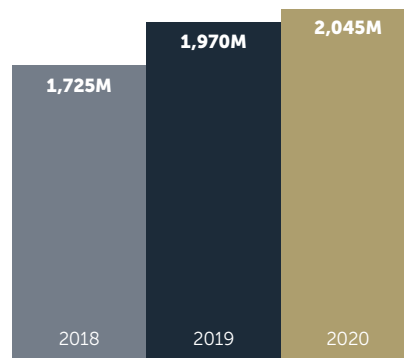
STRATEGIC GROWTH

During the year we consolidated on the Perenti rebrand following the Barmenco acquisition in the financial year prior, maintaining our strong business brands of Ausdrill, Barmenco, AMS, AUMS, BTP, Logistics Direct, MinAnalytical, Supply Direct, and Well Control Solutions. Our strategic growth has been focused on building on our existing brands and capabilities, having greater diversification to manage risk, and delivering long-term value and certainty to shareholders.



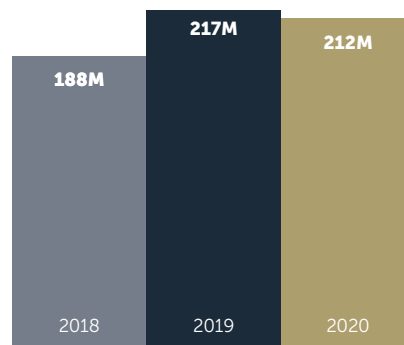
\$2,045M

Revenue



\$212M

Underlying EBIT(A)



2018 and 2019 figures are proforma underlying figures which include 100% of Barmenco and AUMS for a full 12 months and exclude amortisation and any non-underlying items.

INVESTOR QUESTION

Earlier this year you were considering the acquisition of Downer Mining. Is this an option that you will be pursuing in FY21?

We were considering a potential acquisition of Downer Mining however this was subject to strategic alignment and the opportunity delivering value for our shareholders. This process was suspended due to market uncertainty following the onset of COVID-19. A potential acquisition of this type has strategic merit and Perenti maintains a watching brief on opportunities that add long-term value for our shareholders.

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Specifically, our regional expansion has been focused on optimising capital and management time towards more stable mining jurisdictions. In the year, we have made significant progress in this area with our Underground ISG starting work for Barrick in Canada and for Khoemacau in Botswana – both are highly attractive mining jurisdictions that provide significant growth opportunities in stable operating environments.

In the year we have continued to assess opportunities to expand our surface mining capabilities that can be used to enter new jurisdictions. This has included considering select strategic opportunities that align with investment criteria, are value accretive, and complementary to our existing capabilities which would deliver value for Perenti shareholders. For example, during the year Perenti considered a potential acquisition of Downer EDI's mining services division, Downer Mining. Perenti suspended participation in the sale process in March 2020 due to the impact of uncertain and volatile market conditions on structuring and funding a transaction. A potential acquisition of this type has strategic merit, and Perenti will maintain a watching brief for opportunities that add long-term value for our shareholders.

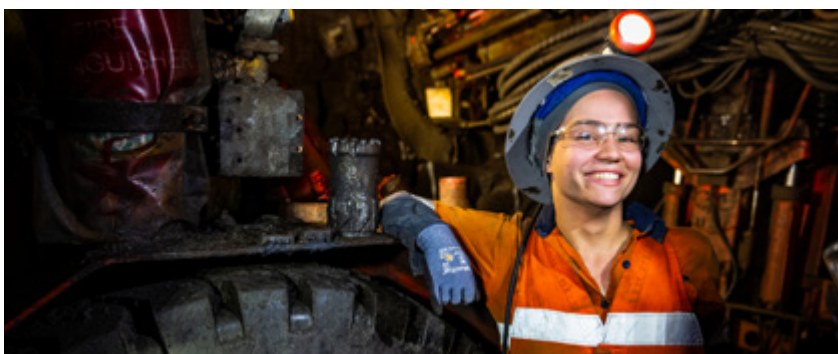
ORGANISATIONAL HEALTH



A key focus for the Group has been to further embed our principles – No shortcuts, Never wasteful, Walk in their shoes, Smarter together and Enable tomorrow – these principles will enable us to continue to deliver on our purpose of creating enduring value and certainty.

Our principles underpin the way we work and guide our behaviours and actions to enhance our culture across the business.

Investing in our people is a strategic priority as we look to grow our capability by attracting, developing and retaining great people. While this will continue to be a key focus for the business, we are already implementing a number of successful initiatives. For example, our front line leadership training was rolled out to 73 employees across Perenti during the year and we had 128 apprentices working across the Group. Our commitment to upskilling our employees for the long-term health of our business was recognised with



Barminco being named as 'Australia's Large Employer of the Year 2019' at the National Australian Training Awards.

The Group has an enviable reputation for investing in the communities we work in. Since commencing operations in Africa 30 years ago we have trained more than 25,000 local people to be part of our operations. The state-of-the-art training centre recently built by Barminco in Maun, Botswana, where we plan to train 500 local people to be an integral part of our operations at the Zone 5 mine, is an excellent example of our commitment to training local citizens and leaving a lasting legacy in the communities we operate in.

As mentioned in the Chairman's report, the Board has been focused on significantly enhancing our governance and audit systems. Operationally, a core component of this has been to improve and unify the systems being used by different businesses within the Group and greater controls, such as the establishment of a dedicated internal audit function. Another important piece of work has been to define our commitment and approach to managing and disclosing ESG-related issues for the Group. This is further articulated in our dedicated Sustainability Report which is part of this year's Annual Report and supports our drive towards enhanced performance and reporting in this area. To ensure this is a strategic focus it is one of the objectives under our 2025 Group strategy and we will be appointing a Group Manager of Sustainability in the near future.

In terms of specific appointments in the year, we welcomed our second female board member, Andrea Hall, and our first female to the Perenti Group Executive team, Vivienne Powe. In addition to Andrea's appointment, which Ian has commented on, Vivienne has brought a strong track record of creating shareholder value in global mining and oil and gas companies. She has significant experience leading operations, feasibility studies, greenfield and brownfield development projects, corporate

functions and joint ventures in complex business environments across a wide range of commodities, and has brought strong leadership to our COVID-19 taskforce.

Perenti is targeting ways to ensure the long-term organisational health of our business by promoting gender diversity to broaden our prospective talent pool and strengthen our brand in the wider community. Additionally, Perenti's sponsorship of the Hockeyroos and the West Coast Eagles AFLW team, through our Ausdrill and Barminco businesses respectively, are critical programs that help us to promote what we do to a gender diverse audience. For example, Perenti has supported a number of Hockeyroos with career opportunities while training this year, which is a win-win for both organisations and is just one small demonstration of the environmental, social and corporate governance initiatives being delivered across the Group.

TECHNOLOGY DRIVEN FUTURE

Perenti made significant strides in cementing itself as a global mining services industry leader in technological capabilities. During the year, we completed what we believe to be a world first, with Barminco successfully operating a loader working underground from its head office in Perth at a client's mine site more than 750 kilometres away in the Goldfields.

The 2020 financial year also heralded another significant technology milestone, as Ausdrill rolled out a semi-autonomous smart surface drill rig to service its Middlemount operations in Queensland, with plans to leverage the potential of the autonomous drills to improve drilling efficiencies, safety and operational performance on site. Additionally, in Queensland, Barminco has started trialling autonomous load haul dump vehicles which will operate into FY21.

Delivering certainty today and positioning for growth

The business synergies and knowledge sharing established as part of the Perenti rebrand has enabled the Group to begin to integrate these technologies across our ISGs. This will be an initiative we seek to further advance in the year ahead, pivoting us for a bright future in the increasingly technology-centric global mining services space.

FINANCIAL CAPABILITY

A clear set of initiatives, the right people, and adherence to the principles that drive this business are essential in delivering on our 2025 Group strategy. However, having the financial capacity to withstand challenges and target growth underpins that strategy. The importance of a strong balance sheet was made clear in the 2020 financial year, where Perenti's focus on capital and liquidity management enabled the Company to withstand the challenges presented by COVID-19. For example, in June 2020 we secured additional undrawn debt funding capacity on improved credit and covenant terms, further enhancing our liquidity position to finish the 2020 financial year with approximately \$604 million in cash and undrawn credit facilities. The additional funding is not expected to be utilised – it was established to ensure Perenti is well positioned to withstand any ongoing economic challenges COVID-19 may present and provide the Company with greater flexibility to fund growth opportunities.

Under this pillar we have continued to focus on increasing cash backed profits, expanding sources of capital, and considering opportunities to drive value from our business portfolio.

Specifically, on the portfolio review, throughout the year we continued to assess businesses and assets that best fit within our strategy and align with our purpose to create enduring value and certainty. This included the successful sale of our Connector Drilling assets in August 2019. We also advised that we were considering a potential divestment of our BTP business as part of our portfolio review, however we did not receive a binding offer that was acceptable to Perenti and therefore the sale process concluded, reflecting our commitment to capital discipline and only undertaking transactions on terms that deliver benefit to our shareholders. BTP continued to perform well for its clients during FY20 and the Company is focussed on growing the business as part of the Group's Investments ISG.

The statutory results include a non-cash impairment of \$59.6 million incorporating a reassessment of the recoverable value of

the assets located at the Boungou site in Burkina Faso, Power Solutions Africa and assets and inventory held by BTP.

OUTLOOK

Perenti has entered the 2021 financial year in a robust financial position and a strong \$5.4 billion order book that underpins ongoing solid performance. We will continue to ramp up key high-quality underground and surface projects that commenced in FY20, including the circa \$235 million Sanbrado works, the \$800 million Zone 5 contract and Hemlo.

Despite the upheaval caused by COVID-19, the tender pipeline for Perenti's Underground and Surface ISGs remains robust. There are a number of sizeable active tenders that, if secured, would see additional projects commence in the second half of FY21 and the full value of those opportunities realised in FY22 and beyond. Most of these opportunities are in existing countries of operation. As part of our growth strategy we are also targeting contracts in stable mining jurisdictions, such as Canada and Botswana, as we seek to build upon our regional expansion achieved during FY20. We will also continue to consider strategic opportunities should they align with our investment criteria, are value accretive, and complementary to our existing capabilities which would deliver value for Perenti shareholders.

THANK YOU

I would like to conclude by acknowledging our people for their hard work and dedication over what has been a challenging 12-month period. In addition, I would like to thank the families of our employees for their support during this time. Last year I commented that our people are our business and will help shape the future of Perenti. The 2020 financial year showed just how resilient our people are. I am proud of the way we responded to unprecedented events such as the Boungou terrorist attack and the COVID-19 pandemic. And despite these challenges we still delivered a very strong set of financial results which is a testament to our people and to the strength of our business. I look forward to what we can achieve in the 2021 financial year as we continue to deliver on the 2025 Group strategy.

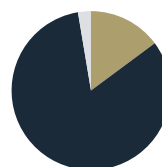


MARK NORWELL
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

ORDER BOOK

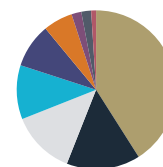
\$5.4B

ISG



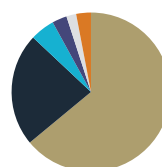
● Surface	15%
● Underground	82%
● Investments	3%

Country



● Australia	41%
● Botswana	15%
● Burkina Faso	13%
● Ghana	11%
● Egypt	9%
● Canada	6%
● Mali	2%
● Senegal	2%
● Tanzania	1%

Commodity

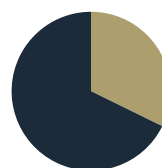


● Gold	69%
● Copper	16%
● Nickel	5%
● Coal	5%
● Zinc	3%
● Other	2%

PIPELINE

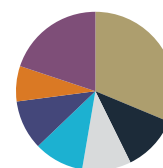
\$8.8B

ISG



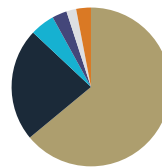
● Surface	32%
● Underground	68%

Country



● Australia	31%
● Botswana	11%
● Canada	11%
● USA	10%
● Cote d'Ivoire	10%
● Ghana	7%
● Other	20%

Commodity



● Gold	64%
● Copper	23%
● Diamonds	5%
● Polymetallic	3%
● Nickel	2%
● Other	3%

The Perenti Group Executive

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Our Principles

No shortcuts

Never wasteful

Smarter together

Walk in their shoes

Enable tomorrow



FROM THE LEFT

Peter Bryant – Chief Financial Officer | **Scott Winter** – Chief Executive Officer, Surface
Donald James – Chief Executive Officer, Investments | **Ben Davis** – Chief People Officer
Mark Norwell – Managing Director and Chief Executive Officer | **Paul Muller** – Chief Executive Officer, Underground
Vivienne Powe – Chief Development Officer | **Strati Gregoriadis** – Company Secretary and Group General Counsel

*The role of Chief Information Officer is vacant as of 24 August 2020



MARK NORWELL

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Mark was appointed as the Managing Director and CEO of Perenti in September 2018. Mark has more than 20 years' experience in the mining industry throughout Australia, New Zealand, Africa and the Americas.



SCOTT WINTER

CHIEF EXECUTIVE OFFICER,
SURFACE

Scott's experience in mine development together with his strong hands on technical and operational background gives him a keen ability to understand how to best establish and generate enduring value from green or brownfield assets.



PAUL MULLER

CHIEF EXECUTIVE OFFICER,
UNDERGROUND

Paul has more than 20 years' experience in the mining industry, working for both mining services providers and mine owners in Australia, Asia and Africa.



DONALD JAMES

CHIEF EXECUTIVE OFFICER,
INVESTMENTS

Donald has held a variety of executive positions in the Group. He has worked in a number of executive roles with listed entities and is known in the business community for his skill in business turnaround.



PETER BRYANT

CHIEF FINANCIAL OFFICER

Peter is an experienced CFO with more than 25 years' experience. He has served in various executive roles across the mining, construction and media sectors.



VIVIENNE POWE

CHIEF DEVELOPMENT OFFICER

Vivienne is a senior executive with a strong track record of creating shareholder value in global mining and oil & gas companies.



BEN DAVIS

CHIEF PEOPLE OFFICER

With experience spanning more than 20 years, Ben has held a number of operational, corporate and executive functional roles across Australia, Africa and North America.



STRATI GREGORIADIS

COMPANY SECRETARY
AND GROUP GENERAL COUNSEL

Strati is an experienced lawyer who joined the Group in February 2011. He's held executive positions in the mining industry as well as served as a lawyer in private legal practice.



Surface mining



FY20 highlights and achievements

- Successfully navigating COVID-19 pandemic while continuing to deliver value for customers
- Ongoing transformation of African Mining Services beginning to show improvement
- More than \$550M in contract extensions and new work in Australia and Africa
- Significant investment in Surface ISG leadership team to set a platform for future growth
- Focus on fleet technology and automation to improve safety, quality and productivity

Future objectives

- Continued focus on leadership, culture and systems to improve safety and operational performance
- Ongoing adaptation to the COVID-19 pandemic with a focus on value creation for customers
- Further leveraging Perenti's footprint and capitalising on recent expansion into new markets
- Ongoing reduction in working capital through asset sales and fleet optimisation
- Continued attraction and assessment of opportunities to expand our tier-one surface mining capabilities into new jurisdictions

Perenti's Surface Industry Sector Group (ISG) spans Australia and Africa, providing critical services to miners across a range of commodities.

The 2020 financial year has been challenging for Perenti's Surface ISG. The unprecedented terrorist attack in Burkina Faso followed by the impact of the COVID-19 pandemic tested our processes and the resilience and resourcefulness of our people. We are proud of how the team responded in the face of such adversity and the commitment and dedication shown by our workforce in successfully navigating these challenges.

AMS has limited numbers of Australian expats in our operations, due to our success in training and building a local workforce, but they, as well as some of our locally based teams, have dedicated themselves to working longer rosters given the border closures and travel restrictions implemented in response to COVID-19. We are thankful to our people for their support during these uncertain times. Through them the business has been resilient to the challenge.

A key focus for AMS during the pandemic has been working closely with our clients to ensure the safety of our people and operational continuity. Restrictions imposed by countries and closed borders have required substantial logistical management to move our people safely in and out of our operations. The success of these efforts has been a real credit to the wider Perenti team who have worked hard, day and night, to navigate this period with considerable success.

OUR SURFACE MINING BUSINESSES AT A GLANCE



AUSDRILL

In Australia, through the Ausdrill business, the Surface ISG is a leading provider of drilling services specialising in exploration, drill and blast, grade control and geotechnical services. Ausdrill is a leader in technological capabilities in the drilling industry and has a reputation for delivering value and certainty for its customers. The business operates one of the most extensive fleets of drilling equipment and has experience across a range of commodities throughout the country.



AFRICAN MINING SERVICES

Our African business, African Mining Services (AMS), is a leading surface mining operator in Africa. With 30 years of experience, AMS provides safe and reliable production and exploration services. We have a strong track record of delivering successful outcomes for our clients in a diverse range of mining jurisdictions across Africa. This is achieved through our highly trained localised workforce and the capability, scale and scope of our mining fleet, which is one of the largest in Africa.

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Surface mining



The other significant issue for AMS was the unprecedented terrorist attack near the Boungou mine site in Burkina Faso in November. This senseless attack resulted in the tragic loss of 19 AMS employees and a further 26 were injured. This was a tragedy for the whole Group and has been felt deeply by all of us. People across Perenti responded with compassion and set up a fund to raise money to support those injured and the families of those who died.

The attack reflected a significant shift in the security conditions in the area and as a consequence in December we announced our intent to withdraw our workforce from the Boungou and Bissa mines in Burkina Faso. We worked closely with our clients as they transitioned to new service contracts with other providers. Following the incident an independent review was conducted with a number of recommendations being implemented as a result.

These challenges occurred against a backdrop of significant change within AMS, as we focused on the key strategic priority to transform the business. Perenti has invested significantly in its leadership capability to drive these changes, with a greater focus around capital discipline and enhancing project and business returns.

A number of initiatives were introduced during the year to support this transformation. Driving operational efficiencies across our sites, reducing overheads, selling idle equipment and obsolete inventory and stock, and reducing working capital to improve

our overall returns are all part of our efforts to ensure AMS continues to have a successful future in Africa.

In addition, an increased level of rigour and governance has been placed around the commercial aspects of tenders. This has resulted in new or renewed contracts being negotiated on improved terms and aligned with business outcomes. For example, the \$235 million contract with West African Resources at the new Sanbrado Gold Project in Burkina Faso was secured during the year with these new disciplines applied. In the year, AMS also secured an equipment hire agreement with E&P for Gold Field's Tarkwa site in Ghana and a 12-month contract extension at Iduapriem in Ghana, where our operation is run entirely by Ghanaian nationals. Iduapriem sets the standard for our projects in sourcing local African people for our workforce – something that we are committed to across all of our operations.

Since our exit from operations at Bissa, AMS has successfully sold some equipment and reassigned the remaining fleet to the Sanbrado and Yanfolila projects, while we are pursuing options for the sale of the fleet at Boungou. In December, we announced the cessation of our contract with Ghana Manganese Company (GMC) for work at their Nsuta mine. The termination of this contract was not related to our performance and GMC thanked AMS for its 'outstanding services' provided at the mine. We remain on positive terms with the client and are confident that operations will recommence in FY21.

At the Yanfolila gold mine in Mali, our improved efficiency in operations and maintenance has led to increased production. Similarly, at Mako, in Senegal, our local leadership worked closely with the client and as a result we broke production records this year. We have the plant availability, logistical knowhow and maintenance capability to manoeuvre equipment around our operations to suit our clients' short-term needs.

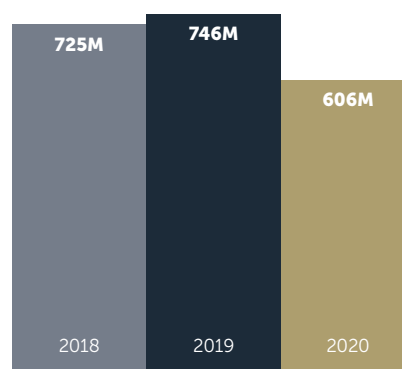
Part of the transformation process for AMS has been a reassessment of our exploration business in Africa. These are only a small part of AMS's activities, and we are looking to a better, more streamlined model or a possible divestment of these assets.

The results of our Australian operations reflect the competitive nature of the market in both exploration drilling and drill and blast.

ISG PERFORMANCE

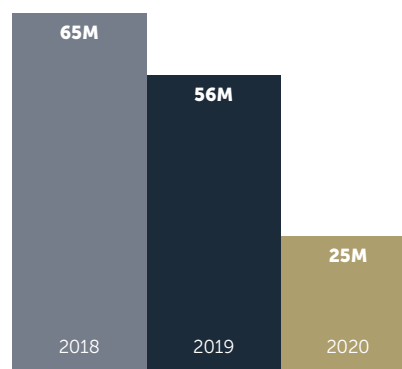
\$606M

Revenue



\$25M

Underlying EBIT(A)

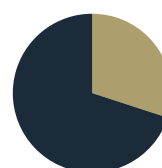


FY18 and FY19 figures exclude any one-off or non-underlying items; FY20 figures are underlying and exclude any one-off or non-underlying items.

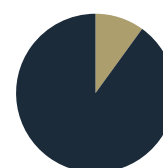
PERCENTAGE OF GROUP

30% 10%

Revenue



Underlying EBIT(A)



Underlying EBIT(A)% excludes Group functions.

INVESTOR QUESTION

The performance of AMS has been an issue for Perenti for some time, when can we expect to see results improve and what will be the outcome of the strategic review?

The transformation of AMS is a strategic priority for the business and positive progress has been made in FY20. A number of initiatives have been implemented to drive operational and financial improvements and these have delivered a stronger performance during the second half of the 2020 financial year when compared to the first half, and despite the challenges presented by COVID-19. There is still work to do but we are confident the measures already taken will ensure in time we deliver the required returns to our shareholders. We will look to build on this positive momentum in the 2021 financial year as well as realise the findings from the strategic review.

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Surface mining



CASE STUDY

Sanbrado Gold Project

The Sanbrado Gold Project is a low-cost, high-grade operation located in Burkina Faso, West Africa. In late 2019, AMS was awarded a contract by West African Resources, to develop the mine infrastructure and provide open-cut mining services. To ensure that the mine started-up on time and on schedule, AMS had to overcome significant challenges including local security in the region.

Despite these obstacles, the quality efforts of on-site personnel, coupled with the support of Perenti's global network, allowed AMS to enhance the ramp-up schedule and build a Sanbrado workforce of over 200 employees, 91 per cent of whom are Burkinabe locals. Through our local recruitment, training and skills-matching programs we have identified local people with the experience and aptitude to join AMS, and then supported their training and development as valued members of our team.



Sanbrado Gold Mine
Burkina Faso, Africa



A notable structural change within our Australian operations has been to bring together our Ausdrill NorthWest, Ausdrill Limited and Drill Rigs Australia businesses under a unified Ausdrill brand. This consolidation ensures streamlined marketing and reporting, removing the inefficiencies of operating with multiple systems and brands across different markets.

During the year Ausdrill secured more than \$220 million of new or extended contracts, including executing a strategy to expand its drilling operations to the east coast.

After many years of Ausdrill building an enviable reputation in Western Australia, we were able to leverage that reputation to secure a number of new contracts on mining projects in the east. These included a new four-year contract with BHP's coal division BMA in Queensland's Bowen Basin and a three-year contract for drill and blast work at Middlemount, a joint venture between Peabody Energy and Yancoal, also located in Queensland.

Other significant east coast work won in the year included a three-year contract for production drilling services with Boggabri Coal Operations (part of Idemitsu Australia Resources Group) at its Boggabri mine in New South Wales.

In Western Australia, strong client relationships built on the back of solid operational performances allowed us to secure a series of extensions to drilling contracts in the Goldfields and Pilbara.

Our expansion to the east coast has required investment and has provided a spearhead for a big technology shift to autonomous and semi-autonomous rigs in our drill and blast work. We have also brought in technical innovations in exploration to remove manual sampling and rod handling for some of our operations. These technologies are aimed at improving safety, quality and productivity.

Ausdrill has adopted ground-breaking technology in other parts of our operations, such as the use of unmanned aerial vehicles (UAVs) above blast patterns to replace some of the arduous tasks carried out by workers on the ground. UAVs have also become a valuable surveillance and safety tool. For example, a UAV can be used to ensure everyone is free of a blast zone prior to detonation.

Technology is also making a positive impact on the deployment of remote assistive capability. This enables maintenance troubleshooting remotely, with a technician or supervisor in Perth able to monitor a team member on site in Australia or Africa and help pinpoint technical problems with equipment.

WHAT "NEVER WASTEFUL" MEANS TO ME



As an operations manager, finding innovative ways to fully utilise all our assets and resources efficiently so we can reduce our costs and minimise our impact on the environment is an essential part of what we do. It means making use of every material in our operation through good planning.

JOSEPH ABU BAKA
Operations Manager Ghana – AMS



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Surface mining

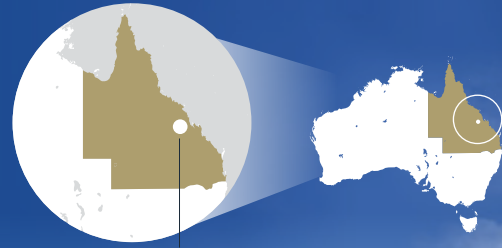


CASE STUDY

Middlemount drilling automation

Ausdrill is always looking at how technology can improve safety and productivity to provide increased value for our clients. Sourcing two new Cat MD6310 drills for the Middlemount coal mine in central Queensland, where Ausdrill has a three-year drill and blast contract, represents a big step in the potential for automation.

The advanced Cat Terrain system is built around a high precision GPS system allowing for accurate hole placement, depth and angle. It also feeds back crucial strata data to assist in accurate placement of explosives in the hole. Ausdrill plans to leverage the autonomous potential of the drills to improve drilling efficiencies and operational performance. The focus on accuracy in drilling and blasting helps to make every other aspect of the mining operation smoother, safer and more productive.



Middlemount Coal Mine
Queensland, Australia



Throughout the year, Perenti's Surface ISG has kept a strong focus on safety recording an improved TRIFR of 2.1 down from 4.4 in FY19 and an AIFR of 11.4 down from 12.1 in FY19. To back up this strong performance a number of notable safety milestones were achieved, including; seven years lost-time injury (LTI) free in Ghana; two million man-hours LTI free at the Iduapriem project in Ghana; and two years LTI free at the St Ives mine in the WA Goldfields. In addition to this performance, we have also been shortlisted for a BHP Minerals Australia HSEC Award for the Auto Sampler System innovation developed by Ausdrill for its grade control rigs.

The Auto Sampler System innovation developed by Ausdrill for its grade control rig has been nominated for the BHP Minerals Australia HSEC Award.



Community investment has also been an area of focus with AMS providing medical supplies and equipment in the fight against COVID-19 and other regional diseases such as Malaria.

AMS staff support the Tarkwa wider community by distributing essential COVID-19 PPE supplies.



In many cases AMS has been working with its clients to help fund a doctor to work within a community to treat and educate local people. In Australia, Ausdrill has continued its relationship with the Hockeyroos while also supporting a range of local community initiatives and groups in the regions in which we operate.

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Underground mining



FY20 highlights and achievements

- Successfully navigating the COVID-19 pandemic while continuing to deliver value for customers
- Significant international growth with mobilisation of new projects across three continents
- Investment in our people and recognition as Large Employer of the Year at the 2019 Australian Training Awards
- Significant organic growth including major ramp ups at Obuasi (Ghana) and Siou (Burkina Faso)
- Community investment including support of the West Coast Eagles AFLW team for their inaugural season

Future objectives

- Continued focus on leadership, culture and systems to further improve safety and operational performance
- Ongoing adaptation to the COVID-19 pandemic with a focus on operational continuity and value creation
- Extend existing contracts and capitalise on expansions into new markets to win new work
- Focus on recruiting and training to develop the next generation of underground miners
- Continued investment in our people capability including focus on diversity

The Underground Industry Sector Group (ISG) incorporates leading hard rock underground mining service providers Barminco and African Underground Mining Services (AUMS).

FY20 has been a milestone year for Barminco as we celebrated the 30th anniversary of a truly ground-breaking business. Barminco was founded by Peter Bartlett in Coolgardie in 1989 with just 30 employees and has grown into a mining services business with more than 4,200 employees operating at 21 mines in seven countries. We are proud of our origins, while always looking to the future as we expand into new territory and continue to set the standard in underground mining services around the world.

Barminco and AUMS offer high speed jumbo drill development and production solutions including; drilling, charging and blasting; loading (including operation of remotely controlled loaders) and hauling waste and ore; installation of ground support; equipment supply and maintenance; vertical development; mine design, planning and scheduling; and diamond drilling.

Uniform systems, processes, equipment, and skills across all projects are integral to the delivery of world-class safety, quality, productivity and cost efficiency wherever we operate. With a highly skilled workforce and one of the world's largest and most modern, fully mechanised fleets of underground mining equipment, the business specialises in rapid mobilisation and delivery to meet the needs of our clients. The Underground ISG's ability

OUR UNDERGROUND MINING BUSINESSES AT A GLANCE



BARMINCO

Barminco is a name synonymous with the delivery of high-quality underground mining services. The business was instrumental in the design and implementation of high speed decline development which transformed underground mining in Australia and is now the preferred mining method for most modern underground mines in Australia and Africa.



AFRICAN UNDERGROUND MINING SERVICES

AUMS was established 13 years ago and combines Barminco's skills and experience in underground mining services with the wider Group's knowledge, experience and client network in Africa. In a short time, AUMS has developed a market-leading position in Africa and has a track record of exceeding productivity targets.

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Underground mining

to consistently deliver is reflected in the length of the relationships it has with clients, some of which span decades and have seen both Barmenco and AUMS providing underground services from the day the first cut is taken in the development of a mine.

Perenti's Underground ISG produced another strong performance in FY20, an exceptional achievement set against the challenging backdrop of COVID-19. The business achieved a series of production records at African and Australian sites during the year, underlining the ability of our high-calibre team to produce outstanding results during unique economic circumstances.

The COVID-19 pandemic challenged the resourcefulness and skills of our people at all levels. It has required major changes to rostering at our African sites in particular and testing times for our people travelling to work and back home, as well as extraordinary logistical challenges to transport our people in and out of country. We are hugely proud of the resilience and commitment the team has shown in responding to the pandemic and are thankful for the efforts of everyone involved in supporting the business during this time.

In addition to the challenges posed to the business by COVID-19, we are deeply saddened by the tragic loss of Justice Sarkodie in June 2020. Justice, an underground worker in Africa who worked at the Obuasi operation for the Underground Mining Alliance (UMA), a joint venture between AUMS and Rocksure International, a Ghanaian contracting company, was involved in a heavy vehicle incident.

INVESTOR QUESTION

You recently expanded into Canada, which was part of your growth strategy. What size do you believe the opportunity to be in North America?

Barmenco is a global leader of high-quality underground mining services and was instrumental in the design and implementation of decline development which transformed underground mining. The company remains at the forefront of the industry and we believe there is significant opportunity to utilise this expertise to further grow the business in the North American market. We have held discussions with a number of new and existing customers on both brown and greenfield mine development and estimate the current pipeline to be more the \$1.8 billion.

Since the incident, focus has been on supporting his family, the local community and his colleagues. We will keep striving to improve our workplace practices to make the business a safe and more secure place to work. During the course of the year the Underground ISG recorded an improved Total Recordable Injury Frequency Rate (TRIFR) of 6.9 down from the FY19 figure of 7.2 and an All Injury Frequency Rate (AIFR) of 37.4.

In line with the Group's growth strategy, a key focus for the Underground ISG has been expansion, with focus on more stable mining jurisdictions with significant growth opportunities, such as in southern Africa and North America. A significant achievement during the year has been new contracts and mobilisations across three continents - in Australia through the Savannah nickel mine in the Kimberley, in southern Africa through the Zone 5 copper mine in Botswana, and in North America through the Hemlo gold mine in Ontario, Canada, where we commenced work in early July 2020 following some delays caused by COVID-19.

In Canada we are leveraging a long-standing relationship to modernise and improve the performance of Barrick's Hemlo mine to further extend its life, so the mine can remain a long-term sustainable operation in the region. As part of this process, Barmenco has engaged the local First Nations people to maximise local job creation, training and other benefits. It is anticipated that this project will provide a strong platform for our continued expansion in North America.

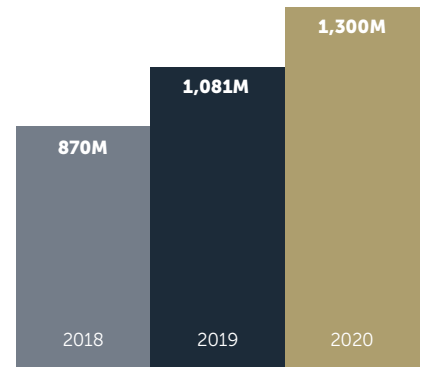
The Zone 5 project in the Kalahari copper belt in Botswana, where we are working with Khoemacau Copper on a five-year contract, is another example of our expansion into more stable mining jurisdictions. We see Botswana as a highly attractive country in which to operate and this project provides the Group with a strategic presence in the area to build upon.

During the year Barmenco also commenced work at the Savannah project for Panoramic Resources, which demonstrates our ability to mobilise quickly. Within four weeks of signing the contract the Barmenco team had mobilised to site in the East Kimberley, a considerable achievement given the amount of planning and logistics required. The impact of COVID-19 resulted in the project being suspended, however we are now returning to the site, albeit with a reduced scope of work.

ISG PERFORMANCE

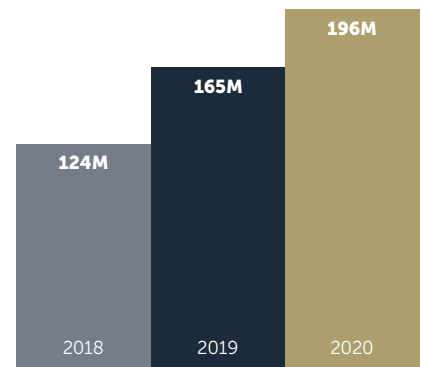
\$1,300M

Revenue



\$196M

Underlying EBIT(A)

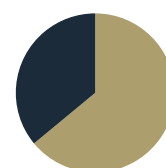


2018 and 2019 figures are proforma underlying figures which include 100% of Barmenco and AUMS for a full 12 months and exclude amortisation and any non-underlying items.

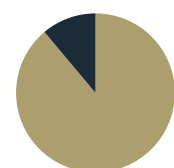
PERCENTAGE OF GROUP

64% 80%

Revenue



Underlying EBIT(A)



Underlying EBIT(A)% excludes Group functions.

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Underground mining



We are confident that the strong customer relationships built on the back of solid, and in many cases record breaking, operational performances will see a number of contract extensions in both Australia and Africa in FY21.

Development and production has been ramped up at the Yaramoko mine in Burkina Faso by AUMS, where the addition of the Bagassi South expansion project has seen record monthly performance. There have also been major ramp ups at the Siou mine in Burkina Faso and the Obuasi mine in Ghana while the Subika gold mine, also in Ghana, has exceeded its operational targets. Government approval for an expansion at the Geita project in Tanzania could provide potential growth opportunities at the operation, while construction has been completed on the five portals at the Zone 5 project in Botswana – the most ever constructed on a Barmenco operation.



WHAT "NO SHORTCUTS" MEANS TO ME



Everyone knows the moment they start thinking about taking a shortcut because we all hesitate. We want our people to stop and think about what taking a shortcut could mean for themselves and their families in that moment of hesitation. The hesitation is our instinct of self-protection.

MEL DUGAY
Induction & Safety Trainer –
BARMINCO



CASE STUDY

Khoemacau Mine, Zone 5 Starter Project

The Zone 5 Project is a new, large and long-life copper mine in the highly prospective Kalahari copper belt in Botswana, southern Africa. Barmenco's extensive underground experience and history on the continent made us the optimal project partner for Khoemacau to deliver this first major mechanised underground operation in Botswana. The mine has been the first of our projects to benefit from our new nearby Maun training centre. This state-of-the-art, 3,400 m² facility provides expert staff, teaching spaces, software simulators, virtual reality capabilities and assessment protocols to prepare new staff for mine site operations. International employees also undergo cultural awareness training, as well as training in mining standards, Perenti's code of conduct, safety, quality and environmental protocols and procedures. The training centre facilitates a collaborative initiative with Khoemacau to train and develop the people of Botswana to the highest possible standard to succeed internationally and to provide future support for growth strategies in southern Africa.



Zone 5 - Copper Mine
Botswana, Africa



INVESTOR QUESTION

COVID-19 appears to have had a more pronounced impact on the Underground ISG – what impact can be expected heading into the 2021 financial year?

There was some impact on mine site productivity and additional costs to rotate our expat crews that impacted our Underground ISG during the second half of the 2020 financial year. This has continued into the 2021 financial year, however we are looking at options to best manage this and are working closely with our clients to develop solutions. COVID-19 is an ongoing reality. We will continue to adapt to the impacts of the pandemic and implement solutions that focus on protecting our people and our business continuity.

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Underground mining



A highlight of the year for Barmenco was our recognition as Large Employer of the Year at the 2019 Australian Training Awards. We are proud of this award because we believe the calibre of our people is the reason for our success as a leading global underground miner.

Our focus on training and development runs throughout the business from our commitment to providing high-quality apprenticeship and graduate programs, to our premier training centres in Hazelmere and Botswana, and our diverse leadership programs for leaders.

Our training centres have been especially successful in reducing our operational turnover by exposing entry level team members to simulated underground conditions before they start their first swing on site. The development of our training centre at Maun in Botswana, to support the Zone 5 project, is another good example of our ambition to build local capability by sourcing and training local people for our African enterprises wherever possible.

In line with the Group's strategy, we are continuously looking to improve our operational efficiencies by cementing ourselves as a global mining services industry leader in technological capabilities. This year, Barmenco conducted a successful pilot of our Remote Operations Centre that has the potential to allow us to operate equipment at our clients' mine sites anywhere in the world from our Western Australian headquarters. In what is believed to be a world first, Barmenco operated a machine, working underground, from its head office in Hazelmere at IGO Limited's Nova mine site in Fraser Range, almost 750 kilometres away. Although in its early stages the success of this pilot program reflects our focus on improving operational efficiencies.

Barmenco has also successfully trialled an electric vehicle at its underground operations at Nova. The BELV (battery electric light vehicle) was put through its paces and received positive feedback from our on-site teams. The big advantage of electric vehicles in underground mining, other than reduced running and maintenance costs, is the lack of emissions, providing a cleaner environment for our people as well as better efficiency and sustainability for our clients.

As with the wider Perenti Group, we are committed to investing in the communities we operate in. From rebuilding and upgrading local schools and sporting fields to providing emergency medical supplies during these recent challenging times we see support for local communities as vital to our ongoing sustainable operation in Africa.

In Ghana over the last five years AUMS has contributed more than \$400,000 in community donations and support. In the last 12 months at Obuasi, the UMA Joint Venture has worked together with our client AngloGold Ashanti to provide much needed assistance at the local hospital by purchasing and donating a new ICU ventilator, which is critical to saving lives during the COVID-19 pandemic.

In addition, we have procured and distributed safety equipment such as sanitisers, gloves and masks for communities in Burkina Faso to support local people to tackle the pandemic.

In Australia, Barmenco stepped up as a major sponsor of the West Coast Eagles women's team in their first year in the AFLW. This sponsorship provides us with a platform to raise awareness of mining to new audiences as we look to build a more diverse workforce in the years to come.

CASE STUDY

Large employer of the year

Barmenco's heavy focus on skills and training for our people was recognised when we were named Australia's Large Employer of the Year 2019 at the Australian Training Awards. Our people have always been at the core of our vision for growth and success, and we believe investing in their training is essential. Key elements of our training strategy are the Barmenco Training Centres at our Hazelmere head office in Western Australia and on a larger scale at Maun, Botswana. These facilities replicate what it is like to work underground, using technology to offer customised virtual reality scenarios for all underground activities. It means new employees go to sites with a much better understanding of the underground environment so they are safer and can operate more efficiently. Our focus on training also includes a successful apprenticeship program that has been running for more than 20 years and a unique leadership program designed to provide career progression, a key retention tool to develop and progress our people into management roles.



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Investments



FY20 highlights and achievements

- Building capacity in the BTP workforce to support future growth
- Commissioning of further PhotonAssay capacity including end-to-end sampling automation
- Delivering value for clients despite the COVID-19 pandemic
- Identified opportunities during the period to renew Supply Direct client and supplier partnering
- Increase female workforce participation across the ISG

Future objectives

- Develop BTP field service and labour hire capacity to provide regional support to clients
- Retain and build MinAnalytical's client base through leverage of the PhotonAssay technology service offering
- Deliver organic growth through expansion of our Mining Systems and Solutions offerings to our Supply Direct client base
- Continue to build our internal competencies and further align the business with valued multinational OEM and tier one suppliers
- Continue to invest in our people capability and diversity

Perenti's Investments Industry Sector Group (ISG) is comprised of several companies that provide a range of support services to the mining and oil and gas industries. These include mining equipment and parts supplier BTP, assaying services company MinAnalytical, mining services and solutions providers Supply Direct and Logistics Direct, and oil and gas equipment supplier Well Control Solutions. The Investments ISG employs more than 330 people and its network of client businesses are located across Australia, Africa, South East Asia, and Europe.

OUR INVESTMENTS BUSINESSES AT A GLANCE



BTP

BTP is a leading heavy equipment, maintenance and refurbishment service provider to the mining industry. The business sells used equipment; rents a range of heavy mining equipment; refurbishes mining equipment, components, cylinders and engines; and sells parts to its clients.



MINANALYTICAL

MinAnalytical is an innovative mineral assaying laboratory with bases in Perth and Kalgoorlie, providing a comprehensive range of high quality geochemical analytical techniques for most commodities.



SUPPLY DIRECT

Supply Direct provides single source, customised mining supply services to mine operators globally from heavy equipment, engines, components, and vehicles through to everyday parts and consumables.



LOGISTICS DIRECT

Logistics Direct provides ground, air and sea freight forwarding services along with customs brokering services for mining companies globally.



WELL CONTROL SOLUTIONS

Well Control Solutions is a well control equipment supplier providing equipment, maintenance services and parts to oil and gas projects throughout Australia. The company is a local agent for top global OEM brands.

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Investments



BTP

The focus for BTP during the year has been expanding capacity as we consolidate our position as a leading provider of equipment, parts and refurbished components to the mining industry. Headquartered in Perth, Western Australia, the company has specialist facilities, with employees and warehouses located in the major mining hubs of Newman in the Pilbara region of Western Australia, Mackay in Queensland and Mount Thorley in New South Wales.

In addition to supplying equipment and parts, and rebuilding equipment to as-new, BTP is one of the largest dismantlers of machinery in Australia and has one of the most sizable rental fleets of modern, well-maintained mining equipment. BTP stocks one of the nation's largest inventories of parts and equipment to support client operations with a focus on minimising machine downtime.

BTP is the largest business in Perenti's Investments ISG and has performed well against the unprecedented economic circumstances created by COVID-19, which resulted in clients delaying forward orders and tier one miners implementing significant cost saving programs.

Despite these economic challenges, BTP has continued to leverage its capability to rebuild equipment, including completing full rebuilds of several midlife Cat D10T dozers and back-to-bare chassis rebuilds on Cat 777F and Cat 785C dump trucks to further augment our used equipment sales program.

Availability of good quality, low-hour heavy equipment has broadly been a challenge for miners globally over the past year, and subsequently our focus has been on rebuilding equipment to provide cost-effective solutions for our clients.

INVESTOR QUESTIONS

The Investments ISG has largely flown under the radar - what is the long-term strategy for this ISG?

We see these businesses as adding value to Perenti's Surface and Underground ISGs. Divestment of the BTP business was considered during the year, however the decision was taken to retain the business. BTP continues to perform well for its customers and we are now focussed on growing the business.

This includes working with BTP's sister business Supply Direct to procure and ship suitable equipment from overseas to Australia to rebuild for the Australian market.

BTP's positive relationships with clients and proven capabilities have resulted in our preferred supplier status being extended across a range of products and with several clients. An example of this is our track dozer engine rebuild programs for several tier one mining organisations. Despite the broader economic challenges, revenue from BTP's parts and equipment rental business grew in the 2020 financial year.

A key achievement for the business in the year, and one we are particularly proud of, is the investment in our workforce to support future growth. Underinvestment by the mining services industry in recent years has resulted in a tight labour market and staff resourcing has been challenging particularly for key specialist trades such as engine re-builders, field service and component overhaul technicians. BTP has put great emphasis on training and developing its people as part of an effort to position BTP as an employer of choice in what is a highly competitive field.

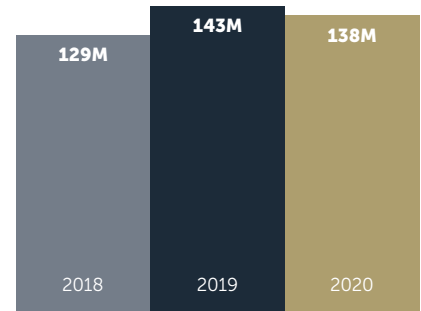
An important element of this has been building BTP's apprentice program, with trade apprenticeships increasing to almost 50 during the year. One specific program that has been successful for BTP enables light vehicle mechanics to upskill to heavy diesel fitters and rebuild specialists through a two-year apprenticeship. This has allowed us to recruit skilled candidates from outside of the industry, as well as people who are keen to remain in city-based roles rather than working on site. These measures are helping to secure a future supply of skilled tradespeople in this industry, while improving our retention of skilled employees in a challenging market.

BTP's workforce was expanded during the year to ensure we continue delivering for our clients. We are proud of the way we have adapted our rosters and processes to keep operating successfully during the COVID-19 pandemic. In prioritising our people and their safety during this period, we have maintained a flexible approach to staffing, discovering in the process that many non-operational positions can be as productive when they are not physically in the workplace. We have also broadened our coverage of services to provide 24/7 availability during the COVID-19 period, providing more flexibility to our people and our clients.

ISG PERFORMANCE

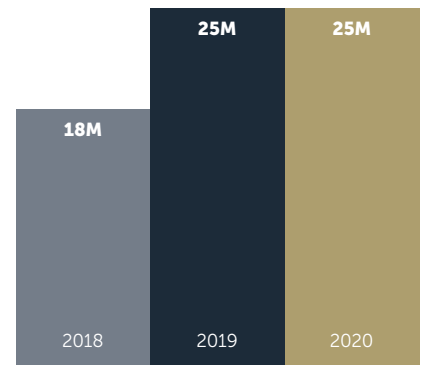
\$138M

Revenue



\$25M

Underlying EBIT(A)

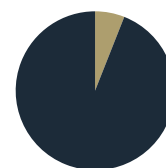


FY18 and FY19 figures exclude any one-off or non-underlying items; FY20 figures are underlying and exclude any one-off or non-underlying items.

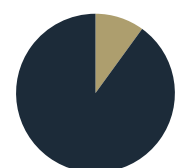
PERCENTAGE OF GROUP

6% 10%

Revenue



Underlying EBIT(A)



Underlying EBIT(A)% excludes Group functions.

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Investments



MINANALYTICAL

MinAnalytical has led the field with the world-first PhotonAssay X-ray units, brought to the market by Chrysos Corporation. These units are safer, non-destructive and more sustainable than traditional fire assay methods, with significant reduction in turn-around times for analysing gold samples.

This technology has been described as the most dramatic step-change in gold analysis in centuries. The machines are collectively capable of processing more than 5,000 samples a day and delivering results within 12 hours. This, coupled with the added health and sustainability elements, offers a real point of difference for MinAnalytical when compared to our competitors in this field.

Over the past three years, MinAnalytical has commissioned and validated two Chrysos PhotonAssay units in Kalgoorlie and one in Canning Vale. In addition to this, the Kalgoorlie units are being complemented by a fully integrated sample preparation and automation string that allows for end-to-end automated processing, reducing manual handling, labour and cycle times – all offering genuine value for our clients.

The target for MinAnalytical is to expand the number of PhotonAssay units in operation to five during the coming year, as we build our client base and existing clients pursue the value of this technology-based service offering. Gold clients are traditionally risk averse and cost sensitive in what has been a competitive and largely uniform market. PhotonAssay technology is showing genuine signs that it has the potential to change the rules and the market.

SUPPLY DIRECT

On the back of globalisation and technological advances in the mining sector, the business has recently consolidated its operations to a centralised strategic distribution hub in Johannesburg, South Africa. This consolidation will make the business more competitive by improving efficiency and reducing costs while maintaining our high level of service to clients across Africa and beyond.

Our proactive approach to seeking new business and developing new markets has seen significant growth in our market and client share over the past financial year, despite the onset of the COVID-19 pandemic and its impact on the activities of several of our clients.

We are proud of our entrepreneurial approach and our ability to tailor equipment and solutions to clients' needs in a variety of mining operations, from exploration to beneficiation. As part of this approach, we introduced a new business line, Mining Systems and Solutions (MSS). This provides purpose-built, high-end specialist remanufactured and reverse-engineered equipment, and has provided a good platform to build on in the 2021 financial year.

INVESTOR QUESTION

We understand the Chrysos PhotonAssay technology in MinAnalytical is market ready, how do you view the size of the opportunity for the Investments ISG?

PhotonAssay is a non-destructive, sustainable gold analysis alternative to conventional fire assaying techniques and provides a great opportunity for growing MinAnalytical's client base. We estimate the current market potential for PhotonAssay is +\$100M AUD per annum based on the current size of the Australian gold mining industry with upside generated from strong gold prices which we believe are likely to accelerate mine production and analysis demand.

CASE STUDY

MinAnalytical Phase 2 PhotonAssay automation

MinAnalytical was on the first wave of technology when PhotonAssay changed the game in gold assaying processes just a few years ago. Now we are excited to lead the next stage as front-end automation helps unlock the full value of this technological transformation in gold sample analysis. We expect a milestone which has been two-years in the making to be realised early in the 2021 financial year, when the new robotic capability goes online in our PhotonAssay units in Kalgoorlie, dramatically improving the speed and efficiency of the assaying process.

We collaborated with automated sampling specialists to make this concept a reality. Automation streamlines the process from field to laboratory and takes away almost all manual handling of samples. This means a faster, more cost-effective system for our clients, improved safety for our people and much improved integrity of the ore sample. It will also significantly increase the capacity of the system, meaning we are able to unlock the full value of the PhotonAssay technology. When it is fully operational, we believe our facility will be the highest volume automated gold laboratory in the world, with unprecedented productivity, safety, quality and turnaround time.



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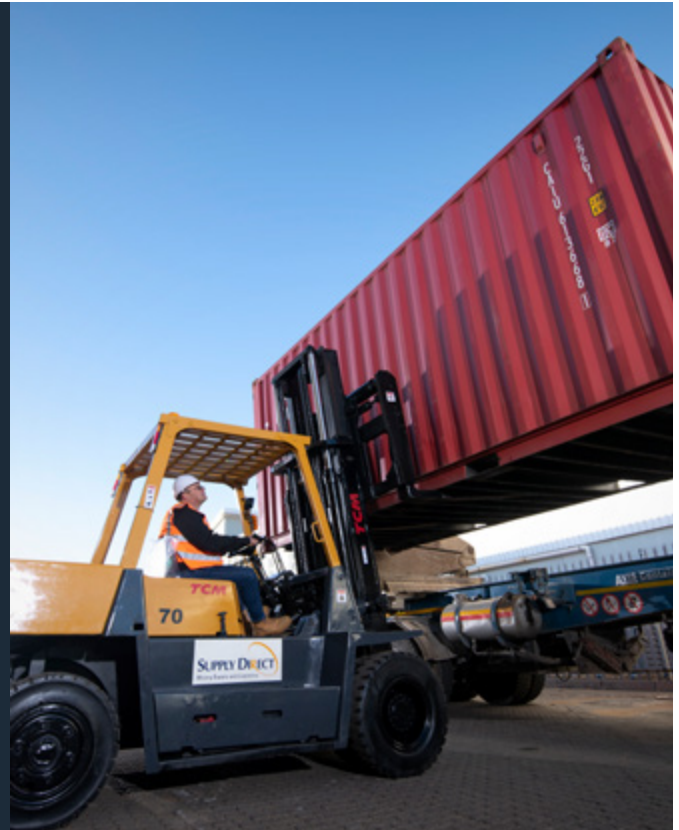
Investments



CASE STUDY

Supply Direct Group

Global supply chains have been one of the areas impacted by the COVID-19 pandemic and the broader mining industry was not immune to these challenges. The Supply Direct Group had to call on its 20-plus years of experience in the global arena when South Africa went into lockdown in response to the COVID-19 pandemic. The engineering, sales and logistics teams worked tirelessly from their home offices to find new opportunities in a contracting market. We identified idle and surplus equipment that was desperately required by our clients. These products would traditionally be supplied by major manufacturers, but they had run out of stock and could not be replenished as their production plants were shut down due to government restriction. With air freight heavily constrained, we chartered planes and consolidated loads from North America and Europe to stockpile products at our facility in Johannesburg to then ship directly to our clients in Africa and Asia. Underpinning everything we did were the Perenti strategic pillars of operational excellence and innovation, ensuring profitable and sustainable growth, even in the most turbulent times.



SMARTER TOGETHER



Since bringing all the different departments within BTP together, we have worked to strive for a common goal. This has proven that together we are smarter, and together we can produce results.

KATRINA LOZENICINS
Inventory Controller –
Purchasing BTP



LOGISTICS DIRECT

Competitive markets, regulatory requirements and COVID-19 restrictions have caused challenges across the mining industry, however Logistics Direct continued to deliver quality services across the board for its clients. Of note, the COVID-19 pandemic led to a reduction in imports by clients and associated logistical challenges.

Key operational highlights for the year included the retention of key client accounts during these challenging economic conditions. We also provided intensive support and specialist assessment over an eight-month period to African Mining Services on client-related affairs, resulting in a positive outcome for the business.

Focus areas for the 2021 financial year include an enduring emphasis on the health and safety of our people, continuing to adapt and proactively respond to the challenges presented by COVID-19, and providing clients with the high level of service and certainty they have come to expect from dealing with Logistics Direct.

WELL CONTROL SOLUTIONS

Well Control Solutions (WCS) is a supplier of drilling and completion pressure control equipment, spare parts, rental equipment and maintenance services to oil and gas projects in Australia and overseas.

WCS is a domestic agent for top global OEM brands. During the year, WCS expanded its service offering when it qualified with Berg Engineering to provide domestic Blow Out Preventer (BOP) weld repair services on integrated pressure control equipment. This accreditation permits WCS to provide weld services for repair and re-certification of integrated BOPs in Australia, rather than having this work done offshore.

During the second half of the 2020 financial year, a combination of COVID-19 impacts and negative shifts in oil demand fundamentals affected the industry significantly. However, WCS adapted quickly, retaining key people and delivering a sound financial performance. The oil and gas market continues to present uncertainty, but the WCS business and management team are well positioned to navigate these obstacles.

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Robust performance in a year of unprecedented challenges



The financial year ended 30 June 2020 was a year of significant challenges, in particular the global upheaval from the COVID-19 pandemic. Pleasingly, the Group delivered robust financial results in this unprecedented year, demonstrating the strength and resilience of the business.

Perenti reported FY20 revenue of \$2.04 billion, up 4 per cent on FY19, and underlying Net Profit After Tax (excluding Amortisation) of \$110 million, down 14 per cent on a proforma basis largely due to tax impacts.

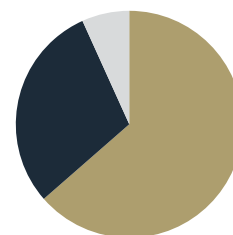
Perenti did incur some one-off items in the year that impacted the FY20 results. Although those impacts were not to the same extent as FY19 – which was

complicated by several one-off events, in particular the accounting treatment for the acquisition of Barmenco and 50 per cent share of the AUMS Joint Venture in October 2018 – it does mean the FY20 statutory results do not necessarily reflect the underlying performance of the business.

As such, the Group has presented underlying results for FY20 and proforma, underlying results for FY19, which removes the impact of amortisation and one-off items, and assumes the Group had owned Barmenco from 1 July 2018, providing a more accurate like-for-like comparison. The statutory results are audited and prepared in accordance with the relevant accounting standards and other regulatory requirements.

UNDERLYING RESULTS

Revenue



BY ISG

Underground	64%
Surface	30%
Investments	6%

FY20 RECONCILIATION OF STATUTORY TO UNDERLYING RESULTS

\$MILLION	REVENUE	EBITDA	EBIT	NPAT
Statutory results	2,046.1	370.4	99.7	27.6
Non-cash amortisation of customer related and software intangibles	-	-	38.6	38.6
Statutory results before amortisation	2,046.1	370.4	138.2	66.1
Less non-recurring items below				
Non-cash impairment	-	59.6	59.6	59.6
Transaction and other one-off costs	-	8.0	8.0	8.0
Foreign exchange loss	-	3.3	3.3	3.3
Profit on sale of Connector Drilling	-	(2.4)	(2.4)	(2.4)
Boungou/Bissa project cessation one-off costs	(1.5)	5.0	5.0	5.0
Net tax effect	-	-	-	(25.6)
Minority profits	-	-	-	(3.7)
Underlying results	2,044.6	443.8	211.7	110.3

Underlying results

FY20 FINANCIAL PERFORMANCE

Revenue growth in FY20 to \$2.04 billion represented the breadth of Perenti's diverse revenue base, both across geographies and segments. In light of the challenges faced during the year, we consider the ability to deliver revenue growth to be a strong result.

Looking more closely at where the revenue was generated helps to demonstrate the diversity of the business. Perenti's FY20 revenue was generated from over 55 different projects across 11 countries. The single largest project in the portfolio contributed seven per cent of the Group's revenue for the year and the top 10 projects collectively 49 per cent of revenue. Although all projects and contracts, irrespective of their size, are extremely important to Perenti, the Group is not reliant on any one project to deliver the desired returns to our shareholders.

The Group is largely agnostic to commodities seeing as we apply similar mining methods across minerals, with the exception of underground soft-rock mining (for example, underground coal mining). Therefore, our commodity exposure is an outcome of our strategy to pursue quality projects with clients where we can build long-term relationships.

The Group's surface and underground mining service offering, including the people, equipment and processes, can be applied across commodities and is transferable. When identifying and selecting projects and contracts, our focus is the quality of the client, the quality of the project, the jurisdiction risk, and the estimated return on capital employed. We take particular care to partner with clients who operate high-quality mines that sit low on their respective commodity cost curve to build a long-term and sustainable earnings stream. In FY20, 68 per cent of the Group's revenue was generated from gold projects, 10 per cent from nickel projects and the balance from nine different commodities.

At a segment level, the Surface ISG had a challenging year. The cessation of the Nsuta project in Ghana and the Boungou and Bissa projects in Burkina Faso resulted in revenue reducing by 19 per cent to \$606 million. The loss of revenue from those three projects was partially offset by more than \$550 million in contract extensions and new work secured under new management disciplines, including at Tarkwa and Damang in Ghana, and the Sanbrado project in Burkina Faso. The Surface ISG represented 30 per cent of Group revenue for the year, with

30 per cent of its revenue generated from Australia and the remaining 70 per cent from Africa.

The Underground ISG continued to deliver exceptional results. Revenue increased by 20 per cent to \$1.3 billion on the back of a full-year contribution from the Obuasi project in Ghana, new work commencing at the \$800 million Zone 5 project in Botswana starting in H2 FY20 and scope increases at Yaramoko, Siou and Mt Colin. Underground accounted for 64 per cent of Group revenue in FY20, up from 55 per cent of proforma revenue in FY19. By geography, 46 per cent of revenue was generated from Australia, 19 per cent from Ghana, and the balance from other locations. The outlook for Underground is positive.

The Investments ISG's performance was in line with FY19, with a modest reduction in revenue to \$138 million. Investments contributed six per cent of the Perenti Group's revenue in FY20, with BTP representing 73 per cent of Investments revenue.

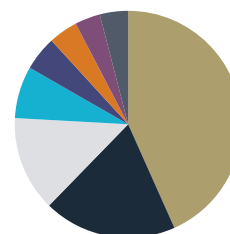
FY20 Group earnings were slightly lower than FY19, with underlying EBIT(A) of \$212 million compared to proforma FY19 EBIT(A) of \$217 million. We consider this to be a robust result given the challenges faced by the business in FY20, demonstrating the resilience of the business to external market factors.

At an ISG level, the underlying EBIT(A) of \$25 million and EBIT(A) margin of 4.2 per cent contributed by the Surface ISG for FY20 was lower than FY19 and below Perenti's targets. However, the success of initiatives to transform AMS and other initiatives implemented by the new Surface management team did start to achieve results during the year, as seen with second half FY20 EBIT(A) up 31 per cent over first half FY20 EBIT(A). The Surface business overhead costs were reset in FY20 to better match current work, but also to ensure the sustainability of the business model to support business growth. Our focus on improving Surface performance will continue until revenue and earnings margins return to levels acceptable to management.

The Underground ISG EBIT(A) increased largely in line with revenue, growing 19 per cent to \$196 million, with EBIT(A) margins maintained above 15 per cent. This was a strong result when considering new project ramp-up costs in the year and productivity impacts of COVID-19 in the fourth quarter, with earnings only slightly lower than FY19. Underground represented 80 per cent of overall Group EBIT(A) (excluding group services).

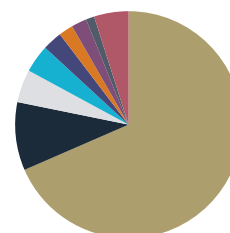
UNDERLYING RESULTS

Revenue



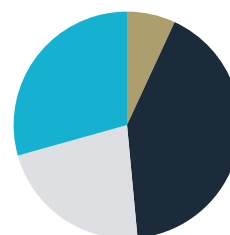
BY COUNTRY

Australia	44%
Ghana	19%
Burkina Faso	14%
Mali	7%
Tanzania	5%
Egypt	4%
Senegal	4%
Other	3%



BY COMMODITY

Gold	68%
Nickel	10%
Zinc	5%
Iron Ore	4%
Copper	3%
Manganese	2%
Thermal Coal	2%
Metallurgical Coal	1%
Other	5%



BY PROJECT

Top Project	7%
Top 2 - 10 Projects	42%
Top 11 - 20 Projects	22%
All others	29%

Underlying results

Our Investments ISG delivered an EBIT(A) result in line with FY19, with FY20 EBIT(A) of \$25 million reflecting the modest reduction in revenue being offset by margin improvement. The BTP business is the most significant component of the Investments ISG, representing 73 per cent of the ISG's revenue in FY20. In February 2020, Perenti advised that it was considering a potential divestment of BTP as part of its ongoing portfolio review under the 2025 Group strategy. In June, we advised that Perenti did not receive an acceptable binding offer, with COVID-19 impacting the process and commercial terms presented that did not represent value for Perenti shareholders. As such, we formally concluded the sale process, in line with our disciplined approach to M&A. The FY20 results demonstrate BTP's ongoing performance for its clients and Perenti is now focused on growing the business.

Other businesses in the Investments ISG include Well Control Solutions, whose exposure to Queensland's oil and gas market impacted fourth quarter results. The cost base has now been addressed to align with revenues. Supply Direct and Logistics Direct responded well to challenges presented by COVID-19 and, along with MinAnalytical, performed in line with expectations. The opportunity presented by MinAnalytical's PhotonAssay technology is of particular interest moving into FY21.

CASH AND BALANCE SHEET

The services we offer in the Underground, Surface and Investment ISGs are capital intensive. Thus, it is imperative for the Group that we manage and allocate capital efficiently. Equally, we must convert earnings into cash. Therefore, we will maintain our discipline on efficient capital and working capital management and allocation as well as EBITDA cash flow conversion to further enhance returns to our shareholders while providing excellent operational performance for our clients.

The Group's return on average capital employed (ROACE), a key metric for determining our success in capital allocation, for the year was 16.6 per cent, based on underlying EBIT(A). As with the EBIT(A) contributions, the drivers of the Group ROACE were the delivery of a very strong result from the Underground ISG coupled with a solid result from the Investments ISG, then offset by the underperformance of the Surface ISG. A key and ongoing focus for management is to improve return on capital from our Surface ISG and inroads are being made to effect this change.

ROACE for FY20 also reflects the non-cash impairment of \$59.6 million presented in the statutory accounts, incorporating a reassessment of the recoverable value of the assets located at the Boungou site in Burkina Faso, Power Solutions Africa and assets and inventory held by BTP.

Cash flow conversion, which we measure as the conversion of EBITDA to cash inflow to the Group, was 96 per cent for the year, driven by a significant improvement in second half FY20 from 68 per cent reported in the first half of FY20 and resulting in stronger cash flow conversion in FY20 over FY19. The improved result reflects management's continued focus on cash-backed earnings and working capital management under the 2025 Group strategy. This involves ensuring we get paid on time, that inventory levels are carefully managed, and that creditors are paid on appropriate terms. Of note, Perenti was able to increase cash repatriation from Africa. We will continue to focus on both the management of receivables and inventory levels across the Group, as we still believe there is room for working capital improvement.

As a result of our focus on working capital management, Perenti delivered a strong cash flow generation before shareholder returns of \$135 million in FY20, representing a cash flow yield of 16.6 per cent*.

The Group ended FY20 with \$328 million of cash as at 30 June 2020. Perenti's cash balance increased throughout FY20, standing at \$244 million on 31 December 2019 and \$224 million on 30 June 2019. Debt rose marginally to \$884 million from \$873 million on 31 December 2019, largely due to foreign exchange movements on the US Dollar denominated Barmenco Notes. Perenti does have a significant US Dollar asset base that provides a natural hedge to the debt, with the Australian Dollar value of Perenti's asset base increasing with movements in foreign exchange, to offset an increase in debt.

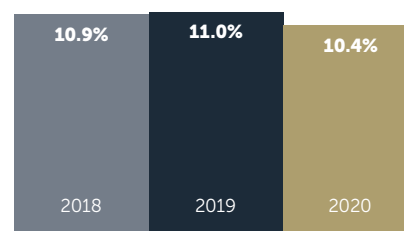
Perenti strengthened its balance sheet position in the year, with net debt (total debt less cash) reducing to \$556 million and net leverage (net debt to EBITDA) to 1.3x, from \$630 million and 1.4x respectively on 31 December 2019. Of note, Perenti has a strong tangible asset backing – as at 30 June 2020 Perenti had fixed assets of \$0.9 billion, growing to a total asset position of \$1.6 billion after including cash and working capital.

* Cash flow yield calculated as cash flow before shareholder return per share divided by the Perenti share price at market close on 30 June 2020.

UNDERLYING EBIT(A) MARGIN

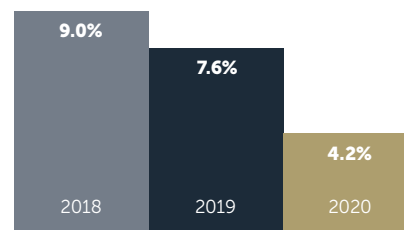
10.4%

GROUP



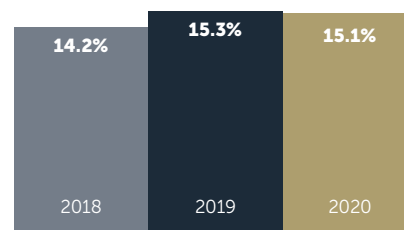
4.2%

SURFACE



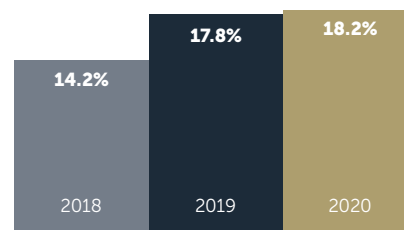
15.1%

UNDERGROUND



18.2%

INVESTMENTS



2018 and 2019 figures are proforma underlying figures which include 100% of Barmenco and AUMS for a full 12 months and exclude amortisation and any non-underlying items.

Underlying results

This is up from \$1.5 billion at 30 June 2019. Perenti's tangible assets include a large mobile fleet of 1,400 units comprising dozers, drills, loaders, trucks, excavators and other ancillary equipment, with an average utilisation of 82 per cent across the core mining fleet in FY20.

Capital and liquidity management was a primary focus of management under the 2025 Group strategy, in particular with Perenti seeking to further strengthen its liquidity position throughout the COVID-19 period. This includes Perenti securing additional debt funding by increasing the size of its revolving credit facility (RCF) by \$130 million, as announced on 15 June 2020. The increase was supported by members of the Group's existing \$400 million RCF, which matures on 1 July 2023, with new credit and covenant terms that are either consistent with, or more favourable, than those in the existing RCF. Perenti's liquidity position ensures the Group is well placed to withstand the ongoing economic challenges COVID-19 may present and provides the Company with greater flexibility to fund growth opportunities.

ONE-OFF ADJUSTMENTS

Several one-off adjustments impacted the results for the year, the net impact of which was positive \$82.8 million on the statutory net profit after tax. The one-off adjustments have been fully disclosed in the financial statements. The following commentary provides a high-level explanation of the rationale and drivers for the adjustments.

Transaction and one-off costs

During FY20, \$8 million of one-off costs were incurred by the Company, comprising:

- non-cash transaction cost amortisation in relation to the Barmenco acquisition which ended in August 2019
- transaction costs in relation to potential acquisitions and divestments reviewed in FY20.

Non-cash impairment

The statutory results include a non-cash impairment of \$59.6 million incorporating a reassessment of the recoverable value of the assets located at the Boungou site in Burkina Faso, Power Solutions Africa and assets and inventory held by BTP.

Boungou / Bissa project cessation one-off costs

The Company has normalised for net \$5 million of one-off costs incurred in relation to the cessation and rapid demobilisation of the Boungou and Bissa projects as a result of the terrorist event.

Profit on sale of Connector Drilling

The Company has removed the gain made on the sale of Connector Drilling in FY20 of \$2.4 million.

Net foreign exchange loss

The Company has adjusted for the net realised and unrealised foreign exchange loss of \$3.3 million to provide a more accurate comparison of the underlying financial results for the year ending 30 June 2020.

Amortisation of intangibles

As a result of the acquisition of Barmenco, the Company booked intangible assets relating to customer contracts and relationships, this intangible asset is amortised effectively over the term of the contracts to which it relates. Amortisation in FY20 totalled \$38.6 million.

Taxation benefit

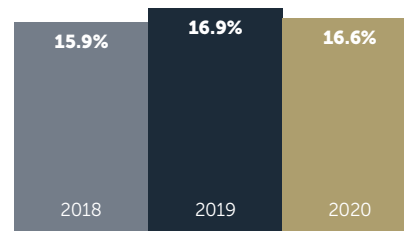
The net tax effect of all the one-off adjustments noted above being \$25.6 million.

Minority profits

Minority interest adjustment in relation to the UMA joint venture with Rocksure, \$3.7 million.

ROACE

16.6%

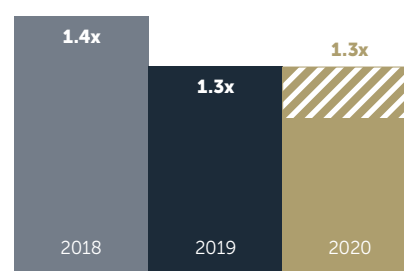


2018 and 2019 figures are proforma underlying figures which include 100% of Barmenco and AUMS for a full 12 months and exclude amortisation and any non-underlying items.

NET LEVERAGE

1.3x

AASB16 Leases



Net Leverage at 1.3x (1.2x excluding \$57.9 million operating leases recognised as right of use liabilities as part of AASB16 Leases).



As someone who works with remote technology for underground operations, enabling tomorrow means working with and advancing technology to help us work safer and more efficiently.

BRENTON RYKE
Remote Bogger Operator –
Barmenco



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Business and risks

BUSINESS AND SUSTAINABILITY RISKS

The Group's operations are diverse with exposure to multiple geographies and markets. As a result, its operations are impacted by both global and local factors and it is exposed to a range of market, financial, operational, and socio-political risks that could have an adverse effect on the Group's future financial prospects. These factors may arise individually, simultaneously or in combination. Key risks, including those arising due to externalities such as the economic, natural and social operating environments, are set out below, together with the Group's approach to managing those risks.

The risks identified describe certain factors and trends that have the potential to have a material adverse impact on the financial condition and results of operations. The factors are not necessarily listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with the Group's business. Additional risks and uncertainties not presently known to management, or that management currently consider to be immaterial or manageable, may adversely affect the Group's business.

The Group has a consistent, proactive approach to risk management across operations globally aligned with

ISO 31000, as well as the ASX Principles and Recommendations. The Group's commitment to strong governance extends through to the approach taken to risk management systems and controls and the recent establishment of an internal audit function.

For further information on the Group's risk management framework, refer to our Corporate Governance Statement at perentigroup.com.

CONTEXT	RISK	MANAGEMENT APPROACH
Communicable disease outbreaks, including COVID-19		
Our operations expose us to risks associated with communicable disease outbreaks and other public health emergencies, such as the recent outbreak of COVID-19.	<ul style="list-style-type: none"> The outbreak of communicable diseases around the world may lead to interruptions in operations, closures at mine sites, inability to source supplies or consumables, higher volatility in the global capital and commodity markets, adverse impacts on investment sentiment and economies, and lower demand for commodities, which may materially and adversely affect the Group's business, financial condition and results of operations. In addition, such outbreaks may result in lockdowns, quarantines, restrictions on travel and public transport. The curtailment of all travel could significantly impair the Group's ability to manage its businesses effectively, respond to emergencies, and continue operations. The COVID-19 pandemic has had many of these impacts and may continue to do so in the future. The Group's business is also dependent on the continued health and productivity of its employees and throughout the COVID-19 period the Group has incurred and will continue to incur additional costs to ensure it complies with all applicable health and safety regulations at each location in which it operates. There is no guarantee that the Group's efforts to address the adverse impacts of COVID-19 will continue to be effective. It is possible that governments could shut down all operating work sites within a particular jurisdiction, even without a positive case of COVID-19. A continuation or escalation of the COVID-19 pandemic could also materially affect demand for the saleable material produced at clients' mines, which could affect the Group's overall operations and operating results. 	<ul style="list-style-type: none"> The Group's key priorities on COVID-19 are for the Company to play its role in limiting the spread of the virus, protecting the health and safety of its people, delivering value for its clients and stakeholders, and ensuring the Group is implementing appropriate strategies and actions to place the Group in the strongest possible financial position in this ever-changing environment. The Group has established a COVID-19 taskforce to manage the situation, consider potential impacts, and implement risk mitigation strategies. The Group works closely with key stakeholders to ensure operations continue effectively within COVID-19 protocols, including practicing social distancing and additional hygiene measures. The Group provides clear guidelines to its employees and contractors on actions to take to minimise the potential for infection and enforces the relevant quarantine guidelines in the countries in which it operates. The Group undertakes extensive planning to facilitate the mobility of its international and regional expatriate workforce as the Company manages international flight cancellations and COVID-19 travel restrictions. Capital and liquidity management has been a primary focus of management under the 2025 Group strategy, with the Group further strengthening its liquidity position throughout the COVID-19 period. This includes the Group securing additional debt funding by increasing the size of its revolving credit facility by \$130 million, as announced on 15 June 2020.

Business and risks

CONTEXT	RISK	MANAGEMENT APPROACH
Mining industry risks and competition		
Level of new mining services contracts and contract renewals		
<p>In the mining industry, most contracts can be terminated for convenience by the client at short notice and without penalty, although this is not a common occurrence. When contracts are so terminated the client pays for all work completed to date, unused material and, in most cases, demobilisation from the sites and redundancies.</p>	<ul style="list-style-type: none"> Contracts are at risk of termination or non-renewal due to the client having no further need for the service, such as when the mine has reached the end of its planned life, or the operator ceases production because changes in the underlying commodity price or mining costs have rendered continued production from the mine uneconomic. Contracts are also at risk of termination or non-renewal as a result of competition if the client seeks to use an alternative mining services provider to provide the service, or if the client decides to bring the contracted services in-house. 	<ul style="list-style-type: none"> The Group has historically had a strong record of completing contracts to term and securing contract extensions. The Group is selective in the contracts that it enters into to allow for options to extend where possible to maximise the contract period and the return on capital. The Group focuses on ensuring execution of work to a high standard and improving its operation to increase its value proposition to clients. Application of the Group tender work procurement and approval processes maximises the likelihood of securing quality work with commensurate returns for the risks taken. The Group maintains a work portfolio diversified by geography, market, activity and client to mitigate the impact of emerging trends and market volatility.
Production levels at clients' mines		
<p>The Group's activity levels and results are dependent on production levels at clients' mines. Mining services provided in relation to the production phase (including development and rehabilitation work) of a mine represent a large part of revenue. Revenues are associated with, and influenced, by long-term decisions of mine owners to continue producing at their current levels or to expand production at new or existing mines.</p>	<ul style="list-style-type: none"> Mining services revenues are linked to the volume of materials moved or drilled and not to the short-term price of the underlying commodity or short-term fluctuations in the profitability of the underlying mines. A downturn in expenditure in the mining sector typically impacts existing production projects last, with areas such as exploration and infrastructure construction services typically cut first. 	<ul style="list-style-type: none"> The Group derives most revenues from mines which are already in production. The Group has limited its exposure to the exploration activities market which has been volatile as the level of activity is generally linked to market sentiment surrounding the outlook for commodity prices and also the ability of smaller junior mining companies to fund such activities from capital which is often raised in the equity markets. The Group focuses on providing services to large lower-cost producers which are not subject to the same production risk as higher-cost operations.
New technology		
<p>The rate of technological improvements in the mining industry is increasing as is the potential for the introduction of new competing technologies by competitors or other third parties, or the threat that they may do so.</p>	<ul style="list-style-type: none"> The Group must stay current with technological trends in the mining industry in order to remain responsive to the technological expectations and needs of clients and maintain its competitiveness. Acquiring and introducing innovative solutions and technologies can be time consuming, costly and complex. Delays in completing the development and implementation of technological innovations could cause revenues to decline and delay reductions in costs. 	<ul style="list-style-type: none"> To successfully develop and implement new or current technologies on a timely basis, the Group focuses on understanding clients' needs and the potential technological solutions for such needs, identifying emerging technological trends and responding promptly to technological changes by competitors. The Group is focused on becoming a leader in this area. It is focused on building its technological capability and intends to work with equipment suppliers and innovation specialists to adopt and implement new technologies.
Climate change		
<p>The regulation (and associated pricing) of greenhouse gasses is increasing globally. As a result, 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).</p>	<ul style="list-style-type: none"> Physical climate change effects that have the potential to impact the Group 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. The Group is also at risk of reputational damage if key external stakeholders perceive that management are not adequately responding to the threat of climate change. The Group may be exposed to liability for increased costs related to climate-related risks under its contracts with clients. 	<p>The Group's Environmental Policy provides the corporate framework for managing environmental risk and monitoring and reporting against environmental obligations.</p> <ul style="list-style-type: none"> Should an incident occur, emergency response plans will be enacted. The Group has calculated and disclosed its scope 1 and 2 greenhouse gas emissions and energy usage as part of the Sustainability Report included in this Annual Report. The Group is committed to: <ul style="list-style-type: none"> identifying strategies for improving energy efficiency and reducing greenhouse gas emissions across the Group. accessing climate change related risks and opportunities. developing a climate change plan, which considers the Taskforce on Climate-Related Financial Disclosure recommendations. <p>The Group limits its exposure to liability for increased costs relating to climate related risks under its contracts with clients.</p>

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Business and risks

CONTEXT	RISK	MANAGEMENT APPROACH
Instability and security risks in some jurisdictions we operate in		
Some of the African jurisdictions within which the Group operates are subject to heightened business risks including health risks, political instability, nationalisation and localisation policies, war or civil disturbance, terrorism, abduction, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks, legal and taxation risks, risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries, workforce instability, harsh environmental conditions and remote locations.	<ul style="list-style-type: none"> Changes in regulation in overseas jurisdictions, including changes in the way regulations are managed and enforced, have the potential to impact the Group's performance (for example, if the Group is unable to comply with new legislation, or if new regulation leads to significantly higher royalties and taxes). Specific jurisdictional risks including health risks, political instability, nationalisation and localisation policies, war or civil disturbance, terrorism, abduction could negatively impact the Group. 	<ul style="list-style-type: none"> Board approval is required to enter a new jurisdiction. The Company ensures that it has a comprehensive understanding of the overseas jurisdiction (including the social, political and regulatory environment) before entering it. Management monitors the Group's current and potential geographies, industries, activities and competitors on an ongoing basis. The Group employs a Group Manager – Security and Emergency with regular reporting on security matters. There is ongoing communication with the businesses and reporting on operations and developments in all jurisdictions in which the Group operates. The Group limits its risks contractually such as requiring the right to terminate the contract in cases of significant deterioration in the security environment or where the Group is unable to obtain competitively priced political risk insurance in certain jurisdictions.
Foreign exchange risk		
The Group denominates its consolidated financial statements in Australian dollars. Broadly speaking, the Australian operations are Australian dollar denominated and the African operations are U.S. dollar denominated.	<ul style="list-style-type: none"> The Group is exposed to fluctuations in the value of the Australian dollar against other currencies, as the Group's consolidated financial results are reported in Australian dollars. If the Group generates sales or earnings or has 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 net assets. 	<ul style="list-style-type: none"> The Group uses a natural hedge through its U.S. dollar denominated overseas contracts. The Group ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with financial liabilities and vice versa. The Group does not engage in any speculative trading activities.
Labour costs and availability		
Labour represents a significant portion of operating expenses. In order to compete for work and to service clients, the Group needs to be able to continue to attract and retain skilled employees.	<ul style="list-style-type: none"> The Group is exposed to increased labour costs in markets where the demand for labour is strong. Changes to labour laws and regulations may limit productivity and increase costs of labour. If implemented and enforced, these types of changes to labour laws and regulations could adversely impact revenues and, if costs increase or productivity declines, operating margins. 	<ul style="list-style-type: none"> The Group's labour costs are typically protected by rise and fall mechanisms within client contracts, which mitigate the impact of rising labour costs. In Australia, wage labour costs are typically governed by agreed enterprise agreements, which set out agreed wage increases within defined periods of time. The Group has an apprenticeship program and focuses on training and development of its employees.
Industrial Relations		
Industrial relations issues may be faced in connection with employees and the employees of suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints and claims of unfair practices or other industrial or union activity.	Any such activity could cause production delays, increased labour costs and adversely impact the ability to fulfil existing contracts or win new contracts. As a result, operating results may be materially adversely affected.	The Group's workforces are regulated by common law contract arrangements, awards, enterprise bargaining agreements, and local national workforce legislation. The Group liaises with stakeholders regularly to minimise the impact of any industrial relations activity.
Health and safety risk		
The Group's operations are subject to many hazards inherent in the mining services industry. Some of its activities, in particular drill and blast services and underground mining services, are by their nature among the higher risk activities undertaken at a mine site.	Even though the Group's commitment to health and safety is one of its core business objectives, and there is a focus on improving health and safety performance including fatality prevention and reducing the All Injury Frequency Rate (AIFR), it is possible that the Group may experience accidents (including fatalities) in the future, causing the Group's health and safety record to deteriorate.	<ul style="list-style-type: none"> The Group is committed to providing safe and healthy working conditions for its employees, contractors and visitors. The Group supports a safety conscious culture and provides appropriate training, supervision and resources which promotes and embeds safe operating practices throughout the Group. The Group has established HSE management systems consistent with international standards and is in the process of developing a Pandemic Plan in conjunction with leading medical and travel security organisations. The Group seeks to continually improve its HSE management systems to eliminate hazards and minimise health and safety risks. The Group's Safety and Health Policy, Health, Safety and Environment Management System and its Critical Risk Standards and verification processes provide the corporate framework for managing health and safety risks. The Group recognises the importance of leadership training and development to support a mature culture which includes specific programs in relation to safety.

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**SUSTAINABILITY
REPORT
2020**

Sustainability Report



Our company tagline - Expect More - captures what sustainability means to us. At Perenti, we recognise that societal expectations, and therefore those of financial markets, governments, clients and communities, frame the boundaries in which we and the rest of the mining industry operates.

For Perenti, demonstrating our genuine commitment to social, environmental, ethical and economic matters is essential if we are to achieve our aspiration to be the indispensable mining services company and to fulfil our purpose of creating enduring value and certainty.

Perenti aims to become a leader in sustainability and realise value by:

No shortcuts – never compromising our ethics, health and safety standards and our commitment to human rights.

Never wasteful – caring for the environment and actively seeking ways to reduce our footprint.

Smarter together – working as one team and focussing on the issues that matter to our people.

Walk in their shoes – actively listening to our clients and host communities, seeking to create local jobs and opportunities that deliver local benefit.

Enable tomorrow – through living our principles and integrating sustainability within our organisation and operations.

Our sustainability framework and this report are structured around our principles. They are meaningful to our employees, actively supported by our leaders and cover a broad suite of sustainability issues that are relevant to the business. Each of the principles are interconnected and self-supporting, rather than being standalone. Therefore, while sustainability areas of focus have been allocated to a single principle, they have relevance to each of the other principles as well.

OUR SUSTAINABILITY FRAMEWORK

 NO SHORTCUTS	 NEVER WASTEFUL	 SMARTER TOGETHER	 WALK IN THEIR SHOES	 ENABLE TOMORROW
Ethics & Governance, Human Rights, Health & Safety	Environment	Our People	Our Clients and Local Communities	Living our Principles
<p>We never compromise our standards and always respect and protect human rights.</p> <p>We continue to raise the bar in safety, performance and transparency.</p> <p>Everyone is empowered to speak-up if something is not right.</p> <p>We act when we see a hazard and always have each other's back.</p>	<p>We care about the environment and actively seek ways to reduce our environmental footprint.</p> <p>We acknowledge the urgency to act on climate change and are committed to play our part.</p> <p>We operate as efficiently as possible, striving to reduce greenhouse gas emissions, energy and water use and waste where possible.</p>	<p>We work together as one team.</p> <p>We listen and prioritise our focus on the issues that matter to our people.</p> <p>We value employee wellbeing, inclusion and diversity and the benefits they bring.</p> <p>We aspire to grow our own leaders by encouraging and supporting people achieve their best.</p> <p>We are smarter together and safer together.</p>	<p>We acknowledge and respect that we are guests in the communities we work.</p> <p>We listen and genuinely engage with our clients and local communities to understand the issues that matter.</p> <p>We strive to create local jobs and where possible use local goods and services.</p> <p>We aim to support programs that benefit local people.</p>	<p>We recognise and celebrate our people that live our principles.</p> <p>We actively embrace change, enabling new technologies and smarter ways of working.</p> <p>We manage both the urgent and important.</p> <p>We integrate sustainability considerations into business processes and our operations.</p>

Sustainability Report



As a recently integrated group of companies, we are relatively early in our sustainability journey with this being our first external sustainability report. We are committed to improving our sustainability performance and disclosure in future years and driving sustainability initiatives across our businesses.



**Smarter Together
Safer Together**

STRUCTURE AND SCOPE OF THE REPORT

This report is for the 2020 financial year and it covers Perenti and its Industry Sector Group's (ISGs):

 Surface Mining	African Mining Services, Ausdrill
 Underground Mining	Barmenco, African Underground Mining Services
 Investments	BTP, MinAnalytical, Supply Direct, Logistics Direct, Well Control Solutions

The report is structured around Perenti's sustainability framework, with the associated performance metrics aligned with the Global Reporting Initiative (GRI) and other recognised industry and international reporting standards.

The intention is to report against additional performance metrics over the coming years. Case examples from across our ISGs and our geographic footprint are used to illustrate our sustainability approach in practice.

MATERIAL ISSUES

To ensure Perenti's sustainability framework and reporting is holistic and robust, an internal analysis was undertaken in the 2020 financial year of our sustainability related risks. Priority issues were identified through conducting interviews with relevant functional heads, review of the Perenti material risk register, investor information requests, analysis of client and competitor disclosures and external expertise.

In future years we plan to undertake materiality assessments involving internal and external stakeholders.

SUMMARY OF OUR PERFORMANCE

	Metric	2020	2019
No shortcuts			
Ethics and governance			
Compliance with Code of Conduct	# breaches	0	1
Compliance with Continuous Disclosure	# breaches	0	0
Safety and health			
Total Fatalities	#	1	0
Lost Time Injury Frequency Rate (LTIFR)	# incidents per million hrs worked	0.3 (0.30)	0.3 (0.25)
Total Recordable Injury Frequency Rate (TRIFR)	# incidents per million hrs worked	4.9	4.5
All Injury Frequency Rate (AIFR)	# incidents per million hrs worked	26.2	27.0
Fines and Prosecutions	#	0	0
Never wasteful			
Environment			
Greenhouse gas emissions – scope 1	tonnes CO2-e	6,456	-
Greenhouse gas emissions – scope 2	tonnes CO2-e	5,546	-
Energy consumed	gigajoules	125,424	-
Total significant environmental incidents	#	0	0
Fines and prosecutions	#	0	0
Smarter together			
Our People			
Total workforce	#	7,729	8,270
Employees by region:			
• Australia	%	37.1	32.4
• Africa	%	62.7	65.8
• United Kingdom	%	<1.0	<1.0
• Asia	%	0	1.8
• North America	%	<1.0	0
Total Voluntary Turnover Rate	%	14.7	20.3
Females on the Board	# / %	2 / 29	1 / 14
Females in senior management	%	16.2	11.1
Females in the workforce	%	8.6	7.4
Local participation in international workforce	%	88.2	90.0

Sustainability Report

★ NO SHORTCUTS

Ethics and governance

Perenti is committed to the highest standards of corporate governance. The Board has established a governance framework consistent with the ASX Corporate Governance Council's Governance Principles and Recommendations. We value integrity, ethical behaviour, accountability, transparency, and respect for others. We believe that these are essential for the long-term performance and sustainability of the business and to protect and enhance the interests of shareholders and other stakeholders. The Group Executive and Senior Management have key performance indicators that include the health and wellbeing of our people as well as embedding the Perenti principles that underpin workplace behaviour.

Code of Conduct

Perenti's commitment to good corporate governance and responsible business practice is outlined within our Code of Conduct, which was approved by the Board in January 2020. The code, which is underpinned by our principles, sets out the standards of behaviour expected of our directors, employees, consultants, contractors and suppliers. The standards of behaviour are further detailed in our Code of Conduct booklet which is provided to all employees and is made available on the Company's intranet and website.

In FY21 a revised training module covering the Code of Conduct is to be launched for all employees with expectations that refresher training is completed a minimum of every two years.

Supporting a culture that 'Speaks Up'

Individuals are encouraged to report without reprisal any concerns about wrongdoing and unethical practices. Our Speak Up Policy, approved by the Board in December 2019, sets out the expectations that all employees have a responsibility to help detect, prevent and report immediately instances of misconduct. Individuals have several options available to them to disclose concerns anonymously and confidentially including an independently managed ethics line called 'FairCall'. In the 2020 financial year no material breaches of the Code of Conduct were reported.

In FY21, we will be customising the Speak Up Policy and Speak Up Standard for all overseas jurisdictions in which Perenti operates.

Anti-bribery and anti-corruption

Honesty and integrity are integral to our principles and the way we conduct business. In January 2020, the Board approved the Anti-Bribery and Anti-Corruption Policy and Standard, which among other things, explicitly prohibits political donations and facilitation payments regardless if it is legal in a country to do so and requires employees to declare offers of gifts and hospitality.

Our anti-bribery and anti-corruption standards and expectations are addressed in our employee induction program, with associated provisions included within Group supplier agreements and master goods and service contracts. Employees are encouraged to raise any concerns with their manager or through our FairCall service.

In FY21 we will:

- ✓ Deliver tailored anti-corruption and anti-bribery training to high risk roles across the Group.

Cyber and information security

We recognise that the potential for cyber-attack and loss, misuse or release of critical information is a real risk for the organisation. Perenti's Chief Information Officer has overall responsibility for information management and cyber security including the communication of progress on related controls to the Board. We have a dedicated work program and budget for cyber and information security, with employees receiving regular communications on what they should do to manage potential threats. In FY20 we engaged a third party to undertake a security assessment of critical business-related information against relevant external standards to help inform priority areas for investment.

In FY21 we will:

- ✓ Finalise an information management security framework and a three-year cybersecurity plan
- ✓ Develop and roll-out a data protection standard for the Group
- ✓ Undertake a cybersecurity incident training response exercise.

Timely and transparent disclosures

We are committed to providing our shareholders and the market with full and timely information about our activities

in compliance with our continuous disclosure obligations. In January 2020, the Board approved our Market Disclosure and Communication Policy. Our Disclosure Committee is chaired by the Group General Counsel and provides updates to the Board as required. In the last financial year, we made 123 announcements and disclosures via the ASX with no breaches of continuous disclosure.

Industry association membership

Perenti, or its operating businesses, is a member of peak industry bodies and organisations including:

- Australia-Africa Minerals & Energy Group (AAMEG)
- Association of Mining and Exploration Companies (AMEC)
- Chamber of Minerals and Energy of Western Australia (CMEWA)
- Gold Industry Group
- Ghana Chamber of Mines.

These organisations provide Perenti with the opportunity to network as well as to influence sustainability policies and standards across the industry. Membership of these organisations is signed off by the responsible Chief Executive Officer of the ISG with engagement consistent with our Code of Conduct.



WALK IN THEIR SHOES

We work for a range of clients that have varying needs. For me, walk in their shoes means understanding what problems our clients have and how we can apply innovation or technology to solve those problems providing them with a solution that best meets their needs.

CLINT RICETTI
Innovation and Technology Manager – Ausdrill



Sustainability Report

Human rights and modern slavery

Respect for human rights is an important baseline expectation for all businesses. We acknowledge that the nature of the mining industry means companies in the sector are particularly exposed to human rights related risks. We are committed to always respecting and protecting human rights, including those relating to just, safe and fair conditions of work; right to health; right to life and security of person; and freedom of association, freedom from slavery, forced and child labour. The expectations of our employees relating to human rights are set out within our Code of Conduct.

Security

Perenti is committed to ensuring that we are prepared to prevent, respond and recover from security risks which may impact our people, the environment, assets, business operations or reputation consistent with the Voluntary Principles on Security and Human Rights.

The Group has adopted an intelligence led (acquired and predictive) risk-based approach to security planning and management. This approach includes undertaking an assessment of security related risks prior to entering a new country as part of the contract tender review process. In FY20, Group and Operational level Security Management Standards and a suite of supporting guidelines and tools were developed and implemented across the Group.

Following the tragic security incident that occurred close to the Boungou mine site in Burkina Faso on 6 November 2019, and as discussed in the Chairman's and Managing Director's reports (pages 4 and 6), Perenti ceased operations in Burkina Faso's higher risk locations.

Modern slavery

In line with the *Modern Slavery Act 2018* (Commonwealth) requirements, Perenti will be submitting to the Minister for Home Affairs a 'modern slavery statement' that will set out our actions to assess and address modern slavery risks in our global operations and supply chains.

Our future focus

In FY21 we will:

- ✓ Publicly disclose our policy commitment to human rights including publishing our Modern Slavery Statement online
- ✓ Identify significant human rights related risks across the business
- ✓ Further strengthen the security, emergency, and crisis management capability for the Group through the development/ review of ISG Emergency Management Plans and the roll out of associated training
- ✓ Ensure human rights related provisions within contracts and service agreements are applied consistently across the Group.

Safety and health

At Perenti, the health and safety of our people is central to everything we do. We believe that every person should be able to work and go home safe and healthy, and that no one should be harmed in any way while undertaking work for the Group. Our five-year strategic plan for health and safety further defines the areas of focus including: management system implementation and assurance; critical risk management; developing a leader-led culture for safety; health and wellness, and; health, safety and environment data systems and reporting.

Health, Safety and Environment (HSE) Management System

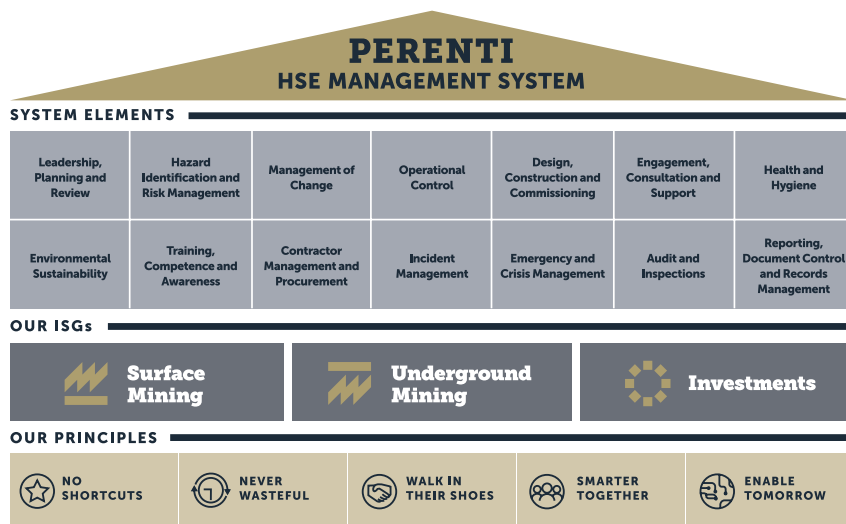
Launched in June 2020, Perenti's HSE Management System was developed collaboratively with all areas of the business. While each operating business has its own underlying systems and processes, our overarching management system provides a consistent approach to managing health and safety across the Group. The management system is comprised of 14 elements as shown in the figure below. Our African Underground Mining Services, Barmenco, Ausdrill, BTP, MinAnalytical and WCS safety management systems are certified to recognised Australian or international standards.

In FY21, we commit to the following actions to support the implementation of the HSE Management System across the Group:

- Establishment and commencement of the implementation of an assurance framework
- Development of a safety leadership program structured to support the culture and behaviours critical to achieving our safety related goals.

Critical Risk Management Program

Critical risks are where there is the potential for loss of life or a life-changing injury to occur. A critical risk management approach focuses on the controls that are most critical to prevent fatal and catastrophic events. In the financial year 2020, we launched the Perenti Critical Risk Management Program which is consistent with recognised international and industry approaches including the International Council of Mining and Metals (ICMM) guidance. Comprised of 12 Critical Risk Standards, the program consists of three levels of verification (systems, field, operator) to ensure its effective implementation.



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Sustainability Report

In FY21, we will improve the tools for frontline and senior leaders as well as operator and maintenance personnel to verify the presence and effectiveness of critical controls.

Tailings management

Perenti does not design, build, maintain or operate tailings dams for our clients. We recognise the potentially significant risk tailings storage facilities pose to the safety and health of people, infrastructure, and the environment, if not effectively managed and governed. We are also aware of the current and emerging leading practice standards and initiatives on tailings, such as those defined by the ICMM.

Mental health

We recognise the importance of the mental health and wellbeing for our workforce, the industry and the broader community.

Perenti supports the proactive management of mental wellbeing through:

- Providing our people access to an Employee Assistance Programs (EAP) which offers professional coaching, advice and support on managing their own wellbeing
- Organising mental health awareness campaigns and events at operations
- Engaging with the 'Working from Home; Working Alone' program,

which has been designed to address the specific challenges of working remotely or alone during COVID-19

- Conducting mental health risk assessments of our businesses and their operations.

COVID-19

Like most organisations throughout the world, the COVID-19 pandemic continues to affect the way we operate at Perenti. Early on Perenti recognised this risk and formed a COVID-19 taskforce focused on supporting employee health and wellbeing, workforce planning and people logistics, operational management and commercial resilience. We also continue to partner with our clients and support providers to ensure the health and wellbeing of our people is being carefully managed. Other initiatives we have deployed to help minimise the threat and impacts of COVID-19 include:

- Engaging our EAP provider to ensure additional assistance is available for those on rostered work
- Delivering targeted training for leaders and awareness programs for the workforce
- Establishing a dashboard to track, report and communicate complete case figures across all areas of Perenti so that leaders and employees can make informed decisions
- Regular employee briefings by senior leaders.

Our safety performance

Tragically, and as referred to in the Chairman's and Managing Director's Reports on pages 4 and 6, one of our extended Perenti family members, Justice Sarkodie, lost his life during a workplace incident at the Obuasi mine in Ghana on 10 June 2020. He is survived by his wife and four children. We are devastated by this incident. Any life-changing event or loss of life is one too many, with the number of people being killed in the mining industry globally remaining at similar levels for nearly two decades. This must change, and Perenti is committed to being part of the solution to ensure every person goes home safely every day. Within our strategy, Perenti is addressing this primarily through our focus on leadership and culture and implementing our Critical Risk Standards and Critical Risk Monitoring program.

The Total Recordable Injury Frequency Rate (TRIFR) increased during the past financial year from 4.5 injuries per million hours worked in FY19 to 4.9 in FY20. This is a disappointing result against a target TRIFR of 4.1 and reinforces Perenti's drive to progressing our safety improvement strategy. The Lost Time Injury Frequency Rate (LTIFR) also increased from 0.25 per million hours worked in FY19 to 0.30 in FY20. Comparing regions, in FY20 the Australia region TRIFR was 10.3, and Africa 2.9. The LTIFR for the Australia region was 0.2 and Africa region was 0.4. The All Injury Frequency Rate (AIFR) improved from 27.0 per million hours worked in FY19 to 26.2 in FY20.

CASE STUDY

COVID-19 – "Act like you have it"

As a member of the BTP Western Australian Operations COVID-19 response team, Danny Greening volunteered to share his insights and experiences from working in Africa when the Ebola pandemic hit the continent. A memorable part of Danny's safety share across all BTP workshops was for everyone to "act like you have it" to help prevent the spread of the virus. This message combined with our focus on personal hygiene had an immediate and positive impact on the workplace to help support our COVID-19 response.



Sustainability Report

Perenti recognises that the existing lagging indicators for performance tell a limited aspect of the performance profile and risk not having visibility over all aspects of injury performance. Consequently, from FY21 onwards we are changing our internal measures to report not only on TRIFR but will also have targets for and report against the All Injury Frequency Rate (AIFR) which is a measure of all occupational injuries. This will enable increased visibility over the rates of injuries to employees, improved understanding of the causes of all injuries and importantly provide greater focus on learning lessons and implementing controls to prevent reoccurrence.

In FY21 we commit to:

- ✔ Establishing targets for All Injury Frequency Rates
- ✔ Developing appropriate lead indicators to measure across the business.

NEVER WASTEFUL

Environment

Perenti believes that the responsible management of the environment is not only essential for the longevity of our industry, but more importantly it is also the right thing to do for current and future generations.

We care about the environment and actively seek ways to reduce our environmental impact, including through investing in new technologies that enable us to operate more efficiently and generate lower emissions and waste. Similar to the Group-wide approach we have taken for health and safety over the past financial year, in FY21 we intend to develop an overarching plan for environmental management. This work will enable us to more holistically progress our focus on issues such as climate change, water and waste management and enable us to develop clear and appropriate commitments in these areas.

Environment Management System

As detailed on page 35 of this report, Perenti has an overarching HSE Management System which is aligned with the requirements of ISO 14001. Each ISG implements its own management system which is aligned with the Group approach. Further, our Ausdrill and Barmenco business have systems certified to ISO 14001.

In FY21 we will:

- ✔ Develop an overarching Group-wide plan for the environment that identifies priority actions to continuously improve our environmental performance.

Climate change

Climate change is one of the most significant challenges facing the world today, and as a mining services provider we acknowledge that we have an important role to play. While mining will be required to supply the minerals and metals critical for the low carbon technologies, we also recognise that the sector needs to decarbonise over time. Financial year 2020 marks our first disclosure of Scope 1 and 2 greenhouse gas emissions and energy usage for sites where we have operational control, as defined under Australian legislation. These sites are typically those that Perenti either owns or leases and includes our offices and workshops that are located outside of our client's mining leases. Our scope 1 greenhouse emissions are largely attributed to diesel use, while our scope 2 greenhouse gas emissions are attributable to purchased electricity.

In managing our climate-related risks and opportunities, in FY21 we will:

- ✔ Include climate change as an agenda item for discussion in senior executive leadership meetings and workshops
- ✔ Identify options to improve energy efficiency and reduce greenhouse gas emissions within the business
- ✔ Assess climate change related risks and opportunities over different time horizons.

CASE STUDY

Ausdrill's automatic sampling drill rig – towards eliminating manual handling risks

Ausdrill has developed and built a specialist auto sampler system for its iconic Rock Commander drill rig. In collaboration with our client BHP, the innovative system is in full-time operation at one of BHP's sites in the Pilbara. Used in combination with a partner's auto-tagging and locating technology, the machine enables a drill sample to be collected and bagged without manual handling. It allows a safer, more productive grade control outcome for the client. In recognition, the technological innovation was recently announced as a finalist for the BHP Minerals Australia HSEC award in the safety category.



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Sustainability Report

CASE STUDY

Electric vehicle trial success at IGO Limited's Nova mine

Barminco has undertaken a successful trial of an electric vehicle at the Nova underground project for IGO Limited in the WA Goldfields. Safescape's Bortana BELV (battery electric light vehicle) is designed specifically for underground use, and its capabilities impressed both companies. Replacing diesel vehicles with electric vehicles introduces improvements to safety, environment and efficiency when operating underground. Electric vehicles produce zero emissions (including greenhouse gases) and less heat, providing a safer and cleaner environment for our underground operators. It seems fitting that IGO Limited's Nova mine is one of the leading producers of high-quality battery grade nickel that will be used to create sustainable solutions such as the BELV in the future. We are proud to be involved in this innovative project and look forward to supporting the next developments for electric vehicles in underground mining.



Water

Water is a critical input for all mining operations as well as a valued resource for other water users in the regions in which Perenti operates. Access to and monitoring of water use is typically provided by Perenti's clients.

In recognition of water being a shared and precious resource, in FY21 we will:

- ✓ Undertake an assessment of water risk across all Perenti operations to identify areas of high-water risk
- ✓ For high water risk sites identify opportunities for water savings.

Environmental Incidents

Environmental incidents are classified 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.

In FY21 we will see a significant people focused agenda as we invest in growing our capability across the business.



SMARTER TOGETHER

Our People

Our people are the core of our business and we recognise that our performance and success is attributed to every member of our team. Over the past 12 months the organisation has embraced the Perenti principles as the guiding behaviours for all of our actions. We remain committed to making improvements with a focus on standardising expectations and programs across the Group that leverage leading practice within and external to the business. In FY21 we will see a significant people focused agenda as we invest in growing our capability across the business. This focus includes the introduction of a company-wide People Information and Data Management System.

Our Workforce

We employ more than 7,700 people on four continents across the globe, with 63 per cent and 37 per cent of the workforce being based in Africa and Australia respectively. The remainder of the workforce (<1 per cent) are based in the United Kingdom and North America. Further, almost 90 per cent of the workforce outside of Australia is comprised of local employees. Of our Australian workforce, greater than 70 per cent are covered by collective agreements. Perenti's operations in Africa provide employment through Collective Agreements or Common Law Agreements which are validated in accordance with the relevant labour conditions and market data.

Inclusion and Diversity

We recognise that a diverse, inclusive and talented workforce is key to our aspiration of becoming the indispensable mining services company. We are committed to developing a workplace culture where people with diverse backgrounds, experiences and perspectives are respected and valued for their unique contributions.

Some highlights during the past financial year which demonstrate our commitment to enhancing workplace inclusiveness and diversity include:

- Revising our Inclusion and Diversity Policy to better align the associated Ausdrill and Barminco policies under a standard Perenti policy
- Improved female representation on the Board (14 per cent to 29 per cent), and in senior management roles (11 per cent to 16 per cent) which included the appointment of a female to the Perenti Group Executive.
- Ongoing sponsorships as part of our commitment to increase awareness among women and girls that mining is an attractive and rewarding career path and to increase the opportunities for, and the number of, women participating in the industry.
- Celebrated the eighth year of our Ausdrill subsidiary's partnership with Australia's national women's hockey team, the Hockeyroos, which included a work experience program for their players.
- Partnered with the West Coast Eagles inaugural women's AFLW team through our Barminco business.

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Sustainability Report

Looking forward, in FY21 we commit to:

- ✔ Publish and support the implementation of a Paid Parental Leave Policy
- ✔ Roll out a Flexible Work Practice Standard across the Group.

Leadership and capability development

During the last financial year, a thorough review and assessment of our leadership talent pipeline was undertaken, which resulted in clear succession plans for executive and business critical roles. We also continued our focus on developing leaders for the future with an expanded rollout of the frontline leadership development program across the Group with 73 employees completing the program in the year.

This builds on the enviable training and development record Perenti has in Africa having trained more than 25,000 local citizens through our AMS, AUMS and Barminco businesses in our 30-year history, investing millions of dollars to upskill local workforces in the communities we operate in.

Perenti is leveraging technology in the development of our workforce. Using virtual reality and our state-of-the-art underground mine simulators in Western Australia and Botswana, we are able to recreate life-like scenarios for different

underground jobs in induction and training environments. In recognition of the Underground ISG's focus on upskilling employees Barminco was named Australia's Large Employer of the Year in the 2019 Australian Training Awards (see page 19).

In FY21 we will:

- ✔ Roll out a bespoke leadership development program across the Group
- ✔ Launch the leader's essential portal which is a technology enabled platform that gives our global leadership team access to both industry leading and Perenti specific leadership tools, frameworks and support
- ✔ Expand our leadership pipeline assessment process to focus on identification of high potential employees and their unique development opportunities.

Cultural Engagement

Perenti is committed to respecting the cultures, customs and norms of the communities and countries we operate in. We will continue to seek opportunities to strengthen our relationships with first nations and traditional custodians of the lands we operate on, to better understand and embrace their culture, norms and practices.

Some examples of this commitment include:

- Delivery of cultural awareness training to all employees mobilising to our new project Zone 5 in Botswana. This training provides employees with an insight into the significance of certain local customs and behaviours and supports their integration with the national workforce
- Barminco's Indigenous Engagement Plan that articulates the various levels of support we offer Aboriginal communities in Western Australia and Queensland, including employment opportunities, training and apprenticeships
- Continued funding of the Dandjoo Darbalung program, an initiative championed by Barminco along with IGO Limited and AngloGold Ashanti, that seeks to support Aboriginal students in succeeding with tertiary and undergraduate studies across all five universities in Western Australia.

Remuneration

In FY20 the Remuneration Committee evolved to the People and Remuneration Committee, with a revised charter to incorporate inclusion and diversity, leadership programs, succession planning, and culture. This change recognised the importance, commitment, and interest of the committee to understand a wider range of people related matters.

CASE STUDY

Implementing an innovative, chemical free metal assay process

Traditional fire assay processes for the analysis of gold and other precious metals have largely remained unchanged for hundreds of years. These processes require the use and disposal of lead, a potentially harmful material for people and the environment. Perenti's MinAnalytical business has partnered with Chrysos Corporation to install innovative PhotonAssay technology at our laboratories in Perth and Kalgoorlie. This technology enables gold samples to be processed free of chemicals and other toxic agents, eliminating exposure risks for technicians and the environment. In addition to the health, safety and environmental benefits of the PhotonAssay technology, deploying this technology has improved laboratory productivity, sample integrity and throughput rates.



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Sustainability Report

Perenti is committed to providing competitive remuneration to attract, retain and reward our people for their performance, their commitment to our principles and contribution towards our strategic growth plan. Following the Barmingo acquisition in FY19, a comprehensive review of Perenti's remuneration framework was undertaken. The review identified inconsistent remuneration practices across the business that did not align to a 'pay for performance' culture or position the company for future growth.

Since the implementation of the review outcomes, we have continued to mature our remuneration practices, to ensure we remain market competitive, attract and retain diverse talent, pay for performance, and have practices that are aligned to shareholder expectations. For example, we now undertake an annual gender pay gap review, the outcomes of which are reported to the People and Remuneration Committee of the Board. We have also taken steps to reduce any potential bias in setting remuneration by developing a framework that guides objective decision making by leaders.

In our African workforce, employees are remunerated based on classifications which are directly linked to verified skill, knowledge and experience. Rates offered are over and above the

minimum requirement set out by the countries labour laws. There are annual remuneration reviews to ensure remuneration is appropriate for the performance and role performed.



WALK IN THEIR SHOES

Our local communities

Operating in 11 countries, we are committed to establishing and maintaining lasting and positive relationships with the communities we work in. We respect that we are guests in these communities and we actively seek to understand and celebrate local cultures and customs. Perenti strives to purchase local goods and services and employ local people, with almost 90 per cent of the workforce outside of Australia being comprised of local employees. The state-of-the-art training centre recently built by Barmingo in Maun, Botswana, where we plan to train 500 local people to be an integral part of our operations, is another example of our commitment to training local citizens and leaving a lasting legacy in the communities we operate in. We also collaborate with each community to identify appropriate organisations to support. For example, In Ghana over the last five years AUIMS has contributed more than \$400,000 in community donations and support.

In FY21 we commit to disclosing our:

- ✓ Local spend (goods & services)
- ✓ Community donations and investments.

Other examples of community projects we supported across the Group over the past financial year are as follows.

Surface Mining

The AMS team at the Mako Mine in Senegal support a number of community focused projects and initiatives including Women's Day Celebrations, community sporting tournaments and theatrical groups.

Following a large storm that caused significant damage to local villages in the Yanfolila area in Mali, the team also funded local builders and labourers to reroof houses and remove scrap roofing material that was scattered throughout the villages.

Underground Mining

At Obuasi, UMA, the joint venture between AUMS and Ghanaian contracting company Rocksure International, together with our client AngloGold Ashanti, purchased and donated to the local hospital a new ICU ventilator, which is critical to saving lives during the COVID-19 pandemic. AUMS also procured and distributed safety

CASE STUDY

BTP apprentices

BTP is doing its part to boost the level of skilled workers in the industry with a successful heavy diesel upgrade program for apprentices.

Under the scheme, qualified light vehicle (LV) mechanics are taken on for a two-year apprenticeship to fully equip themselves with the skills to thrive as heavy duty mechanics in the mining industry. The upgrade program had a significant boost in the 2020 financial year, with a dedicated coordinator helping double the number of participants from seven on 30 June 2019 to 14 on 30 June 2020, among a group of almost 50 apprentices in total. Another five LV apprentices were due to begin early in the 2021 financial year. The program has a strong retention rate, partly because of the diverse range of opportunities it provides trainees to work across the industry in rebuilding engines, transmissions and components in our offices or in the field. BTP is pleased with the quality of the apprentices in the scheme and looks forward to seeing them remain with the Group and emerge as our future leaders.



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Sustainability Report

equipment such as sanitisers, gloves and masks for communities in Burkina Faso to support local people to tackle the pandemic.

Investments

The Investments business continue to support a number of community organisations and initiatives in the regions they operate including:

- BTP raised funds and participated in the charity Ride for Youth (Western Australia) to support programs focused on youth suicide and promoting mental wellbeing
- BTP sponsored the 2019 Mackay Relay for Life, benefitting the Cancer Council of Queensland, which in total raised over \$44,000
- Well Control Solutions sponsored 21 special needs and disadvantaged children in Queensland within the Closeburn and Golden Valley communities
- Supply Direct sponsored a number of local initiatives focused on supporting communities impacted by COVID-19.



ENABLE
TOMORROW



Understanding that resources are precious and limited, hence the need to plan effectively and operate efficiently without excess misuse and wastage.

STEPHANIE LAW
QC Chemist –
MinAnalytical



AUMS staff support the Burkina Faso community by distributing essential COVID-19 PPE supplies.



Ausdrill has continued its relationship with the Hockeyroos while also supporting a range of local community initiatives and groups in the regions in which we operate.



Barminto stepped up as a major sponsor of the West Coast Eagles women's team in their first year in the AFLW.

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Board of Directors

IAN COCHRANE
CHAIRMAN



MARK NORWELL
MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER



ALEXANDRA ATKINS
NON-EXECUTIVE DIRECTOR



ROBERT COLE
NON-EXECUTIVE DIRECTOR



ANDREA HALL
NON-EXECUTIVE DIRECTOR



MARK HINE
NON-EXECUTIVE DIRECTOR



TERRENCE STRAPP
NON-EXECUTIVE DIRECTOR



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Corporate directory

DIRECTORS

Ian Howard Cochrane
Chairman

Mark Alexander John Norwell
Managing Director and Chief Executive Officer

Terrence John Strapp

Robert James Cole

Alexandra Clare Atkins

Mark Andrew Hine

Andrea Hall

SECRETARY

Efstratios Vassilios Gregoriadis

CHIEF FINANCIAL OFFICER

Peter John Bryant

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 202 Pier Street
Perth Western Australia 6000
Australia

SHARE REGISTER

Link Market Services Limited
Level 12, QV1 Building, 250 St Georges Terrace
Perth Western Australia 6000

AUDITOR

PwC
Level 15, 125 St Georges Terrace
Perth Western Australia 6000

SOLICITORS

Johnson Winter & Slattery
Level 4, 167 St Georges Terrace
Perth Western Australia 6000

STOCK EXCHANGE LISTINGS

Perenti Global Limited shares are listed on the Australian Stock Exchange.
ASX CODE: **PRN**
Perenti Global Limited's subsidiary USD notes are listed on the Singapore Exchange (SGX).

OTHER INFORMATION

Perenti Global Limited
ABN 95 009 211 474
Incorporated and domiciled in Australia, is a publicly listed company limited by shares.

WEBSITE

perentigroup.com

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**FINANCIAL
REPORT
30 JUNE 2020**

These financial statements are consolidated financial statements for Perenti Global Limited and its subsidiaries. A list of major subsidiaries is included in note 14. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 24 August 2020. The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available on our website: perentigroup.com.

Directors' report

Your directors present their report on the consolidated entity (the "Group") consisting of Perenti Global Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2020.

DIRECTORS AND COMPANY SECRETARY

The following persons were directors of the Company during the financial year and up to the date of this report (unless indicated otherwise):

Ian Howard Cochrane (Chairman)

Mark Alexander John Norwell (Managing Director and Chief Executive Officer)

Terrence John Strapp

Mark Andrew Hine

Alexandra Clare Atkins

Robert James Cole

Andrea Hall (appointed 15 December 2019)

Keith Douglas Gordon (resigned 1 September 2019)

The Company Secretary is Efstratios Gregoriadis.

Mr Gregoriadis B.A., L.L.B., M.B.A joined the Company in February 2011 in the position of Group General Counsel / Company Secretary. Prior to joining the Company Mr Gregoriadis held the role of Group General Counsel / Company Secretary at Macmahon Holdings Limited, and has held various other positions as a lawyer in private legal practice.

DIVIDENDS - PERENTI GLOBAL LIMITED

Dividends paid/payable to members during the financial year were as follows:

	20	19
	\$'000	\$'000
Final ordinary fully franked dividend for the year ended 30 June 2019 of 3.5 cents (2018: 1.5 cents and 2.0 cents special dividend) per fully paid ordinary share paid on 23 October (18 October 2018).	24,019	18,629
Interim ordinary fully franked dividend for the year ended 30 June 2020 of 3.5 cents (2019: 3.5 cents) per fully paid share payable on 25 March 2020 (27 March 2019).*	24,024	23,973
	48,043	42,602

* On the 25 March 2020 Perenti deferred the payment of this dividend. On 21 April 2020 the Group reactivated its Dividend Reinvestment Plan (DRP) providing the opportunity for the shareholders to reinvest the 2020 interim dividend into shares in Perenti. The reactivation was part of the Group's response to the COVID-19 pandemic and its capital management policies. The payment of a portion of the cash dividend was made in July 2020.

On 24 August 2020, the directors determined a final ordinary dividend of 3.5 cents per share for the year ended 30 June 2020 (2019: 3.5 cents).

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Information on the principal activities, operations and financial position of the Group and its business strategies and prospects is set out in the operating and financial review on pages 2 to 30 of this annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2020.

Directors' report

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 24 August 2020, the directors determined the payment of a final ordinary dividend of \$24,553,000 (3.5 cents per fully paid share dividend to be paid on 3 November 2020 out of retained profits at the date of the dividend payment. The financial effect of this transaction has not been brought to account at 30 June 2020.

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 consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Additional comments on expected results of certain operations of the Group are included in this annual report in the operating and financial review on pages 2 to 30.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulations but is committed to reducing the impact of its operations on the environment. Our clients have obligations under environmental regulations. The Group complies with its contractual obligations in this regard.

Directors' report

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

Mr Ian Howard Cochrane

BCom, LLB.



Non-executive Chairman.

Age 66.

Experience and expertise

Mr Ian Howard Cochrane was appointed as a non-executive director and Deputy Chair on 23 November 2015. Subsequently, on 5 December 2017, Mr Cochrane was appointed as Chair of the Board.

Mr Cochrane holds degrees in Commerce and Law. He was educated in South Africa and immigrated to Australia in 1986. He practised law, specialising in Mergers and Acquisitions, in national law firms Corrs Chambers Westgarth and Mallesons Stephen Jaques until 2006 when he established (with Mr Michael Lishman) the boutique law firm, Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance in early 2011.

Mr Cochrane has had a long association with Perenti having provided the legal services when the Company first floated in 1994. He was regularly voted by his peers as being one of the leading M&A lawyers in Australia and retired from the practise of law in December 2013. He has not provided legal services to Perenti or any other entities since then.

Other current directorships

Non-executive director of Dacian Gold Limited from 2016.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of the Board.

Member of the Audit and Risk Committee.

Member of the People and Remuneration Committee.

Interests in shares and options

1,086,203 ordinary shares.

Mr Mark Alexander John Norwell

BE(Hons), MBA, MAICD



Managing Director and Chief Executive Officer. Age 44.

Experience and expertise

Mr Mark Norwell was appointed as Managing Director and Chief Executive Officer on 17 September 2018.

Mr Norwell is a highly experienced mining services executive. He was the Executive General Manager-Strategy & Growth at Thiess Pty Ltd, and a member of Thiess' executive leadership team until June 2018. Over a 20-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. He is also a member of the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Managing Director and Chief Executive Officer.

Interests in shares and options

50,000 ordinary shares.

1,217,269 LTI rights over ordinary shares, issued.

112,058 STI rights over ordinary shares issued.

Up to a maximum of 68,566 STI rights over ordinary shares granted, not yet issued at 30 June 2020.

Directors' report

INFORMATION ON DIRECTORS (CONTINUED)

Mr Terrence John Strapp
CPA, SF Fin., MAICD.



Non-executive director. Age 76.

Experience and expertise

Mr Terrence Strapp was appointed as a non executive director on 21 July 2005.

Mr Strapp has extensive experience in banking, finance and corporate risk management and has been actively involved in the mining industry for over 30 years. He is a Certified Practising Accountant (CPA), a Senior Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

Non-executive director of GR Engineering Limited from 2011 to 2018.

Special responsibilities

Chairman of the Audit and Risk Committee until 1 October 2019.
Member of the Audit and Risk Committee.

Interests in shares and options

579,375 ordinary shares.

Mr Mark Andrew Hine
MAICD, MAusIMM.



Non-executive director. Age 62.

Experience and expertise

Mr Mark Hine was appointed as a non-executive director on 24 February 2015.

Mr Hine is a mining engineer. He graduated from the Western Australia School of Mines and is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy. He has extensive mining experience with over 25 years of senior management roles in both surface and underground mining operations.

Mr Hine is currently the Chief Operating Officer at Griffin Mining Ltd, having previously held senior positions in the mining industry as Chief Operating Officer at Focus Minerals Ltd, Chief Operating Officer at Golden West Resources Ltd, Executive General Manager Mining at Macmahon Contractors Pty Ltd, Chief Executive Officer at Queensland Industrial Minerals Ltd, General Manager at Consolidated Rutile Ltd and General Manager Pasmaenco, Broken Hill / Elura Mines.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of the People and Remuneration Committee

Interests in shares and options

121,771 ordinary shares.

Directors' report

INFORMATION ON DIRECTORS (CONTINUED)

Ms Alexandra Clare Atkins

BE (Mineral Exploration & Mining Geology) Hon BE(Mining)
MBA (Finance) FIEAust CPEng
EngExec NER APEC Engineer
IntPE(Aus) FAusIMM(CP) GAICD



Non-executive director. Age 52.

Experience and expertise

Ms Alex Atkins was appointed as a non-executive director on 14 July 2018.

Ms Atkins is also a non-executive director of International Women in Mining (based in London) and a former director of The Australasian Institute of Mining and Metallurgy. Alex has over 25 years' multi-disciplinary, multi-commodity experience through the full mining value chain across Australia and Papua New Guinea in roles that find, design and run mines, regulate mines and in the Big4's.

Ms Atkins's 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). Alex's 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, which is focused on conformance (board assurance of technical and operational risk, mine approvals and compliance) and performance (digital transformation of mining).

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. Alex 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 Influential Women In Mining (WIMUK) and was inducted into the Western Australia Women's Hall of Fame in 2019.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of the People and Remuneration Committee.

Interests in shares and options

32,300 ordinary shares.

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Directors' report

INFORMATION ON DIRECTORS (CONTINUED)

Mr Robert James Cole
BSc, LLB (Hons)



Non-executive director and
Deputy Chairman. Age 58.

Experience and expertise

Mr Robert Cole was appointed as a non-executive director on 14 July 2018.

Mr Cole has 35 years' experience in the energy and resources industry. He is a former executive director on the board of Woodside Petroleum Limited and a former managing director of Beach Energy Limited. He is also a former Chairman of the Australian Petroleum Production and Exploration Association. Prior to joining the oil and gas industry, Rob was a partner in the law firm now known as King & Wood Mallesons.

Mr Cole is currently Chairman of Synergy and Chairman of the Western Australian Land Information Authority (Landgate).

Mr Cole holds Bachelor of Science and Bachelor of Laws degrees from the Australian National University in Canberra and is also a graduate of the Harvard Business School Advanced Management Program.

Other current directorships

Non-executive director of Iluka Resources Ltd since March 2018.

Former directorships in last 3 years

None.

Special responsibilities

Member of the People and Remuneration Committee.

Member of the Audit and Risk Committee.

Chair of the Audit and Risk Committee from 1 October 2019 to 17 June 2020.

Deputy Chair of the Board from 17 June 2020.

Interests in shares and options

60,000 ordinary shares.

Ms Andrea Hall
FCA, GAICD, BCom



Non-executive director. Age 53.

Experience and expertise

Ms Andrea Hall was appointed as a non-executive director on 15 December 2019.

Ms Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry in roles involved in internal audit, risk management, corporate and operational governance, 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 Partner in Charge of the Perth Internal Audit, Risk and Control Services division within KPMG's Risk Consulting area.

Ms Hall currently serves as a non-executive director on the boards of several listed and non-listed entities, including Evolution Mining, the Fremantle Dockers, Pioneer Credit, and the Insurance Commission of Western Australia.

Ms Hall holds a Bachelor of Commerce degree from the University of Western Australia 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).

Other current directorships

Non-executive director of Evolution Mining Limited since October 2017.

Non-executive director of Pioneer Credit Limited since November 2016.

Former directorships in last 3 years

Non-executive director of Automotive Holdings Group Limited from May 2018 to September 2019.

Non-executive director of Tap Oil Limited from October 2016 to February 2018.

Special responsibilities

Member of the Audit and Risk Committee since 15 December 2019.

Chair of the Audit and Risk Committee from 17 June 2020.

Interests in ordinary shares

52,000 ordinary shares.

Directors' report

INFORMATION ON DIRECTORS (CONTINUED)

Mr Keith Douglas Gordon



Non-executive director. Age 57.

Experience and expertise

Mr Keith Gordon was appointed as a non-executive director on 1 November 2018* until he resigned 1 September 2019.

Mr Gordon was the former non-executive chairman of Barmenco and is an experienced company director and public company CEO with a broad business perspective built through extensive experience across sectors including mining services, mining, retail, manufacturing, chemicals, energy and agriculture. He holds a Bachelor of Science (Agric) Hons and MBA from the University of Western Australia.

Mr Gordon is currently a director of Red Emu Advisory Pty Ltd. Previously, he was the Managing Director and CEO of Emeco Holdings and a senior executive at Wesfarmers Limited.

Mr Gordon resigned from his position as non-executive director of the Company on 1 September 2019.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of the Audit and Risk Committee until 1 September 2019.

Interests in shares and options

None.

* Pursuant to the Barmenco acquisition in October 2018, Mr Gordon was appointed as a representative of certain Barmenco vendors and was therefore not considered to be an independent director. As part of the terms of his appointment, Mr Gordon agreed that he will resign from the office of director on 1 September 2019 unless otherwise agreed by the Board at that time. Per ASX announcement on 15 August 2019, Mr Gordon resigned with effect from 1 September 2019.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2020 and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES	
	A	B	AUDIT & RISK	REMUNERATION
	A	B	A	B
Ian Howard Cochrane	23	23	4	4
Robert James Cole	21	23	4	4
Mark Andrew Hine	22	23	*	*
Terrence John Strapp	22	23	4	4
Alexandra Clare Atkins	22	23	*	*
Mark Alexander Norwell	23	23	*	*
Andrea Hall	17	17	2	2
Keith Douglas Gordon	2	2	1	1

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = Not a member of the relevant committee

Directors' report

REMUNERATION REPORT

Dear Shareholders,

On behalf of the Board, I am pleased to present Perenti Global Limited's (Perenti or Group) Remuneration Report for the financial year to 30 June 2020.

The Board and Committee were pleased with the voting outcomes and the feedback following the significant changes to the remuneration framework that were introduced in FY19. This included a 99.6% vote 'for' the Remuneration Report at the FY19 Annual General Meeting (AGM). For FY20, there have been no changes to the remuneration framework.

The past financial year has presented a number of unforeseen challenges for Perenti. On 6 November 2019, there was a tragic terrorist incident in Burkina Faso which resulted in 19 fatalities from our African Mining Services (AMS) business. In early 2020 the COVID-19 global pandemic impacted several of our sites for a limited period including Egypt, India, Burkina Faso and to a smaller extent Australian sites.

The Board is thankful of the manner in which the Perenti Group Executive responded to these challenging events. The response to these events has been outstanding and arguably industry leading, which in turn has preserved significant shareholder value. In addition, it is important to note that there were no COVID-19 related redundancies during the year, Australian international workers were redeployed within the Australian business and, while some businesses within the Group were eligible for Job Keeper, this was not accessed.

Given the challenging circumstances experienced in FY20, the Board has taken a balanced approach in applying the Remuneration Framework to reward, retain and engage our executives to deliver on Perenti's strategic vision and plan, while reflecting business performance and shareholder experience.

Short Term Remuneration (STI) Outcomes

The Short-Term Incentive (STI) Scorecard is designed to provide a balanced assessment of the performance of the executive, incorporating financial, safety and other non-financial elements which are important to the Company's performance and culture. The Board has reviewed the FY20 scorecard outcomes in line with the remuneration framework principles and aligned remuneration outcomes to business performance and stakeholder experience.

Due to the tragic fatality of our Underground Mining Alliance (UMA) employee, Justice Sarkodie, the work-related fatality gateway for the safety metrics were not met, which removed 10% of the FY20 STI opportunity.

Notwithstanding the nature and degree of unforeseen events, the Group performed relatively strongly. This is evidenced by the Board having determined to pay a fully franked final dividend of 3.5 cents in November in addition to the deferred interim dividend that was paid in July. The ability to pay the dividend was on the back of positive and prudent cash preservation measures taken throughout the year and particularly during the last quarter impacted by COVID-19. To align shareholder returns with remuneration outcomes, the cash conversion metric is 10% of the scorecard and the business delivered a record 96% conversion rate.

However, the overall Group Financial NPAT metric did not meet the threshold performance requirements set at the beginning of the financial year. This removed up to 60% of the FY20 STI opportunity, including the 10% cash conversion metric. The board however, resolved to approve the application of the cash conversion metric. The quantum of the cash conversion metric applied to the FY20 scorecard for the KMP was \$262,625.

Upon reflection the Board did not see the merit in applying a NPAT gateway to the cash conversion metric and the FY21 scorecard has removed this gateway. It should be noted that the Board set an objective to better align pay for performance of management with shareholder value. The recognition of the cash conversion metric as a standalone metric is one such example of aligning the remuneration structure.

The scorecard outcomes resulted in a range of STI awards being between 29% to 36% of the Executive KMP maximum STI opportunities. These awards will be delivered consistent with the remuneration framework approach of 2/3 paid in cash and 1/3 paid as STI Rights deferred for 12 months.

Long Term Incentive (LTI) Remuneration Outcomes

There was no LTI due to vest in FY20. The first Perenti LTI award will be tested for performance for the period to 30 June 2021.

Board Remuneration Outcomes

Fee levels for the Board roles are reviewed annually with the support of the independent external remuneration consultants. Their remuneration recommendation provided in May 2019 confirmed the practice of providing for separate Committee Member fees as opposed to the Board Member fee only approach. As such, Perenti has adopted a separate Committee Member fee of \$11,000 per annum as aligned to market peers. The annual Board Member fee has remained unchanged at \$114,975.

The review also confirmed that market data supported an increase of \$3,575 for both Committee Chair fees to \$20,000 per annum, as well as an increase in the Board Chair fee by \$49,800 to \$225,000 per annum. The Board Chair fee is all-inclusive of Committee responsibilities.

Summary

The Board are confident that the decisions made regarding executive remuneration have enabled the right balance between engaging and retaining executives, aligning to our stakeholder's experience and reflecting company performance in FY20. Perenti continues to build on the foundations of our impressive history to Enable Tomorrow.

We thank you for your support and we look forward to welcoming you to our AGM.



Mark Hine

Chairperson, People and Remuneration Committee

Directors' report

REMUNERATION REPORT (CONTINUED)

1. Introduction

The Directors present the Perenti FY20 Remuneration Report, outlining key aspects of our remuneration principles, framework, and remuneration awarded this year.

The Remuneration Report is structured as follows:

1. Introduction
2. KMP for FY20
3. Remuneration Strategy and Principles
4. Executive KMP Remuneration Framework
5. Outcomes in FY20
6. Remuneration Governance
7. Contractual Arrangements with Executive KMP
8. Non-executive Director Remuneration
9. Additional Statutory Information

2. KMP for FY20

The tables below confirm all the KMP covered by the FY20 Remuneration Report:

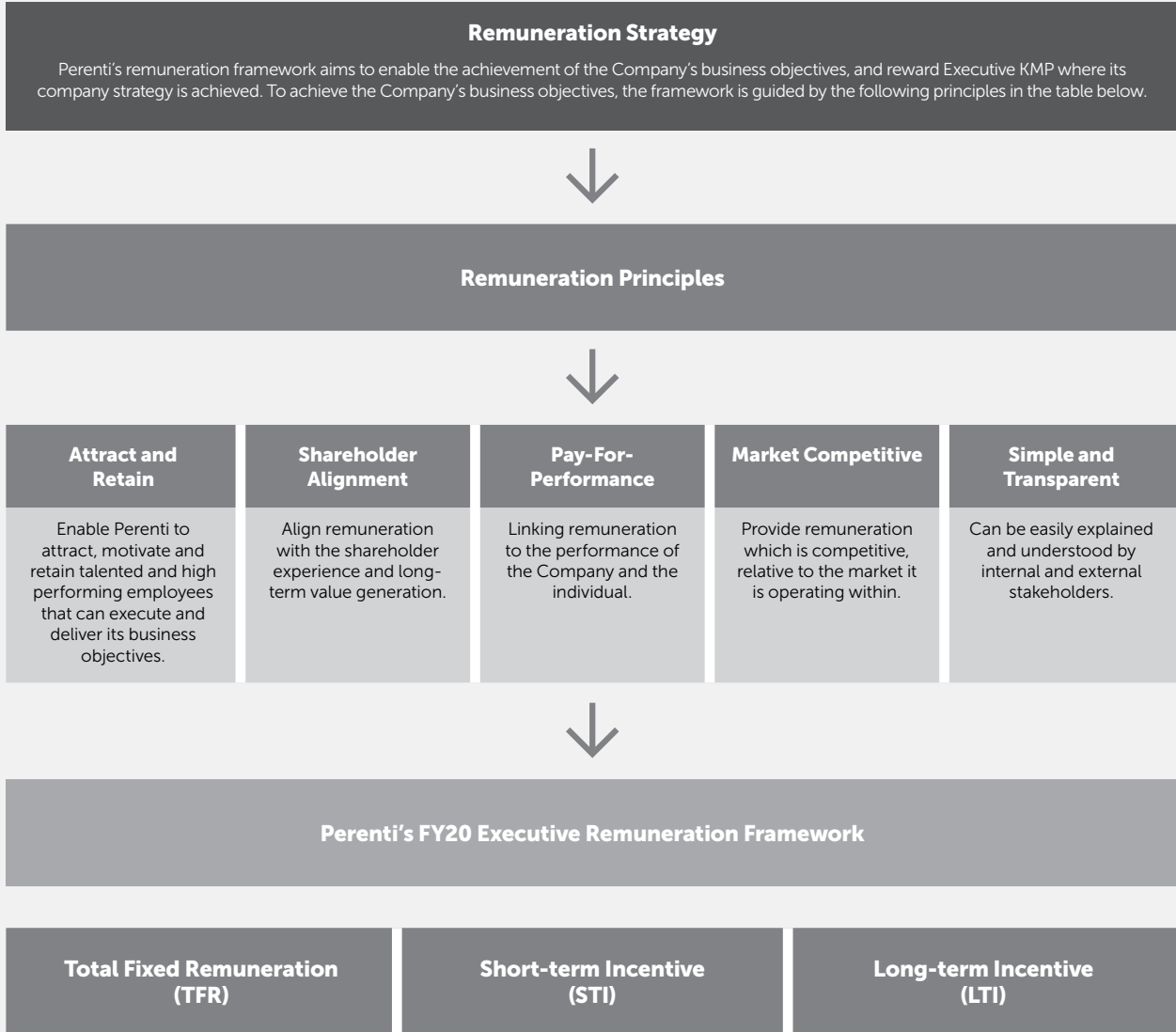
Non-executive Directors (NEDs)		Term
Ian Cochrane	Chairman Audit and Risk Committee – Member People and Remuneration Committee – Member	Full year
Terence Strapp	Non-executive Director Audit and Risk Committee – Chair Audit and Risk Committee – Member	Full year Part year (until 1 October 2019) Part year (from 1 October 2019)
Mark Hine	Non-executive Director People and Remuneration Committee – Chair	Full year
Robert Cole	Non-executive Director Audit and Risk Committee – Member Audit and Risk Committee – Chair People and Remuneration Committee – Member Deputy Chair of the Board	Full year Part year (until 1 October 2019) Part year (from 1 October 2019 to 17 June 2020) Full year Part year (from 17 June 2020)
Alexandra Atkins	Non-executive Director People and Remuneration Committee – Member	Full year
Andrea Hall	Non-executive Director Audit and Risk Committee – Member Audit and Risk Committee – Chair	Part year (appointed on 15 December 2019) Part year (from 15 December 2019 to 17 June 2020) Part year (from 17 June 2020)
Executive Key Management Personnel (KMP)		Term
Mark Norwell	Managing Director (MD)	Full year
Peter Bryant	Chief Financial Officer (CFO)	Full year
Paul Muller	Chief Executive Officer – Underground Mining	Full year
Scott Winter	Chief Executive Officer – Surface Mining	Part year (considered a KMP from 22 July 2019 when he joined Perenti)
Former KMP		Term
Keith Gordon	Non-executive Director Audit and Risk Committee – Member	Part year (resigned on 1 September 2019)

Directors' report

REMUNERATION REPORT (CONTINUED)

3. Remuneration Strategy and Principles

We have outlined below Perenti's remuneration strategy and principles, which guide the setting of the Company's remuneration framework.



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Directors' report

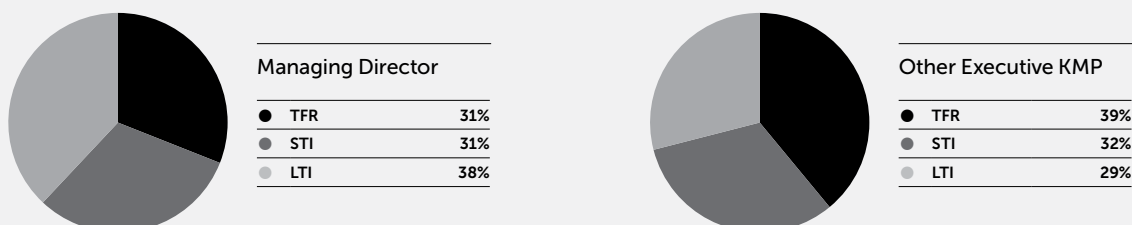
REMUNERATION REPORT (CONTINUED)

4. FY20 Executive KMP Remuneration Framework

The remuneration packages of Executive KMP are comprised of fixed remuneration and 'at-risk' remuneration (i.e. variable remuneration).

a. Remuneration mix

The remuneration mix for Perenti's Executive KMP at maximum opportunity levels for FY20 are displayed below.



b. Executive KMP remuneration components

Total Fixed Remuneration (TFR)

DESCRIPTION	A competitive level of TFR is offered to attract and retain high quality and experienced Executive KMP. TFR comprises of all fixed remuneration including statutory superannuation/pension contributions.
APPROACH	TFR is reviewed annually and on promotion to ensure that it is competitive. The Company targets the median of the relevant market. The relevant market peer group will take into consideration one or more of the following: <ul style="list-style-type: none"> Peer mining services companies; and/or Companies with market capitalisation and/or annual revenue in a range comparable to Perenti.
FY20 ONE-OFF ADJUSTMENTS	To ensure Perenti's TFR levels are market competitive, through the 2019 Remuneration Review process adjustment to Executive KMP included: <ul style="list-style-type: none"> MD TFR increased from \$800,000 to \$925,000, an increase in 15.6%; CFO TFR increased from \$532,000 to \$550,000, an increase of 3.4%; CEO – Underground Mining TFR increased from \$775,000 to \$810,000, an increase of 4.5% and CEO – Surface Mining TFR increased from \$650,000 to \$675,000, an increase of 3.8%.

Short-term Incentive (STI)

DESCRIPTION	Executive KMP are eligible to participate in the annual STI plan, which comprises a portion of their variable remuneration and is subject to performance measures. The STI performance measures focus on a mix of financial and non-financial measures, which are assessed at a Company and individual level via the use of a balanced scorecard. Achievement of each STI performance measure is on a continuum from threshold through to target, through to stretch. Threshold performance achievement provides for 25% of maximum STI opportunity, target achievement paying at 50% of maximum STI opportunity, and stretch achievement paying at 100% of maximum STI opportunity.
PERFORMANCE PERIOD	Financial year
MAXIMUM STI OPPORTUNITY	MD: 100% of TFR. Other Executive KMP: CFO – 70% of TFR, CEO Underground Mining– 100% of TFR and CEO Surface Mining– 75% of TFR The MD's opportunity for FY20 was increased from the FY19 period maximum STI opportunity of 80% of TFR to ensure it remains competitive with peer roles externally. From a benchmarking exercise undertaken, the MD's maximum STI opportunity at 80% was below market, relative to the size and complexity of Perenti's operations following the organisational restructure. As such, an increase has been provided to align the MD closer to the median of the role's peers, with the maximum only paid where stretch achievement of performance measures are met.
STI AWARD DELIVERY	Two thirds are delivered in cash and one third is delivered in STI Rights at the end of the performance period. The STI Rights vest 12 months after their grant date. Any STI Rights that are provided to the Managing Director are subject to shareholder approval as per ASX Listing Rule 10.14
ALLOCATION METHODOLOGY (STI RIGHTS ONLY)	The deferred STI Rights will be allocated on a face value basis. This is calculated as the STI Rights opportunity (\$) divided by the 10-day volume weighted average price (VWAP) of the Company's shares up to and including the end of the performance period, being 30 June 2020.
GATEWAYS	A gateway of no work-related fatality in the Group is required for the total recordable injury frequency rate (TRIFR) and the % of 'above the line' actions from Serious Potential Incident (SPI) investigations metrics for their portion of the STI to be awarded. A Group profit gateway was also set at the beginning of the year for the cash conversion metric. However, this gateway was removed upon review of the increased criticality of cash management due to the COVID-19 pandemic and the outstanding performance of Management in this regard in FY20. The Board does not intend to apply a Group profit gateway to cash conversion in future years.
PERFORMANCE MEASURES	The measures used for the STI differ between the Operational focus KMP and the CFO as a Functional focused role. This is to appropriately align the performance of each participant in their role with the overall success of the Company. Each individual's STI scorecard comprises of a mix of financial and non-financial measures, assessed either at a Company or an individual level. All measures have a threshold, target and stretch level of achievement.

Directors' report

REMUNERATION REPORT (CONTINUED)

b. Executive KMP remuneration components (continued)

FY20 STI scorecard for the Managing Director, CEO - Underground Mining and CEO - Surface Mining

MEASURE	WEIGHTING	FURTHER DETAIL
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)	5%	A TRIFR metric ensures a strong safety culture is enforced. This measure aims to ensure there is a substantial improvement in safety outcomes, compared to the prior year. In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component.
% OF 'ABOVE THE LINE' ACTIONS FROM SERIOUS POTENTIAL INCIDENT (SPI) INVESTIGATIONS	5%	This is a leading safety metric, to reinforce the importance of employee safety at the Company. An above the line action refers to engineering, substitution, or elimination control actions under the safety hierarchy of control. In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component.
EMBEDDING THE PERENTI STRATEGY AND PRINCIPLES	10%	A people focused metric to ensure a strong culture is developed and embedded. This measure aims to ensure that the Company creates a culture aligned with our 2025 Strategy and the five Perenti Principles.
GROUP NET PROFIT AFTER TAX (NPAT)	50%	The use of NPAT ensures that the majority of the individual's STI is aligned to the Company's financial performance. It aims to build a pay-for-performance culture and ensure executive accountability for the Company's performance.
EBITDA CASH CONVERSION	10%	The percentage of EBITDA converted to cash.
WORK IN HAND RATIO TO FY21 BUDGET REVENUE	15%	This component measures the portion contractually remaining on executed contracts to support a growth pipeline. A qualitative assessment will be made on the quality of the contract terms as well as the quantitative assessment.
INDIVIDUAL KEY PERFORMANCE INDICATORS (KPI) – KEY INITIATIVES DELIVERED	5%	Key initiatives agreed between MD and the Board, or each respective CEO and the MD, as individual KPI and metrics.

FY20 STI scorecard for the CFO

MEASURE	WEIGHTING	FURTHER DETAIL
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)	5%	A TRIFR metric ensures a strong safety culture is enforced. This measure aims to ensure there is a substantial improvement in safety outcomes, compared to the prior year. In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component.
% OF 'ABOVE THE LINE' ACTIONS FROM SERIOUS POTENTIAL INCIDENT (SPI) INVESTIGATIONS	5%	This is a leading safety metric, to reinforce the importance of employee safety at the Company. An above the line action refers to engineering, substitution, or elimination control actions under the safety hierarchy of control. In addition, this component is subject to a 'fatality' gateway. Where a work-related fatality occurs during the performance period, no payment will be made under this component.
EMBEDDING THE PERENTI STRATEGY AND PRINCIPLES	10%	A People focused metric to ensure a strong culture is implemented and embedded. This measure aims to ensure that the Company creates a culture aligned with our 2025 Strategy and the five Perenti Principles.
GROUP NET PROFIT AFTER TAX (NPAT)	50%	The use of NPAT ensures that the majority of the individual's STI is aligned to the Company's financial performance. It aims to build a pay-for-performance culture and ensure executive accountability for the Company's performance.
EBITDA CASH CONVERSION	10%	The percentage of EBITDA converted to cash.
DELIVERING THE BUSINESS PLAN	15%	This component supports the CFO with delivering their FY20 plan which includes specific Finance function initiatives that support Company growth and performance.
INDIVIDUAL KPI – KEY INITIATIVES DELIVERED	5%	Key initiatives agreed between MD and the CFO as individual KPI and metrics.

The Board retains absolute discretion with respect to the targets and outcomes assessed under the STI plan.

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Directors' report

REMUNERATION REPORT (CONTINUED)

b. Executive KMP remuneration components (continued)

CESSATION OF EMPLOYMENT	<p>Typically, if employment ceases before the end of the performance period, the KMP foregoes any STI award for the current performance period which they would have otherwise been entitled.</p> <p>STI Rights that have been awarded will become unrestricted in the usual course unless the participant is deemed to be a bad leaver as defined by the Plan Rules.</p> <p>Notwithstanding the above, the Board retains absolute discretion to treat STI awards and vesting as it sees fit on cessation of employment.</p>
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MALUS/CLAWBACK	<p>In circumstances of fraud, dishonesty or gross misconduct by the participant, or breach of duties or obligations by the participant, the Board has the ability to:</p> <ul style="list-style-type: none"> lapse all unvested STI awards (malus); and require the individual to repay a portion of any STI awards which have vested (clawback).
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Long-term Incentive (LTI)

DESCRIPTION	The Company continues the current LTI plan that was introduced in FY19. Under this scheme annual grants will be made to eligible employees (including all Executive KMP) as part of their variable remuneration and are subject to performance measures.
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PERFORMANCE PERIOD	Three (3) years, commencing on 1 July, with the exception of the FY19 LTI grant which commenced on 1 November 2018 and ends on 30 June 2021.
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MAXIMUM LTI OPPORTUNITY	MD: 120% of TFR Other Executive KMP: CFO – 75% of TFR, CEO Underground Mining – 75% of TFR, CEO Surface Mining – 75% of TFR.
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LTI DELIVERY	<p>The LTI will be wholly delivered in Performance Rights.</p> <p>Any Performance Rights that are provided to the Managing Director are subject to shareholder approval as per ASX Listing Rule 10.14</p>
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ALLOCATION METHODOLOGY	The LTI will be granted on a face value basis. This is calculated as the LTI opportunity (\$) divided by the 10 day volume weighted average price (VWAP) of the company's shares prior to the commencement date of the performance period.
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PERFORMANCE MEASURES	<p>Relative Total Shareholder Return (TSR) (50%)</p> <p>The vesting metrics are as follows:</p> <table border="1"> <thead> <tr> <th>TSR GROWTH AS AGAINST THE TSR BENCHMARK</th> <th>% OF PERFORMANCE RIGHTS THAT WILL VEST</th> </tr> </thead> <tbody> <tr> <td>Below Median</td> <td>0%</td> </tr> <tr> <td>Median</td> <td>50%</td> </tr> <tr> <td>Median to 75th percentile</td> <td>Straight-line vesting between 50% and 100%</td> </tr> <tr> <td>75th percentile and above</td> <td>100%</td> </tr> </tbody> </table>	TSR GROWTH AS AGAINST THE TSR BENCHMARK	% OF PERFORMANCE RIGHTS THAT WILL VEST	Below Median	0%	Median	50%	Median to 75 th percentile	Straight-line vesting between 50% and 100%	75 th percentile and above	100%
TSR GROWTH AS AGAINST THE TSR BENCHMARK	% OF PERFORMANCE RIGHTS THAT WILL VEST										
Below Median	0%										
Median	50%										
Median to 75 th percentile	Straight-line vesting between 50% and 100%										
75 th percentile and above	100%										

The peer group for the relative TSR measure includes AJ Lucas Group Limited; Austin Engineering Limited, Boart Longyear Limited, CIMIC Group Limited, Decmil Group Limited, Downer EDI Limited, Emeco Holdings Limited, GR Engineering Services Limited, Imdex Limited, Lycopodium Limited, MACA Limited, Macmahon Holdings Limited, Monadelphous Group Limited, NRW Holdings Limited, SRG Global Limited and Swick Mining Services Limited.

Return on average capital employed (ROACE) (50%)

The vesting metrics are as follows (noting that EBIT will be normalised to exclude non-recurring items):

ROACE PERFORMANCE OVER PERFORMANCE PERIOD	% OF PERFORMANCE RIGHTS THAT WILL VEST
Less than 14.5% ROACE over Performance Period.	0%
14.5% ROACE over Performance Period.	30%
Between 14.5% and 19% ROACE over Performance Period.	Straight-line vesting between 30% and 100%
Greater than 19% ROACE over Performance Period.	100%

The Board retains absolute discretion with respect to the targets and outcomes assessed under the LTI plan.

CESSATION OF EMPLOYMENT	<p>Typically, if employment ceases before the end of any LTI performance periods, the Executive KMP foregoes any Performance Rights for the performance periods which they would have otherwise been entitled.</p> <p>Notwithstanding the above, the Board retains absolute discretion to treat LTI awards and vesting as it sees fit on cessation of employment.</p>
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MALUS/CLAWBACK	<p>In circumstances of fraud, dishonesty or gross misconduct by the participant, or breach of duties or obligations by the participant, the Board has the ability to:</p> <ul style="list-style-type: none"> lapse all unvested LTI awards (malus); and require the individual to repay a portion of any LTI awards which have vested (clawback). This may occur via a sale of shares allocated under the LTI plan.
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Directors' report

REMUNERATION REPORT (CONTINUED)

5. Outcomes in FY20

a. Company performance

The Company is conscious of the need to link remuneration to performance. The table below sets out a summary of information which provides details of performance measures used for the Executive KMP including NPAT and TRIFR, which are all measures used in the STI or LTI plan.

Over the last 5 years, the complexity and size and reach of the Company's operations has significantly increased, particularly driven by the FY19 acquisition of Barmincio.

Table 1: Company Performance FY16 – FY20

	20	19	18	17	16
	\$000	\$000	\$000	\$000	\$000
Sales revenue	2,046,058	1,638,392	866,281	762,566	743,003
Underlying EBIT (A) ^	211,708	180,707	86,823	68,872	73,192
Operating profit before income tax *	107,146	268,554	74,079	44,622	26,578
Profit after tax from continued operations attributable to equity holders	27,555	182,281	59,349	30,951	20,512
Net profit after tax attributable to equity holders	23,837	181,326	61,050	31,201	58,150
Share price at start of year (\$ per share)	1.83	1.84	1.84	0.72	0.39
Share price at end of year (\$ per share)	1.16	1.83	1.84	1.84	0.72
Dividends paid / payable**	48,043	42,602	19,855	6,246	-
Basic earnings (cents per share) from continuing operations	3.5	30.0	16.9	10.1	6.6
Diluted earnings (cents per share) from continuing operations	3.5	29.8	16.6	9.8	6.4
Total recordable Injury Frequency Rate (TRIFR)	4.9	4.5	3.5	6.0	6.6

^ Non IFRS Measure

* Does not include impairment expense

** Includes Dividend Reinvestment Plan (DRP)

b. FY20 STI outcomes

The table below outlines the actual STI outcomes for the Executive KMP in FY20.

Table 2: FY20 remuneration outcomes for the Executive KMP

EXECUTIVE KMP	MAXIMUM STI \$	% OF MAXIMUM STI VESTED	% OF MAXIMUM STI FORFEITED	STI CASH \$	DEFERRED STI RIGHTS \$
Mark Norwell (MD)	\$925,000	29%	71%	\$178,820	\$89,410
Peter Bryant (CFO)	\$385,000	36%	64%	\$93,042	\$46,521
Paul Muller (CEO Underground)	\$810,000	29%	71%	\$156,588	\$78,294
Scott Winter (CEO Surface)	\$506,250	29%	71%	\$97,868	\$48,934

Directors' report

REMUNERATION REPORT (CONTINUED)

b. FY20 STI outcomes (continued)

Table 3: FY20 STI scorecard outcomes for the Executive KMP

The table below describes the FY20 STI scorecard outcomes for the Executive KMP on the continuum from Threshold to Stretch

PERFORMANCE MEASURE	WEIGHTING - MD AND CEO'S	WEIGHTING - CFO	THRESHOLD	TARGET	STRETCH	FURTHER DETAIL
TRIFR	5%	5%	●			Fatality gateway was not met.
% of 'above the line' actions from HPI investigations	5%	5%	●			Fatality gateway was not met.
Embedding the Perenti Strategy and Principles	10%	10%			●	Achieved stretch performance including developing behaviours to support the Perenti Strategy and Principles.
Group NPAT	50%	50%	●			Did not meet threshold. Normalised \$110.3M NPAT achieved against a \$142.8M target.
EBITDA Cash Conversion	10%	10%			●	Achieved 96% being above the 95% stretch target.
Work in hand ratio	15%	0%	●			Achieved slightly above threshold with a 1.74 ratio against a 2.05 Group target.
Delivering the business plan	0%	15%			●	Achieved between target and stretch performance.
Individual Key Performance Indicators	5%	5%			●	Achieved stretch performance. Executives successfully managed considerable external factors and continued to deliver 2025 business strategy.

● FY20 Outcome

c. FY20 LTI outcomes

No LTI was due to vest in FY20. The Performance Rights issued through the FY19 LTIP will vest following their Performance Period ending 30 June 2021.

Directors' report

REMUNERATION REPORT (CONTINUED)

d. Statutory disclosure of FY20 Executive KMP remuneration

The table has been prepared in accordance with relevant accounting standards. Where applicable, remuneration for Executive KMP has been pro-rated for the period they served as a member of the KMP.

Table 4 – Executive KMP remuneration

NAME	YEAR	FIXED REMUNERATION					VARIABLE REMUNERATION							TOTAL			
		CASH SALARY	NON-MONETARY BENEFITS	LONG SERVICE LEAVE	POST EMPLOYMENT BENEFITS (SUPER)	OTHER [1]	STI BONUS	ONCE-OFF PAYMENTS [2]	STI RIGHTS	PERFORMANCE RIGHTS [3]	RETENTION RIGHTS [4]	OPTIONS					
Executive KMP																	
M NORWELL	2020	870,116	25,487	8,596	21,003	-	178,820	-	89,410	527,418	-	-	-	-	-	1,720,850	
	2019	609,924	25,000	5,998	18,563	-	378,667	-	198,343	183,367	-	-	-	-	-	1,419,862	
	2020	524,497	-	35,810	21,003	-	93,042	-	46,521	219,208	-	-	-	-	-	940,081	
P BRYANT	2019	213,816	-	26,323	8,555	-	86,587	-	45,354	47,632	-	-	-	-	-	428,267	
	2020	780,251	-	3,779	21,003	-	156,588	-	78,294	319,336	429,682	-	-	-	-	1,788,933	
P MULLER	2019	493,722	-	1,153	13,688	-	332,081	-	-	111,023	286,455	-	-	-	-	1,238,122	
	2020	614,685	-	334	21,003	100,000	97,868	-	48,934	128,155	-	-	-	-	-	1,010,979	
S WINTER	2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Former Executive KMP																	
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
R G SAYERS	2019	5,348	-	-	39,037	626,613	-	-	-	-	-	-	-	-	-	670,998	
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
T MLIKOTA [5]	2019	355,638	-	-	25,000	-	-	229,416	-	-	-	-	-	-	7,206	617,260	
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A G BROAD	2019	256,680	-	-	25,000	739,755	-	229,416	-	-	-	-	-	7,810	1,258,661		
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
J KAVANAGH	2019	324,394	51,111	-	-	-	-	309,499	-	-	-	-	-	4,397	689,401		
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D JAMES	2019	272,787	-	5,144	25,000	-	-	166,777	-	-	-	-	-	3,837	473,545		
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
R COATES	2019	222,369	-	-	25,000	-	-	166,777	-	-	-	-	-	3,836	417,982		
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXECUTIVE DIRECTORS AND OTHER KMPs	2020	2,789,549	25,487	48,519	84,012	100,000	526,318	-	263,159	1,194,117	429,682	-	-	-	5,460,843		
	2019	2,754,678	76,111	38,618	179,843	1,366,368	797,335	1,101,885	243,697	342,022	286,455	27,086	-	-	7,214,098		
TOTAL NON-EXECUTIVE DIRECTORS	2020	731,272	-	-	69,470	-	-	-	-	-	-	-	-	-	800,742		
	2019	709,514	-	-	67,404	-	-	-	-	-	-	-	-	-	776,918		
TOTAL KMP REMUNERATION EXPENSE	2020	3,520,821	25,487	48,519	153,482	100,000	526,318	-	263,159	1,194,117	429,682	-	-	-	6,261,585		
	2019	3,464,192	76,111	38,618	247,247	1,366,368	797,335	1,101,885	243,697	342,022	286,455	27,086	-	-	7,991,016		

Notes

- [1] Other include a payment on commencement of role for S Winter in the current year and in the prior period end of service payment in keeping with the terms of executive service contract for RG Sayers and AG Broad
- [2] Once-off payments in FY19 include a bonus paid on the completion of Barmingo acquisition
- [3] The FY20 figure includes Rights granted (for accounting purposes) by the Company in FY19 and FY20
- [4] The FY20 figure includes retention rights granted (for accounting purposes) by the Company in FY19 and FY20
- [5] T Mlikota held position of an acting CEO for the period 3 July 18 to 17 September 18

Directors' report

REMUNERATION REPORT (CONTINUED)

6. Remuneration Governance

The Board has oversight of the remuneration practices at Perenti, and is largely guided by the People and Remuneration Committee. The People and Remuneration Committee is made up of independent Non-executive Directors.

Board

Approves the overall Executive KMP remuneration framework, Executive KMP remuneration levels and Non-executive Director remuneration, having regard to the People and Remuneration Committee's recommendations.

External Stakeholder Engagement

Consultation with proxy advisors and institutional investors to ensure external feedback is received.

People and Remuneration Committee

The Committee reviews and determines our remuneration framework annually to ensure it remains aligned to business needs and meets our remuneration principles.

External Remuneration Consultants

From time to time, the People and Remuneration Committee may engage external remuneration consultants to inform its views. KPMG-3dc are engaged as the remuneration advisor to the People and Remuneration Committee.

Management

Provides the People and Remuneration Committee with the required information to assist with remuneration decisions and recommendations. Communicates with external remuneration consultants to ensure the People and Remuneration Committee has all the necessary information.

KPMG-3dc continued to be engaged by the People and Remuneration Committee as external remuneration advisors. However, were not required to provide any remuneration recommendations during FY20 as the recommendations on Board member fees provided in FY19 were utilised in FY20.

7. Contractual Arrangements with Executive KMP

Remuneration and other terms of employment for Executive KMP are formalised in service agreements.

Table 5 – Current KMP employment contracts

NAME	TFR	DURATION OF SERVICE AGREEMENT	NOTICE PERIOD		SEVERANCE PAYMENT ENTITLEMENT
			BY EXECUTIVE	BY COMPANY	
Mark Norwell (MD)	\$925,000	Ongoing	6 months	6 months	No entitlement
Peter Bryant (CFO)	\$550,000	Ongoing	3 months	3 months	No entitlement
Paul Muller (CEO Underground Mining)	\$810,000	Ongoing	3 months	3 months	No entitlement
Scott Winter (CEO Surface Mining)	\$675,000	Ongoing	3 months	3 months	No entitlement

8. Non-executive Director Remuneration

a. Non-executive Director fees

Non-executive Directors' fees are set at a level which enables the attraction and retention of experienced and skilled Board members to ensure an effective oversight role over the Company's operations. Fee levels aim to reflect the demands which are made on, and the responsibilities of, the Directors.

Non-executive Directors' fees are reviewed annually by the Board to ensure fee levels are appropriate and in-line with the market. Following an external market review provided by KPMG 3dc of companies comparable to Perenti, a separate Committee Member fee was introduced and the fees for the Board and Committee Chairs were increased from 1 January 2020. The current Perenti Board fees are as follow:

POSITION	FY20 FEES*	FY19 FEES*
Board Chair **	\$225,000	\$175,200
Board Members	\$114,975	\$114,975
Committee Chair	\$20,000	\$16,425
Committee Members	\$11,000	N/A

* All fees are inclusive of Superannuation. An individual NED may seek Australian Tax Office approval to be exempt from Superannuation payment as per relevant legislation.

** The Board Chair's fee is inclusive of all Board and Committee responsibilities.

Directors' report**REMUNERATION REPORT (CONTINUED)****b. Statutory disclosure of FY20 Non-executive Director remuneration***Table 6 – FY20 Non-executive Director remuneration*

	YEAR	BASE FEE	EXECUTIVE CHAIRMAN *	AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SUPERANNUATION 9.5%	TOTAL
I H COCHRANE CHAIR [1]	2020	182,740	-	-	-	17,360	200,100
	2019	160,000	33,479	-	-	18,380	211,859
T J STRAPP [2]	2020	105,000	-	10,023	-	10,927	125,950
	2019	105,000	-	15,000	-	11,400	131,400
M A HINE	2020	105,000	-	-	16,632	11,555	133,187
	2019	105,000	-	-	15,000	11,400	131,400
R J COLE [3]	2020	105,000	-	11,632	5,023	11,557	133,212
	2019	101,029	-	-	-	9,598	110,627
A C ATKINS	2020	105,000	-	-	5,023	10,452	120,475
	2019	101,029	-	-	-	9,598	110,627
A HALL [4]	2020	56,875	-	5,420	-	5,918	68,213
	2019	-	-	-	-	-	-
K D GORDON [5]	2020	17,904	-	-	-	1,701	19,605
	2019	70,000	-	-	-	6,650	76,650
D J ARGENT [6]	2020	-	-	-	-	-	-
	2019	3,977	-	-	-	378	4,355
TOTAL NON-EXECUTIVE DIRECTORS	2020	677,519	-	27,075	26,678	69,470	800,742
	2019	646,035	33,479	15,000	15,000	67,404	776,918

Notes

- [1] Mr Cochrane served as Executive Chairman in the interim period between Mr Sayers resignation as Managing Director on 3 July 2018 and Mr Norwell commencing as Managing Director on 17 September 2018.
- [2] Mr T Strapp was the Chairman of the Audit and Risk Committee until 01 October 2019 and remained a Committee member until the end of the year.
- [3] Mr Cole was appointed Chair of the Audit and Risk Committee on 01 October 2019 and served as Chairman until 17 June 2020. Prior to this Mr Cole was a member of the Audit and Risk Committee during the year.
- [4] Ms Hall served on the Audit and Risk Committee from her appointment as a director on 15 December 2019 for the year. Ms Hall was appointed as Audit and Risk Committee Chair on 17 June 2020.
- [5] Pursuant to the Barmenco acquisition in October 2018, Mr Gordon was appointed as a representative of certain Barmenco vendors and is therefore not considered to be an independent director. Mr Gordon resigned from the office of director on 1 September 2019.
- [6] D J Argent resigned 13 July 2018.

Directors' report

REMUNERATION REPORT (CONTINUED)

9. Additional Statutory Information

This section provides details of any additional statutory disclosures that have not been included in the previous sections of the Remuneration Report. There has been no alterations to the terms and conditions of the prior year Rights grants during the financial year.

a. Executive KMP equity awards

Reconciliation of rights held by KMP

The table below shows a reconciliation of rights held by each KMP from the beginning to the end of 30 June 2020.

NAME & GRANT DATES	INSTRUMENT	HOLDING AT 01 JULY 2019	RIGHTS ISSUED IN FY20	VESTED		FORFEITED		HOLDING AT 30 JUNE 2020	VESTING DATE	FAIR VALUE PER RIGHT AT GRANT DATE
				NUMBER	%	NUMBER	%			
M Norwell										
28 February 2019	Performance Right - TSR	324,543	-	0%	-	0%	324,543	30 June 2021	\$1.22	
28 February 2019	Performance Right - ROACE	324,544	-	0%	-	0%	324,544	30 June 2021	\$1.60	
28 November 2019	Performance Right - TSR	-	284,091	-	0%	-	284,091	30 June 2022	\$1.33	
28 November 2019	Performance Right - ROACE	-	284,091	-	0%	-	284,091	30 June 2022	\$1.78	
24 October 2019	Short Term Incentive Rights	-	112,058	-	0%	-	112,058	24 October 2020	\$1.88	
P Bryant										
28 February 2019	Performance Right - TSR	134,888	-	0%	-	0%	134,888	30 June 2021	\$1.22	
28 February 2019	Performance Right - ROACE	134,889	-	0%	-	0%	134,889	30 June 2021	\$1.60	
28 November 2019	Performance Right - TSR	-	118,075	-	0%	-	118,075	30 June 2022	\$1.33	
28 November 2019	Performance Right - ROACE	-	118,076	-	0%	-	118,076	30 June 2022	\$1.78	
24 October 2019	Short Term Incentive Rights	-	61,530	-	0%	-	25,638	24 October 2020	\$1.88	
P Muller										
28 February 2019	Performance Right - TSR	196,501	-	0%	-	0%	196,501	30 June 2021	\$1.22	
28 February 2019	Performance Right - ROACE	196,501	-	0%	-	0%	196,501	30 June 2021	\$1.60	
28 February 2019	Retention Right	524,003	-	0%	-	0%	524,003	31 October 2020	\$1.64	
28 November 2019	Performance Right - TSR	-	172,008	-	0%	-	172,008	30 June 2022	\$1.33	
28 November 2019	Performance Right - ROACE	-	172,008	-	0%	-	172,008	30 June 2022	\$1.78	
S Winter										
28 November 2019	Performance Right - TSR	-	144,265	-	0%	-	144,265	30 June 2022	\$1.33	
28 November 2019	Performance Right - ROACE	-	144,265	-	0%	-	144,265	30 June 2022	\$1.78	

201,809 STI Rights to be granted to current KMP's post 30 June 2020 have not been included in the above table.

Terms and conditions of the share-based payment arrangements

The terms and conditions of each grant of rights affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING AND EXERCISE DATE	EXPIRY DATE	FAIR VALUE PER RIGHT AT GRANT DATE	TSR/ROACE PERFORMANCE ACHIEVED	% VESTED
28-February-2019	30-June-2021	30-June-2021	\$1.60	to be determined	0%
28-February-2019	30-June-2021	30-June-2021	\$1.22	to be determined	0%
28-February-2019	31-October-2020	31-October-2020	\$1.64	to be determined	0%
28-November-2019	30-June-2022	30-June-2022	\$1.33	to be determined	0%
28-November-2019	30-June-2022	30-June-2022	\$1.78	to be determined	0%

Details of rights over ordinary shares in the Company provided as remuneration to key management personnel of the Group are set out above. On vesting, each right is convertible into one ordinary share of Perenti Global Limited. Further information on the rights is set out in note 20 to the financial statements.

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Directors' report**REMUNERATION REPORT (CONTINUED)****b. Shareholdings of KMP**

The number of ordinary shares in Perenti held directly, indirectly or beneficially by each individual (including shares held in the name of the spouse, superannuation fund, nominee and/or other controlled entities) as at 30 June 2020 are shown in Table 7 below.

Table 7 – Shareholdings

NAME	BALANCE AT START OF YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS	RECEIVED ON VESTING OF RIGHTS	OTHER CHANGES DURING THE YEAR		BALANCE AT END OF YEAR
				PURCHASE OF SHARES	DRP SHARES	
DIRECTORS						
IC Cochrane	1,031,130	-	-	-	55,073	1,086,203
TJ Strapp	550,000	-	-	-	29,375	579,375
MA Hine	110,211	-	-	11,560	-	121,771
RJ Cole	20,000	-	-	40,000	-	60,000
AC Atkins	-	-	-	32,300	-	32,300
A Hall	-	-	-	52,000	-	52,000
EXECUTIVE						
MA Norwell	-	-	-	50,000	-	50,000
P Bryant *	142,063	-	-	-	7,587	149,650
P Muller *	147,120	-	-	-	-	147,120
S Winter	-	-	-	6,500	-	6,500

* Shares released from escrow 30 Aug 2019

None of the shares above are held nominally by the directors or any of the other key management personnel.

c. Prohibition on hedging of Perenti shares and unvested equity awards

The Company's Securities Trading Policy imposes trading restrictions on all employees of the Company and its related companies with "inside information" or with respect to derivative products and on trading securities during trading prohibition periods.

d. Loans to KMP

Loans to key management personnel were made on normal terms and conditions. The loans on acquisition of the Barmingo group are repayable by 22 October 2022. Interest was payable at the rate of 4.80% and 5.20% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

	20	19
	\$	\$
<i>Loans to key management personnel</i>		
Beginning of the period	190,409	-
Loans on acquisition of Barmingo	-	192,550
Loan repayments made	(2,327)	(2,141)
Interest charged	9,867	5,581
Interest received	(10,437)	(5,581)
End of period	187,512	190,409

Directors' report

REMUNERATION REPORT (CONTINUED)

e. Other transactions with entities associated with KMP

A director, I H Cochrane, is a non-executive director of Dacian Gold Limited. Dacian Gold has been provided with mining services by Perenti Global Limited. These services have been provided on arm's length commercial terms and conditions. Mr Cochrane is not party to any contract negotiations for either party.

A director, Robert Cole, was a director of Iluka Resources Limited and is currently Chairman of Synergy. A number of Australian Perenti Limited subsidiaries have been provided with electricity services from Synergy. In the prior year, Iluka Resources Limited entered into a drilling services contract with a Perenti Global Limited subsidiary, Ausdrill Pty Ltd. All contracts and services are based on normal commercial terms and conditions and Mr Cole is not party to any contract negotiations for either party.

A director, Andrea Hall, is a non-executive director of Evolution Mining Limited. Evolution Mining has been provided with mining services and mineral analysis services by a Perenti Global Limited subsidiary. All contracts and services are based on normal commercial terms and conditions and Ms Hall is not party to any contract negotiations for either party.

Aggregate amounts of each of the above types of other transactions with entities associated with key management personnel of Perenti Global Limited:

	20	19
	\$	\$
<i>(i) Amounts recognised as revenue</i>		
Drilling and mining services*	3,233,476	1,535,764
<i>(ii) Amounts recognised as expense</i>		
Rental of office buildings	-	-
Electricity services*	261,381	614,166
<i>(iii) Amounts recognised as assets and liabilities</i>		
At the end of the reporting period, the following aggregate amounts were recognised in relation to the above transactions:		
Receivables	6,792	-
Payables	18,785	-

* The balance includes amounts from the date Ms Hall was appointed director on 15 December 2019. The prior year balance includes amounts from the date Mr Cole was appointed director on 14 July 2018.

f. Voting of shareholders at last year's annual general meeting

99.57% of the votes were in favor of the 2019 Annual Remuneration Report.

This Remuneration Report was approved by the Board on 24 August 2020 and has been signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

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Directors' report

SHARES UNDER OPTION AND RIGHTS

Unissued ordinary shares of Perenti Global Limited under option at the date of this report are as follows:

DATE OPTIONS GRANTED	EXPIRY DATE	ISSUE PRICE OF SHARES	NUMBER UNDER OPTION
23 December 2015	23 December 2020	\$0.17	800,005
20 April 2018	21 November 2021	\$1.19	266,667
20 April 2018	12 June 2022	\$1.55	133,334
			1,200,006

No option holder has any right under the options to participate in any other share issue of the Company or any other Group entity.

Unissued ordinary shares of Perenti Global Limited under rights at the date of this report are as follows:

DATE RIGHTS GRANTED	EXPIRY DATE	FAIR VALUE PER RIGHT	NUMBER
28 February 2019	30 June 2021	\$1.60	1,015,294
28 February 2019	30 June 2021	\$1.22	1,015,300
28 February 2019	31 October 2020	\$1.64	939,825
10 June 2019	30 June 2021	\$1.23	1,124,445
10 June 2019	30 June 2021	\$0.82	1,124,461
24 October 2019	30 June 2021	\$1.88	284,527
28 November 2019	30 June 2022	\$1.78	2,070,098
28 November 2019	30 June 2022	\$1.33	2,070,084
			9,644,034

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Perenti Global Limited were issued during the year ended 30 June 2020 on the exercise of options granted under the Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

DATE SHARES ISSUED	ISSUE PRICE OF SHARES	NUMBER OF SHARES ISSUED
5 July 2019	\$1.85	60,360
29 August 2019	\$1.88	166,666
5 September 2019	\$2.09	133,333
9 September 2019	\$2.23	133,333
12 September 2019	\$2.20	61,378
10 October 2019	\$2.16	61,280
9 December 2019	\$1.93	60,638
28 December 2019	\$1.65	308,659
29 December 2019	\$1.65	29,808
30 December 2019	\$1.65	327,889
31 December 2019	\$1.65	327,889
3 March 2020	\$1.38	29,118
9 April 2020	\$0.57	66,668
14 April 2020	\$0.64	324,261
16 April 2020	\$0.87	33,334
19 April 2020	\$0.87	26,640
11 May 2020	\$1.07	66,668
10 June 2020	\$1.53	66,667
17 June 2020	\$1.40	33,334
		2,317,923

Directors' report

INDEMNIFICATION

Under the Company's constitution and subject to section 199A of the *Corporations Act 2001*, the Company indemnifies each of the directors, the company secretary and every other person who is an officer of the Company and its wholly-owned subsidiaries against:

- any liability incurred as an officer of the Company (as the case may be) by that person to any person other than the Company or a related body corporate of the Company, unless that liability arises out of conduct involving a lack of good faith or is a liability for a pecuniary penalty order under certain provisions of the *Corporations Act 2001*; and
- costs and expenses incurred in defending civil or criminal proceedings subject to certain conditions.

The above indemnity is a continuing indemnity and applies in respect of all acts done by a person while an officer of the Company or its wholly-owned subsidiaries even though the person is not an officer at the time the claim is made.

The Company has entered into a Deed of Indemnity, Access and Insurance ("Deed") with each current and former officer of the Company and its subsidiaries, including each director and company secretary and persons who previously held those roles. Under each Deed, to the extent permitted by law and to the extent and in the amount that the officer is not indemnified under any other indemnity, including an indemnity contained in any insurance policy, the Company indemnifies the relevant officer against all liabilities of any kind (including liabilities for legal expenses) incurred by the officer arising out of:

- the discharge of his or her duties as an officer of the Company or a subsidiary of the Company, or as an officer of any corporation in which the Company holds securities ("Related Corporation") where the officer is representing the interests of the Company in relation to the Related Corporation; and
- the conduct of the business of the Company or a subsidiary of the Company, or a Related Corporation where the officer is representing the interests of the Company in relation to that Related Corporation.

No amount has been paid under any of these indemnities during the financial year under review.

INSURANCE OF OFFICERS

During the financial year, the Company has paid a premium in respect of insuring the directors and officers of the Company and the Group. The insurance contract prohibits disclosure of the premium or the nature of liabilities insured against under the policy.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PwC) for audit and non-audit services provided during the year are set out in note 20 to the financial statements.

The Board of directors have considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Directors' report**NON-AUDIT SERVICES (CONTINUED)**

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	20	19
	\$	\$
Other assurance services		
PricewaterhouseCoopers firm:		
Advisory and accounting consulting services	1,257,748	1,590,063
Non PricewaterhouseCoopers firms:		
Advisory and accounting consulting services	677,134	56,037
Total remuneration for other assurance services	1,934,882	1,646,100
Taxation services		
PricewaterhouseCoopers firm:		
Taxation services	964,726	738,086
Non PricewaterhouseCoopers firms:		
Taxation services	350,513	11,546
Total remuneration for taxation services	1,315,239	749,632
Total remuneration for non-audit services	3,250,121	2,395,732

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 69.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.


Mark Alexander John Norwell

Managing Director and Chief Executive Officer

Perth
24 August 2020

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Perenti Global Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perenti Global Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Heatley'.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
24 August 2020

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Corporate governance statement

Perenti and the Board are committed to achieving the highest standards of corporate governance and business conduct. The Company has reviewed its corporate governance framework and practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2020 Corporate Governance Statement is dated 30 June 2020 and was approved by the Board on 24 August 2020. The 2020 Corporate Governance Statement sets out the key aspects of the Company's corporate governance framework and main governance practices for the year ended 30 June 2020. The 2020 Corporate Governance Statement can be viewed at perentigroup.com.

Board Members

Non-Executive Chairman Ian Cochrane	Managing Director and CEO Mark Norwell	Non-Executive Director Terrence Strapp	Non-Executive Director Mark Hine
Non-Executive Director Alexandra Atkins	Non-Executive Director Robert Cole	Non-Executive Director Andrea Hall	

Board Committees

Audit & Risk Committee	People & Remuneration Committee
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Charters

Board Charter	Audit & Risk Committee Charter	People & Remuneration Committee Charter
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Corporate Governance Policies

Market Disclosure and Communication Policy	Anti-Bribery and Anti-Corruption Policy and Standard	Securities Trading Policy	Code of Conduct Policy and Booklet
Environmental Policy	Risk and Opportunity Management Policy	Inclusion and Diversity Policy	Speak-Up Policy (Global) and Speak-Up Standard (Australia)
Safety and Health Policy	Privacy Policy	Quality Policy	

VOLUNTARY TAX TRANSPARENCY CODE

The Company has chosen to provide additional disclosure of tax information as recommended by the Board of Taxation's Voluntary Tax Transparency Code ("TTC"). The Company is currently classified as a 'large business' for the purposes of the TTC (i.e. The Company's aggregated Australian turnover exceeds A\$500 million) and has chosen to disclose the following tax information in this Annual Report:

PART A

- A reconciliation of accounting profit to tax expense. This information is disclosed in note 5(b) to the Consolidated Financial Statements in this Annual Report;
- Identification of material temporary and permanent differences. This information is disclosed in notes 5(b), 5(c), 5(d) and 7(c) to the Consolidated Financial Statements in this Annual Report; and
- Accounting effective company tax rates for Australian and global operations. This information is disclosed in note 5(e) to the Consolidated Financial Statements in this Annual Report.

PART B

- Part B will be disclosed in a taxes paid report.

Consolidated statement of profit or loss

	Notes	20 \$'000	19 \$'000
Revenue from continuing operations	2	2,046,058	1,638,392
Other income	4(a)	12,125	208,124
Materials expense		(651,013)	(598,787)
Labour costs		(759,570)	(556,288)
Rental and hire expense	4(b)	(19,114)	(24,907)
Depreciation expense	4(b)	(232,141)	(164,829)
Amortisation expense	4(b)	(38,564)	(29,062)
Finance costs	4(b)	(53,605)	(55,382)
Finance income		1,471	3,143
Other expenses from ordinary activities	4(b)	(198,501)	(162,559)
Impairment of assets	4(b)	(59,608)	(113,635)
Share of net profit of joint ventures accounted for using the equity method		-	10,709
Profit before income tax		47,538	154,919
Income tax (expense)/benefit	5	(19,983)	27,362
Profit for the year		27,555	182,281
Profit is attributable to:			
Equity holders of Perenti Global Limited		23,837	181,326
Non-controlling interests		3,718	955
Profit for the year		27,555	182,281
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	3.5	30.0
Diluted earnings per share	21	3.5	29.8

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

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Consolidated statement of comprehensive income

	Notes	20 \$'000	19 \$'000
Profit for the year		27,555	182,281
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange losses on translation of foreign operations	8(b)	(11,240)	(4,216)
Exchange (losses)/gains on translation of foreign operations - non-controlling interest		(64)	21
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of land and buildings, net of tax	8(b)	229	490
Gain on revaluation of FVOCI financial assets, net of tax	8(b)	6,542	3,341
Other comprehensive income/(loss) for the year, net of tax		(4,533)	(364)
Total comprehensive income for the year		23,022	181,917
Total comprehensive income for the year is attributable to:			
Equity holders of Perenti Global Limited		19,368	180,941
Non-controlling interests		3,654	976
Total comprehensive income for the year		23,022	181,917

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	20 \$'000	19 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	327,491	223,524
Trade and other receivables	6(b)	369,309	399,354
Inventories	7(a)	250,379	251,110
Assets classified as held for sale	7(b)	-	13,626
Current tax receivables		6,190	10,902
Total current assets		953,369	898,516
Non-current assets			
Receivables	6(b)	830	2,038
Financial assets at fair value through other comprehensive income	6(c)	23,632	17,581
Property, plant and equipment	7(c)	818,096	887,666
Right-of-use assets	7(d)	110,739	-
Intangible assets	7(e)	705,156	743,569
Deferred tax assets	7(f)	131,072	117,396
Total non-current assets		1,789,525	1,768,250
Total assets		2,742,894	2,666,766
LIABILITIES			
Current liabilities			
Trade and other payables	6(d)	261,095	268,525
Borrowings	6(e)	7,148	25,762
Lease liabilities	7(d)	29,482	-
Current tax liabilities		14,351	18,578
Employee benefit obligations	7(g)	71,902	65,043
Total current liabilities		383,978	377,908
Non-current liabilities			
Borrowings	6(e)	775,091	731,681
Lease liabilities	7(d)	72,136	-
Deferred tax liabilities	7(f)	110,131	143,948
Employee benefit obligations	7(g)	1,804	1,617
Total non-current liabilities		959,162	877,246
Total liabilities		1,343,140	1,255,154
Net assets		1,399,754	1,411,612
EQUITY			
Contributed equity	8(a)	1,135,323	1,126,769
Other reserves	8(b)	(11,104)	(10,835)
Retained earnings	8(c)	270,039	293,836
Capital and reserves attributable to owners of Perenti Global Limited		1,394,258	1,409,770
Non-controlling interests		5,496	1,842
Total equity		1,399,754	1,411,612

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Notes	ATTRIBUTABLE TO OWNERS OF PERENTI GLOBAL LIMITED				NON-CONTROLLING INTERESTS \$'000	TOTAL EQUITY \$'000
	CONTRIBUTED EQUITY \$'000	OTHER RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000		
Balance at 1 July 2018	624,571	(12,459)	162,639	774,751	-	774,751
Change in accounting policy on adoption of AASB 15	-	-	(7,527)	(7,527)	-	(7,527)
Restated total equity at 1 July 2018	624,571	(12,459)	155,112	767,224	-	767,224
Profit for the year	-	-	181,326	181,326	955	182,281
Other comprehensive (loss)/income	-	(385)	-	(385)	21	(364)
Total comprehensive income/(loss) for the year	-	(385)	181,326	180,941	976	181,917
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	243,537	-	-	243,537	-	243,537
Non-controlling interests on acquisition of subsidiary	-	-	-	-	866	866
Shares issued on conversion of employee share options	8(b) 268	(204)	-	64	-	64
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	258,393	-	-	258,393	-	258,393
Employee share options/rights - value of employee services	8(b) -	2,213	-	2,213	-	2,213
Dividends paid	-	-	(42,602)	(42,602)	-	(42,602)
	502,198	2,009	(42,602)	461,605	866	462,471
Balance at 30 June 2019	1,126,769	(10,835)	293,836	1,409,770	1,842	1,411,612
Balance at 1 July 2019	1,126,769	(10,835)	293,836	1,409,770	1,842	1,411,612
Profit for the year	-	-	23,837	23,837	3,718	27,555
Other comprehensive loss	-	(4,469)	-	(4,469)	(64)	(4,533)
Total comprehensive income/(loss) for the year	-	(4,469)	23,837	19,368	3,654	23,022
Transactions with owners in their capacity as owners:						
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	8(b) -	(409)	409	-	-	-
Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax	8(a) 8,849	-	-	8,849	-	8,849
Shares issued on conversion of employee share options	8(a), 8(b) 285	(98)	-	187	-	187
Deferred tax movement on capital raising costs	(580)	-	-	(580)	-	(580)
Dividends paid/payable	12(b) -	-	(48,043)	(48,043)	-	(48,043)
Employee share options/rights - value of employee services	8(b) -	4,707	-	4,707	-	4,707
	8,554	4,200	(47,634)	(34,880)	-	(34,880)
Balance at 30 June 2020	1,135,323	(11,104)	270,039	1,394,258	5,496	1,399,754

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	Notes	20 \$'000	19 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		2,178,904	1,683,000
Payments to suppliers and employees (inclusive of goods and services tax)		(1,752,117)	(1,385,320)
		426,787	297,680
Interest received		1,471	3,143
Interest and other costs of finance paid		(53,605)	(61,035)
Income taxes paid		(68,114)	(33,432)
Management fee received from joint ventures		-	556
Net cash inflow from operating activities	9(a)	306,539	206,912
Cash flows from investing activities			
Payments for purchase of subsidiaries	13	-	(17,205)
Payments for property, plant and equipment	7(c)	(235,704)	(206,013)
Payments for intangibles		(150)	(55)
Proceeds from sale of property, plant and equipment		45,619	11,170
Payments for assets at FVOCI		-	(809)
Proceeds from sale of assets at FVOCI		3,268	-
Proceeds from sale of assets held for sale		16,000	1,565
Cash acquired on acquisition of subsidiary	13	-	100,544
Minority interest on start-up of joint venture		-	866
Net cash outflow from investing activities		(170,967)	(109,937)
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs		-	242,338
Proceeds from secured borrowings		284,985	232,362
Repayment of unsecured borrowings		(9,256)	(421,293)
Repayment of secured borrowings		(251,872)	(15,762)
Proceeds from unsecured borrowings		8,731	5,072
Repayment of lease liabilities		(33,809)	(21,677)
Dividends paid to Company's shareholders	12(b)	(24,019)	(42,602)
Proceeds from Cross Currency Interest Rate Swaps close-out		-	8,421
Net cash outflow from financing activities		(25,240)	(13,141)
Net increase in cash and cash equivalents		110,332	83,834
Cash and cash equivalents at the beginning of the financial year		223,524	137,258
Effects of exchange rate changes on cash and cash equivalents		(6,365)	2,432
Cash and cash equivalents at end of year	6(a)	327,491	223,524
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

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Notes to the consolidated financial statements

HOW NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
- (b) analysis and subtotals, including segment information
- (c) information about estimates and judgements made in relation to particular items.

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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.

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.

Reportable segments are:

Surface Mining:

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

Underground Mining:

The provision of underground mining services in Australia, Africa, India and Canada.

Investments:

Operating segments which do not meet the aggregation criteria for the current segments. This includes the provision of mining supplies, products and services including equipment hire, equipment parts and sales and mineral analysis.

Group Functions:

This segment includes Group central functions including treasury, accounting, human resources, information technology, business development, procurement, financing and administration.

Intersegment eliminations:

Represents transactions which are eliminated on consolidation.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

EBIT (A)

EBIT (A) is defined as earnings before finance costs, finance income, income tax expense or benefit and amortisation of intangible assets.

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Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Managing Director

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2020 is as follows:

	SURFACE MINING	UNDERGROUND MINING	INVESTMENTS	GROUP FUNCTIONS	INTER- SEGMENT ELIMINATIONS	CONSOLIDATED
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers	607,971	1,299,797	138,290	-	-	2,046,058
Intersegment sales	2,802	-	19,815	-	(22,617)	-
Total sales revenue	610,773	1,299,797	158,105	-	(22,617)	2,046,058
Timing of revenue recognition						
- At a point in time	1,009	-	43,518	-	-	44,527
- Over time	609,764	1,299,797	114,587	-	(22,617)	2,001,531
	610,773	1,299,797	158,105	-	(22,617)	2,046,058
Underlying segment EBIT(A)	25,453	196,197	25,089	(35,031)	-	211,708
Transaction, restructuring costs and other	-	(2,734)	-	(5,217)	-	(7,951)
Amortisation expense	-	(38,564)	-	-	-	(38,564)
Impairment of assets	(34,271)	-	(25,337)	-	-	(59,608)
Boungou/Bissa project exit costs	(4,971)	-	-	-	-	(4,971)
Profit on sale of Connector Drilling	2,374	-	-	-	-	2,374
Foreign exchange (loss)/gain, net	1,051	(1,282)	-	(3,085)	-	(3,316)
Reported segment EBIT(A)	(10,364)	153,617	(248)	(43,333)	-	99,672
Interest income						1,471
Interest expense						(53,605)
Profit before tax						47,538
Income tax expense						(19,983)
Profit for the year						27,555
Minority interest						(3,718)
Profit for the year attributable to members						23,837
Segment assets	1,938,753	1,528,333	200,327	533,511	(1,458,030)	2,742,894
Segment liabilities	338,272	923,948	197,768	1,000,097	(1,116,945)	1,343,140
Other segment information						
Depreciation expense	(75,535)	(133,465)	(21,227)	(1,914)	-	(232,141)
Amortisation expense	-	(38,564)	-	-	-	(38,564)
Acquisition of property, plant and equipment, intangibles and other non-current assets	64,648	143,680	24,004	3,522	-	235,854

Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Managing Director (continued)

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June 2019 is as follows:

	SURFACE MINING \$'000	UNDERGROUND MINING \$'000	INVESTMENTS \$'000	GROUP FUNCTIONS \$'000	INTER- SEGMENT ELIMINATIONS \$'000	CONSOLIDATED \$'000
Segment revenue						
Sales to external customers	746,193	747,156	145,043	-	-	1,638,392
Intersegment sales	3,907	-	17,706	-	(21,613)	-
Total sales revenue	750,100	747,156	162,749	-	(21,613)	1,638,392
Timing of revenue recognition						
- At a point in time	11,388	-	21,800	-	-	33,188
- Over time	738,712	747,156	140,949	-	(21,613)	1,605,204
	750,100	747,156	162,749	-	(21,613)	1,638,392
Underlying segment EBIT(A)	56,401	129,179	25,383	(30,257)	-	180,706
Transaction, restructuring costs and other	(668)	(6,697)	-	(22,868)	-	(30,233)
Amortisation expense	-	(29,062)	-	-	-	(29,062)
Impairment of assets	(57,068)	-	(56,567)	-	-	(113,635)
Fair value gain on AUJMS	-	180,248	-	-	-	180,248
Foreign currency translation reserve derecognition on AUJMS	-	18,163	-	-	-	18,163
Foreign exchange (loss)/gain, net	402	36	(804)	1,337	-	971
Reported segment EBIT(A)	(933)	291,867	(31,988)	(51,788)	-	207,158
Interest income						3,143
Interest expense						(55,382)
Profit before tax						154,919
Income tax expense						27,362
Profit for the year						182,281
Minority interest						(955)
Profit for the year attributable to members						181,326
Segment assets	1,747,048	1,393,038	197,342	778,825	(1,449,487)	2,666,766
Segment liabilities	353,535	847,945	210,078	980,879	(1,137,283)	1,255,154
Other segment information						
Depreciation expense	(80,571)	(72,677)	(11,206)	(374)	-	(164,828)
Amortisation expense	-	(29,062)	-	-	-	(29,062)
Acquisition of property, plant and equipment, intangibles and other non-current assets	59,733	119,180	26,579	1,385	-	206,877
Share of net profits from joint ventures	-	10,709	-	-	-	10,709

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Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

c. Other segment information

(i) 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 consolidated income statement.

Total revenue by geographical location is as follows:

	30 JUNE 2020			30 JUNE 2019		
	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
Surface Mining						
Australia	183,911	(2,176)	181,735	212,795	(3,541)	209,254
Ghana	132,402	(625)	131,777	212,978	(365)	212,613
Mali	152,951	-	152,951	159,396	-	159,396
Burkina Faso	66,179	-	66,179	101,181	-	101,181
Senegal	73,947	-	73,947	60,839	-	60,839
Other foreign countries	1,384	-	1,384	2,916	-	2,916
Underground Mining						
Australia	602,743	-	602,743	355,415	-	355,415
Ghana	250,630	-	250,630	115,594	-	115,594
Burkina Faso	213,773	-	213,773	109,403	-	109,403
Tanzania	99,439	-	99,439	95,572	-	95,572
Egypt	84,831	-	84,831	58,218	-	58,218
Botswana	25,964	-	25,964	-	-	-
India	19,189	-	19,189	12,954	-	12,954
Canada	3,227	-	3,227	-	-	-
Investments						
Australia	127,256	(4,750)	122,506	135,125	(3,369)	131,756
Africa	25,585	(11,879)	13,706	22,387	(10,292)	12,095
Other foreign countries	5,264	(3,187)	2,077	5,232	(4,046)	1,186
Total segment revenue	2,068,675	(22,617)	2,046,058	1,660,005	(21,613)	1,638,392

Notes to the consolidated financial statements

1. SEGMENT INFORMATION (CONTINUED)

(ii) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Total of non-current assets other than deferred tax assets, broken down by location of the assets, is shown in the table below.

	20	19
	NON-CURRENT SEGMENT ASSETS	NON-CURRENT SEGMENT ASSETS
	\$'000	\$'000
Surface Mining		
Australia	105,210	97,629
Ghana	135,717	174,418
Burkina Faso	78,764	80,529
Mali	64,937	73,587
Senegal	60,090	60,600
Other foreign countries	-	135
Underground Mining		
Australia	470,271	481,604
Ghana	169,434	179,231
Burkina Faso	226,298	220,082
Mali	20,136	20,797
Tanzania	86,777	110,208
Egypt	17,591	14,206
India	-	294
Botswana	40,576	-
Investments		
Australia	115,940	84,728
Africa	485	118
Other foreign countries	16	-
Group Functions		
Australia	65,729	52,689
Other foreign countries	481	-
Total non-current segment assets	1,658,452	1,650,855

Notes to the consolidated financial statements

2. REVENUE

The Group derives the following types of revenue:

	Notes	20 \$'000	19 \$'000
Sales revenue			
Contract mining services	2(a)(i)	1,940,936	1,548,345
Equipment rental	2(a)(ii)	60,595	58,859
Sale of goods	2(a)(iii)	44,527	33,188
		2,046,058	1,638,392

a. Revenue recognition

Revenue is recognised for the major business activities using the methods outlined below.

(i) Contract mining services

Contracts for services includes contract mining (both underground and surface mining), drill and blast, in-pit grade control, exploration drilling, earthmoving, rental of equipment 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. Majority of the Group's revenue is paid one month in arrears and therefore gives rise to an accrued revenue. The total transaction price for contract services may include variable consideration.

(ii) Equipment rental

Revenue is recorded overtime as the customer simultaneously receives and consumes the benefits, the entity has an enforceable right to payment and as such the performance obligation is fulfilled overtime.

(iii) 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 to a customer pursuant to the sales order.

See note 25(e) for the recognition and measurement of revenue. Amounts disclosed as revenue are net of returns, trade allowances, duties and other taxes paid. Refer note 6(b) for accrued revenue.

b. Revenue recognised in relation to contract liabilities

The Group recognised revenue from the amortisation of deferred revenue liabilities relating to mining services contracts as follows:

	20 \$'000	19 \$'000
Revenue recognised in relation to contract liabilities	2,978	2,404

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Notes to the consolidated financial statements

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	20 \$'000	19 \$'000
Impairment of property, plant and equipment		(40,597)	(49,320)
Impairment of inventory		(19,011)	(54,416)
Impairment other		-	(9,899)
Net income tax benefit - impairment, transactional and other		11,815	60,632
Step acquisition gain on ASL's existing 50% share of AUMS	13	-	180,248
Foreign currency translation reserves derecognised on step acquisition of AUMS	13	-	18,163
		(47,793)	145,408

a. Impairment of assets

For the year ended 30 June 2020, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation prior to the COVID-19 pandemic had been above its net assets at different points in time. As the global markets responded to COVID-19, the share price decreased and as a result at 30 June 2020 the Groups market capitalisation was below its net assets. Based on the thorough and systematic impairment analysis conducted, management considered this factor amongst other impairment indicators at 30 June 2020.

Assets are firstly considered individually to determine whether there is any impairment related to specific assets due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe. For the year ended 30 June 2020, this resulted in \$34,271,000 of impairments in the Surface Mining Africa ISG which largely relates to property, plant and equipment and Inventory on the Boungou mine site in Burkina Faso which the Group exited in November 2019 due to heightening security concerns. The impairment reflects the likely recoverable value for the assets factoring in their specific location and associated security risk.

The Group then proceeded to consider the profitability of the individual Cash Generating Units (CGUs) against their budgets. Where a business was performing below its forecast or had high underutilisation of PPE, management considered that there was an impairment indicator and performed an impairment assessment for those CGUs. This was the case for the Surface Mining - Australia, Surface Mining - Africa and BTP Group CGUs. For these CGUs, management has made estimates associated with the recoverable amount of the relevant CGU to determine whether there was any impairment or reversal of previous impairment in relation to its carrying value. Determining a CGUs recoverable amount was completed via the following methods:

- (a) for certain CGUs, the recoverability of its assets is completed via a fair value less costs of disposal methodology (FVLCD); and
- (b) for certain CGUs, the recoverability of its assets is completed via a value in use methodology (VIU).

The recoverable amount of a CGU is calculated as the higher of its FVLCD or its VIU. The Company has sourced an external valuation where a fair value less costs of disposal has been used. In the instances where this has been adopted, the valuation technique and fair value hierarchy is noted below.

The recoverable amount of a CGU determined by a VIU calculation requires the use of assumptions. Cash flow projections are calculated using budgeted EBITDA, changes in working capital and capital expenditure to determine a "free cash flow" estimate. These projections are based on actual operating results, a Board approved business plan and subsequent financial forecasts prepared by management. Future cash flows are extrapolated by applying growth rates for each segment and terminal growth rates not exceeding 3%. This methodology is consistently applied in reporting periods.

For the CGUs which had impairment triggers at 30 June 2020, the recoverable amount was assessed either by a FVLCD or a VIU method. The assessments resulted in an impairment charge of \$25,337,000 for the year ended 30 June 2020. There was no reversal of previous impairments recorded. Please see the table below for the information on which method was applied to each CGU and a comparison between 30 June 2020 and 30 June 2019.

Notes to the consolidated financial statements

3. INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

a. Impairment of assets (continued)

Summary of the impairment taken, and method used to assess the impairment

A summary of the Company's assessment of any indicators of impairment testing for material CGUs, the valuation method used and impairment expense/(reversal) is as follows:

CGU	TRIGGER FOR IMPAIRMENT TESTING		VALUATION METHOD USED		IMPAIRMENT EXPENSE/ (REVERSAL) OF PPE	
	20	19	20	19	20	19
BTP Group (BTP)	Y	N	VIU	-	\$25.3m	-
Surface Mining Africa (formerly Contract Mining Services Africa (CMSA))	Y	Y	FVLCD	VIU	\$34.3m	\$16.9m
Surface Mining Australia (formerly Kalgoorlie / SynegeX)	Y	Y	VIU	VIU	-	-
Energy Drilling Australia (EDA)	N	Y	-	FVLCD	-	\$31.2m
Underground Mining (Australasia / Africa)	N	N	-	N/A	-	N/A
Others	N	N	-	N/A	-	N/A

The impairments recorded within the financial statements at 30 June 2020 are not directly related to the COVID-19 global pandemic.

Key assumptions used for value in use calculations

For certain CGUs the recoverability of its assets is determined using a VIU methodology. The calculation of VIU for the CGUs is most sensitive to the following assumptions:

- EBITDA/sales margins
- Discount rates and growth rates used to extrapolate cash flows beyond the forecast period.

EBITDA margin

The calculations used cash flow projections based on the forecast for the 2021 to 2025 financial years. Financial years from 2021 to 2025 for the BTP Group (impairment recorded) and Surface Mining - Australia (no impairment recorded) incorporate an estimate of the EBITDA margins which have not been disclosed as they are commercially sensitive in nature. The 2021 forecast was determined as a result of a comprehensive exercise where the operational division evaluated each individual contract and project.

Working capital has been adjusted, in particular inventory levels, to return to and reflect what would be considered a normal operating level to support the underlying business.

Growth rate estimates and discount rates

Future cash flows are extrapolated by applying growth rates for each segment and appropriate discount rates to the CGU. A 1% growth rate for 2022 to 2025 has been utilised and additionally a terminal value was calculated after 5 years incorporating a perpetual growth rate of 2.5%.

Weighted average cost of capital post-tax discount rates in the range of 10.0% and 10.8% were used in discounting the projected cashflows for the BTP group and Surface Mining - Australia. The present value of the cash flows is sensitive to the EBITDA, growth rate and discount rates used. A higher discount rate or lower EBITDA growth rate will result in a lower recoverable value.

There are circumstances where changes to the assumptions above could impact on the recoverable amount and therefore could increase a recorded impairment or in fact mean a future impairment could occur in a CGU where an impairment has not been recorded.

BTP Group

This CGU is included in the Investments operating segment. At 30 June 2020, based on the impairment testing performed, an impairment expense of \$25,337,000 has been recognised at the CGU level. Of this impairment expense, \$14,382,000 related to property, plant and equipment and \$10,955,000 related to inventory. At 30 June 2019, this CGU had no triggers for impairment.

Notes to the consolidated financial statements

3. INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

a. Impairment of assets (continued)

Significant estimate: Impact of possible changes in key assumptions

Management have considered various reasonably possible sensitivities over the value-in-use models for the BTP Group CGU and Surface Mining - Australia CGU at 30 June 2020. The table below shows the impact of different reasonably possible outcomes if there was a change in the assumptions used in the value in use models.

ASSUMPTION	% CHANGE	BTP GROUP IMPAIRMENT CHANGE (A\$)	SURFACE MINING - AUSTRALIA IMPAIRMENT (A\$)*
Growth rate	+1.0%	+\$2,500,000	-
(decrease reduces value)	-1.0%	-\$2,500,000	-
Discount rate	-1.0%	+\$17,200,000	-
(decrease increases value)	+1.0%	-\$13,300,000	-\$320,000

* the value shown is the impairment which would be recorded in the model if the assumption changed by the % included in the % change column.

The above sensitivities have been performed with all other assumptions in the model remaining the same as the original model.

Key assumptions used for Fair Value less Costs of Disposal

Surface Mining - Africa

This CGU is included in the Surface Mining operating segment. At 30 June 2020, a FVLCD methodology was adopted combining Level 1, Level 2, and predominately Level 3 inputs in the fair value. The directors assessed the fair value, taking into account the independent valuation obtained and determined the assets' fair value within a range of reasonable fair value estimates. Based on the impairment testing performed no impairment expense has been recognised at the CGU level at 30 June 2020. At 30 June 2019 a VIU methodology was adopted and an impairment expense of \$16,936,000 was recorded to Property, plant and equipment and other assets.

b. Net income tax benefit

In the current year a net income tax benefit of \$11,815,000 was recorded relating to the following items: \$16,248,000 deferred tax benefits relating to the above impairments recorded along with an offsetting \$4,433,000 in relation to the finalisation of the tax cost allocation from the acquisition of the Barmingo Group.

In the prior year ended 30 June 2019 a net income tax benefit of \$60,632,000 was recorded relating to the following items: previously unrecognised deferred tax assets for the carry forward of unused tax losses and tax credits \$43,156,000, uplift in the tax carrying value of depreciating assets upon the acquisition of the Barmingo Group \$8,733,000, tax effect of impairment, transaction costs and other amounting to \$36,036,000, offset by uncertain tax positions in Africa of \$27,293,000.

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

	20	19
	\$'000	\$'000
Step acquisition gain on ASL's existing 50% share of AUMS	-	180,248
Foreign currency translation reserve derecognised on step acquisition of AUMS	-	18,163
Insurance proceeds	-	1,259
Foreign exchange gains (net)	-	971
Management fee received	-	556
Gain on disposal of non-current assets	6,096	3,918
Profit on disposal of assets held for sale	2,374	-
Other	3,655	3,009
Total other income	12,125	208,124

Notes to the consolidated financial statements

4 OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

b. Breakdown of expenses by nature

	Notes	20 \$'000	19 \$'000
Depreciation expense			
Plant and equipment depreciation		196,324	163,108
Right-of-use asset depreciation		34,869	-
Buildings depreciation		948	1,721
Total depreciation expense		232,141	164,829
Amortisation expense			
Customer relationships intangibles amortisation		38,103	28,770
Software amortisation		461	292
Total amortisation expense		38,564	29,062
Rental and hire expenses			
Rental expense relating to operating leases for equipment		17,083	16,846
Rental expense relating to operating leases for properties		2,031	8,061
Total rental and hire expenses		19,114	24,907
Finance costs			
Interest paid		47,598	41,688
Lease contracts interest		5,053	-
Hire purchase interest		-	2,374
Amortised borrowing cost		943	5,617
Derivative fair value and settlement		-	5,703
Other finance costs		11	-
Total finance costs		53,605	55,382
Other expenses from ordinary activities			
Staffing, safety and training		31,941	24,502
Consultants		13,837	23,410
Travel and accommodation		30,768	22,105
Freight		32,552	19,181
IT and communications		16,304	14,114
Insurance		16,600	13,751
Property related expenses		10,192	9,961
Duties and taxes		10,434	6,861
Foreign exchange loss (net)		3,316	-
All other expenses		32,557	28,674
Total other expenses from ordinary activities		198,501	162,559
Impairment of assets			
Impairment of property, plant and equipment	3	40,597	49,320
Impairment of inventory	3	19,011	54,416
Impairment other		-	9,899
Total impairment of assets		59,608	113,635

Notes to the consolidated financial statements

5. INCOME TAX EXPENSE/(BENEFIT)

This note provides an analysis of the Group's income tax expense/(benefit), shows what tax amounts are recognised directly in equity and how the tax expense/(benefit) is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

a. Income tax expense/(benefit)

	Notes	20 \$'000	19 \$'000
Current tax on profits for the year		63,425	42,409
Deferred tax		(48,206)	(70,247)
Reduction in the tax carrying value of depreciating assets upon acquisition of Barminco group		4,433	-
Adjustments for current tax of prior periods		331	476
		19,983	(27,362)
Income tax expense/(benefit) is attributable to:			
Profit for the year		19,983	(27,362)
Deferred income tax expense/(benefit) included in income tax expense comprises:			
Increase in deferred tax assets	7(f)(i)	(24,494)	(97,694)
(Decrease)/increase in deferred tax liabilities	7(f)(ii)	(23,712)	27,447
		(48,206)	(70,247)

b. Numerical reconciliation of accounting profit to income tax expense/(benefit)

	Notes	20 \$'000	19 \$'000
Profit for the year before income tax expense		47,538	154,919
Tax at the Australian tax rate of 30% (Jun 2019 - 30%)		14,261	46,476
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Share of net (profit) of joint ventures		-	(3,213)
Share-based payments		1,412	664
Other foreign permanent differences		140	2,037
Withholding tax		9,371	7,470
Other assessable/non-deductible items		10,953	4,350
Step acquisition gain on ALS's existing 50% share of AUMS		-	(59,523)
Difference in overseas tax rates		(4,649)	(4,195)
Under provision in prior years		331	476
Current year tax losses not recognised		2,486	1,417
Prior year unrecognised deferred tax assets now recognised		(333)	(44,822)
Effect of currency translation on tax base		(2,533)	(2,462)
Deferred tax (realised)/recognised on undistributed profits for foreign subsidiaries and joint ventures		(7,880)	5,007
Uplift in the tax carrying value of depreciating assets upon acquisition of Barminco group		4,433	(8,337)
Movement in uncertain tax positions in Africa	7(f)(ii)	(8,009)	27,293
Income tax expense/(benefit)		19,983	(27,362)

Notes to the consolidated financial statements

5. INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

c. Amounts recognised directly in equity

	Notes	20 \$'000	19 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Deferred tax - debited directly to equity	7(f)(i)	714	1,188

d. Unused tax losses and unrecognised temporary differences

(i) Tax losses for which deferred tax assets have not been recognised:

	20 \$'000	19 \$'000
Unused tax losses for which no deferred tax asset has been recognised	205,541	1,388
Unrecognised deferred tax assets relating to the above temporary differences	61,662	416

(ii) Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:

	20 \$'000	19 \$'000
Undistributed earnings	204,776	121,941
Unrecognised deferred tax liabilities relating to the above unused tax losses	20,775	11,546

Perenti Global Limited has undistributed earnings of \$204,776,000 (2019: \$121,941,000) in some of its African subsidiaries which, if paid out as dividends, would attract dividend withholding tax in Africa. 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.

e. Effective tax rates for the year ended 30 June 2020 for Australian and Global operations in terms of the Board of Taxation's Voluntary Tax Transparency Code:

(i) Australian operations

The accounting effective company tax rate for the year ended 30 June 2020 is 23.9% (30 June 2019: (111.0%)). This effective tax rate is lower than the Australian company tax rate due to the impact of functional currencies, items of income/expenditure which are not assessable/deductible and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30.0% (30 June 2019: 30.0%).

(ii) Global operations

The accounting effective company tax rate for the year ended 30 June 2020 is 42.0% (30 June 2019: (17.7%)). This effective tax rate is higher than the Australian company tax rate due to the impact of different company tax rates in other countries, functional currencies, items of income/expenditure which are not assessable/deductible, the derecognition of uncertain tax positions in Africa and transfer pricing adjustments. The effective tax rate excluding the impact of these items is 30.0% (30 June 2019: 29.3%).

Notes to the consolidated financial statements

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

	Notes	ASSETS AT FVOCI \$'000	FINANCIAL ASSETS AT AMORTISED COST \$'000	TOTAL \$'000
Financial assets				
2020				
Cash and cash equivalents	6(a)	-	327,491	327,491
Trade and other receivables*	6(b)	-	351,325	351,325
Financial assets FVOCI	6(c)	23,632	-	23,632
		23,632	678,816	702,448
2019				
Cash and cash equivalents	6(a)	-	223,524	223,524
Trade and other receivables*	6(b)	-	386,782	386,782
Financial assets FVOCI	6(c)	17,581	-	17,581
		17,581	610,306	627,887
* Excluding prepayments				
	Notes		LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Financial liabilities				
2020				
Trade and other payables	6(d)		261,095	261,095
Borrowings	6(e)		782,239	782,239
Lease liabilities	7(d)		101,618	101,618
			1,144,952	1,144,952
2019				
Trade and other payables	6(d)		268,525	268,525
Borrowings	6(e)		757,443	757,443
			1,025,968	1,025,968

The Group's exposure to various risks associated with financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

a. Cash and cash equivalents

	20	19
	\$'000	\$'000
Current assets		
Cash at bank and in hand	327,491	223,524

(i) Reconciliation to cash at the end of the year

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

Balance as above	327,491	223,524
Balances per consolidated statement of cash flows	327,491	223,524

b. Trade and other receivables

	20			19		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Trade receivables (i)	174,232	-	174,232	195,363	-	195,363
Provision for impairment and expected credit losses (see note 11(b))	(11,172)	-	(11,172)	(10,827)	-	(10,827)
	163,060	-	163,060	184,536	-	184,536
Accrued revenue	157,441	-	157,441	164,064	-	164,064
Net GST / VAT receivables	19,091	-	19,091	17,517	-	17,517
Other receivables (ii)	11,733	-	11,733	19,618	1,047	20,665
Prepayments	17,984	830	18,814	13,619	991	14,610
	369,309	830	370,139	399,354	2,038	401,392

(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. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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. The Group's impairment loss allowance and other accounting policies for trade and other receivables are outlined in notes 11(b) and 25(l) respectively.

(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.

(iii) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 11(a).

(iv) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(v) Impairment and risk exposure

Prepayments of \$nil (30 June 2019: \$8,210,000) and other non-current receivables of \$nil (30 June 2019: \$1,689,000) were impaired during the year, refer note 3. Information about the impairment of trade and other receivables, their 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).

Notes to the consolidated financial statements

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

c. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the following classes of financial assets:

	20	19
	\$'000	\$'000
Non-current assets		
<i>Listed securities</i>		
Equity securities	5,157	5,971
<i>Unlisted securities</i>		
Equity securities	18,475	11,610
	23,632	17,581

Refer note 25(o)(ii) for the accounting policy.

(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 is transferred to retained earnings.

(ii) Amounts recognised in other comprehensive income

During the year, the following gains were recognised in other comprehensive income.

		20	19
	Notes	\$'000	\$'000
Gains recognised in other comprehensive income	8(b)	9,170	4,773

(iii) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

(iv) Fair value, impairment and risk exposure

All of the financial assets at fair value through other comprehensive income (FVOCI) are denominated in either Australian Dollars, British Pound or Canadian Dollars. For an analysis of the sensitivity of the assets to price and interest rate risk refer to note 11(a).

d. Trade and other payables

	20	19
	\$'000	\$'000
Current liabilities		
Trade payables	126,812	130,734
Accrued expenses	86,246	92,037
Payroll accruals	26,774	25,236
Net GST / VAT payables	2,949	10,003
Contract liabilities	2,181	5,115
Dividends payable	15,174	-
Other creditors and accruals	959	5,400
	261,095	268,525

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

d. Trade and other payables (continued)

(i) Contract liabilities

Movements in contract liabilities for liabilities relating to revenue contracts are as follows:

	20	19
	\$'000	\$'000
Opening balance	5,115	-
Adjustment on adoption of AASB 15	-	7,527
Revenue recognised	(2,978)	(2,404)
Exchange differences	44	(8)
Closing balance	2,181	5,115

e. Borrowings

	20			19		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Secured (i)						
USD notes	-	506,297	506,297	-	497,386	497,386
Bank loans	-	251,981	251,981	-	225,119	225,119
Prepaid borrowing costs	-	(2,472)	(2,472)	-	(2,032)	(2,032)
Other loans	7,148	16,580	23,728	-	-	-
HP liabilities	-	-	-	-	8,548	8,548
Total secured borrowings	7,148	772,386	779,534	-	729,021	729,021
Unsecured (ii)						
Loan from minority interest	-	2,705	2,705	-	2,660	2,660
HP liabilities	-	-	-	25,236	-	25,236
Insurance premium funding	-	-	-	526	-	526
Total unsecured borrowings	-	2,705	2,705	25,762	2,660	28,422
Total borrowings	7,148	775,091	782,239	25,762	731,681	757,443

(i) Secured borrowings

At 30 June 2020, the Group had the following facilities that were not drawn at balance date:

	20	19
	\$'000	\$'000
Total unutilised facilities	344,853	158,343

USD notes

On 26 April 2017 Barminco issued 6.625% Senior Secured Notes due for repayment 15 May 2022 with a US\$350 million principal amount. The notes were issued by Barminco Finance Pty Ltd and are secured and have been guaranteed by Barminco Holdings Pty Limited, Barminco Finance Pty Limited, Barminco Limited, Barminco AUMS Holdings Pty Limited, Barminco India Investments Pty Limited and Barminco India Holdings Pty Limited. The interest on the high yield bond is payable semi-annually on 15 May and 15 November. The High Yield Bonds are quoted on the Singapore Stock Exchange.

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

e. Borrowings (continued)

(i) Secured borrowings (continued)

Bank loans

In April 2019, Perenti Global Limited refinanced its A\$300 million revolving credit facilities and subsequently increased the facilities by additional A\$100 million in December 2019. The dual currency facilities mature on 1 July 2023 and are provided by a number of leading lending institutions in the Australian banking market. In June 2020, a A\$130 million multi currency syndicated facility agreement was entered into by the Group. The facility matures on 12 May 2022. As at 30 June 2020, the Group's total facility limit is A\$530 million and approximately 48% of this facility was drawn down.

Other loans

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

Lease liabilities

HP liabilities included in borrowings until 30 June 2019 were reclassified to lease liabilities in the process of adopting AASB 16 Leases from 1 July 2019, refer to note 26 and note 7(d) for further detail. Lease liabilities may be secured by the specific assets under lease.

(ii) Unsecured borrowings

Loan from minority interest - unsecured

The loan relates to Underground Mining Alliance Limited, refer note 14 and note 18.

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 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 and a credit rating of BB (Outlook Stable) from Standard & Poor's. 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.

(iii) Fair value

For the majority of the borrowings, the fair values are 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:

	20			19		
	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	DISCOUNT RATE %	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	DISCOUNT RATE %
On-balance sheet						
<i>Non-traded financial liabilities</i>						
USD notes	506,297	503,858	6.98	497,386	516,542	5.45

The fair values of non-current borrowings are based on discounted cash flows using the rates disclosed in the table above.

(iv) Risk exposures

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 11(a).

Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

f. Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments 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 financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below.

AT 30 JUNE 2020	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Financial assets				
<i>Financial assets FVOCI</i>				
Australian listed equity securities	4,365	-	-	4,365
Australian unlisted equity securities	-	-	18,475	18,475
CAD listed equity securities	533	-	-	533
GBP listed equity securities	259	-	-	259
Total financial assets	5,157	-	18,475	23,632
AT 30 JUNE 2019	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Financial assets				
<i>Financial assets FVOCI</i>				
Australian listed equity securities	5,059	-	-	5,059
Australian unlisted equity securities	-	-	11,610	11,610
CAD listed equity securities	463	-	-	463
GBP listed equity securities	449	-	-	449
Total financial assets	5,971	-	11,610	17,581

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers into and out of level 3 measurements see (iii) on page 96.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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Notes to the consolidated financial statements

6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

f. Recognised fair value measurements (continued)

(i) Fair value hierarchy (continued)

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 and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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 for the period ended 30 June 2020:

Consolidated entity	UNLISTED EQUITY SECURITIES \$'000	TOTAL \$'000
Opening balance 1 July 2019	11,610	11,610
Gains recognised in other comprehensive income	7,125	7,125
Transfers between levels	(260)	(260)
Closing balance 30 June 2020	18,475	18,475

(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 and valuation team in the Group finance department. As part of this discussion the team presents a report that explains the reason for any fair value movements based on recent transactions and financial information.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
 - inventories (note 7(a))
 - assets classified as held for sale (note 7(b))
 - property, plant and equipment (note 7(c))
 - leases (note 7(d))
 - intangible assets (note 7(e))
 - deferred tax balances (note 7(f))
 - employee benefit obligations (note 7(g))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.

a. Inventories

	20	19
	\$'000	\$'000
Work in progress	19,575	18,064
Finished goods	18,007	15,322
Consumables and store items	212,797	217,724
	250,379	251,110

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 25(m) for the Group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to \$19,271,000 (2019: \$56,109,000). These were recognised as an expense during the year ended 30 June 2020, \$19,011,000 (2019:\$54,416,000) was included within impairment of assets expense, refer to note 3 for detail, and \$260,000 (2019:\$1,693,000) which was in the ordinary course of business, was included in materials expense in the consolidated statement of profit or loss.

b. Assets held for sale

	20	19
	\$'000	\$'000
Current assets		
Property, plant and equipment	-	9,866
Inventories	-	3,760
	-	13,626

In prior year, as announced to the ASX on 10 April 2019 the Group had entered into a binding agreement with Pentium Hydro Pty Ltd and Vysarn Limited to sell the Company's hydrological drilling assets which historically operated as "Connector Drilling" for cash consideration of \$16 million. The Assets Sale Agreement included various waterwell drilling assets and associated inventory associated with the Group's waterwell business

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

c. Property, plant and equipment

Non-current	LAND AND BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	PLANT AND EQUIPMENT UNDER FINANCE \$'000	TOTAL \$'000
At 1 July 2018				
Cost or fair value	61,489	1,353,925	-	1,415,414
Accumulated depreciation	(2,881)	(748,186)	-	(751,067)
Net book amount	58,608	605,739	-	664,347
Year ended 30 June 2019				
Opening net book amount	58,608	605,739	-	664,347
Exchange differences	866	13,130	280	14,276
Acquisition of subsidiary	1,001	183,310	53,961	238,272
Additions	88	205,908	17	206,013
Transfers	-	(3,926)	-	(3,926)
Depreciation charge	(1,721)	(150,104)	(13,004)	(164,829)
Disposals	-	(7,301)	-	(7,301)
Impairment loss	-	(49,320)	-	(49,320)
Transfers between classes	(498)	498	-	-
Transfers to assets held for sale	-	(9,866)	-	(9,866)
Closing net book amount	58,344	788,068	41,254	887,666
At 30 June 2019				
Cost or fair value	60,378	1,707,063	86,102	1,853,543
Accumulated depreciation	(2,034)	(918,995)	(44,848)	(965,877)
Net book amount	58,344	788,068	41,254	887,666
Year ended 30 June 2020				
Opening net book amount	58,344	788,068	41,254	887,666
Adjustment for change in accounting policy (AASB 16)(i)	-	-	(41,254)	(41,254)
Restated opening net book amount	58,344	788,068	-	846,412
Year ended 30 June 2020				
Restated opening net book amount (i)	58,344	788,068	-	846,412
Exchange differences	(849)	6,181	-	5,332
Additions	588	234,492	-	235,080
Disposals	-	(38,309)	-	(38,309)
Depreciation charge	(948)	(196,324)	-	(197,272)
Impairment loss	-	(40,597)	-	(40,597)
Transfer from leased assets	-	7,450	-	7,450
Closing net book amount	57,135	760,961	-	818,096
At 30 June 2020				
Cost or fair value	61,369	1,679,961	-	1,741,330
Accumulated depreciation and impairment	(4,234)	(919,000)	-	(923,234)
Net book amount	57,135	760,961	-	818,096

(i) Leased assets

As at 30 June 2019, plant and equipment under finance included the following amounts where the Group was a lessee under finance leases (HP liabilities), refer to note 6(e) and note 7(d) for further details:

	20 \$'000	19 \$'000
Plant and equipment under finance		
Cost	-	86,102
Accumulated depreciation	-	(44,848)
Net book amount	-	41,254

From 1 July 2019 leased assets are presented as a separate line item in the consolidated statement of financial position. Refer to note 26 for details about the changes in accounting policy.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

c. Property, plant and equipment (continued)

(ii) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

(iii) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	20	19
	\$'000	\$'000
Buildings		
Cost	41,003	40,761
Accumulated depreciation	(16,744)	(16,648)
Net book amount	24,259	24,113

(iv) Revaluation, 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
- Power station assets 3 - 20 years

See note 25(q) for the other accounting policies relevant to property, plant and equipment.

v. Impairment expense

Impairment expense of \$26,215,000 (30 June 2019: \$11,083,000) related to individual assets and \$14,382,000 (30 June 2019: \$32,237,000) related to assets tested at the cash generating unit level for property, plant and equipment. Refer to note 3 for details.

vi. Significant estimates - valuations of land and buildings

Information about the valuation of land and buildings is provided in note 7(h).

d. Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	20	19
	\$'000	\$'000
Right-of-use assets *		
Properties	26,067	-
Equipment	84,640	-
Motor Vehicles	32	-
	110,739	-
Lease liabilities		
Current	29,482	-
Non-current	72,136	-
	101,618	-

* In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 Leases on 1 July 2019, please refer to note 26.

Additions to the right-of-use assets during the 2020 financial year were \$62,773,000.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

d. Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Notes	20 \$'000	19 \$'000
Depreciation charge of right-of-use assets			
Properties		7,899	-
Equipment		26,752	-
Motor Vehicles		218	-
	4(b)	34,869	-
Interest expense (included in finance cost)		6,238	-
Expense relating to short-term leases (included in rental and hire expenses)	4(b)	1,221	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in rental and hire expenses)	4(b)	202	-
Expense relating to variable lease payments not included in lease liabilities (included in rental and hire expenses)	4(b)	17	-

The total cash outflow for leases in 2020 was \$33,809,000.

(iii) The group's leasing activities and how these are accounted for

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 note (v) on the next page.

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.

Until the 30 June 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 25(h) for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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 payment 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.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

d. Leases (continued)

(iii) The group's leasing activities and how these are accounted for (continued)

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 Perenti Global Limited, 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 assets comprise IT equipment and small items of office furniture and some small accommodation units.

(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 is 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.

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 2020, potential future cash outflows of \$12,690,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not 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 increase in recognised lease liabilities and right-of-use assets was \$nil.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

e. Intangible assets

	GOODWILL	SOFTWARE	CUSTOMER RELATED INTANGIBLES	TOTAL
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2019				
Opening net book amount	-	-	-	-
Acquisition of subsidiary	449,769	1,349	321,458	772,576
Additions	-	55	-	55
Exchange differences	-	-	-	-
Amortisation charge	-	(292)	(28,770)	(29,062)
Closing net book amount	449,769	1,112	292,688	743,569
At 30 June 2019				
Cost	449,769	2,487	321,458	773,714
Accumulated amortisation and impairment	-	(1,375)	(28,770)	(30,145)
Net book amount	449,769	1,112	292,688	743,569
	GOODWILL	SOFTWARE	CUSTOMER RELATED INTANGIBLES	TOTAL
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2020				
Opening net book amount	449,769	1,112	292,688	743,569
Additions	-	151	-	151
Exchange differences	-	-	-	-
Amortisation charge	-	(461)	(38,103)	(38,564)
Closing net book amount	449,769	802	254,585	705,156
At 30 June 2020				
Cost	449,769	2,638	321,458	773,865
Accumulated amortisation and impairment	-	(1,836)	(66,873)	(68,709)
Net book amount	449,769	802	254,585	705,156

(i) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software 5-6 years
- Customer related intangibles 2-13 years

See note 26(r) for the other accounting policies relevant to intangible assets, and note 26(j) for the Group's policy regarding impairments.

(ii) Customer contracts

The customer contracts were acquired as part of a business combination. They are 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 of the contracts over their estimated useful lives.

(iii) Impairment tests for goodwill

Goodwill is monitored by management at the level of operating segment identified in note 1 which carries it. The goodwill is allocated to the Underground Segment.

(iv) Key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. Following this review at 30 June 2020 no impairment was recorded. For the reporting period ended 30 June 2020, the recoverable amount of the cash generating units (CGUs) making up the Underground segment was determined based on value-in-use calculations which require the use of assumptions. At 30 June 2019, the recoverable amount had been determined based on fair value less costs of disposal, with reference to the purchase price of the acquired interest. At that point there were no indicators to suggest that the fair value had significantly changed since the acquisition.

The 30 June 2020 calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The calculations used cash flow projections based on the forecast for the 2021 to 2025 financial years.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

e. Intangible assets (continued)

Financial years from 2021 to 2025 for the Underground Mining CGU incorporate an estimated annual EBITDA margin which have not been disclosed as they are commercially sensitive in nature. The 2021 budget forecast was determined as a result of a comprehensive exercise where the operational divisions evaluate each individual contract and project. Additionally, a terminal value was calculated after 5 years incorporating a perpetual growth rate of 2.5%.

Weighted average cost of capital post-tax discount rates in the range of 10.0% and 10.8% were used in discounting projected cash flows for Australia and a range of 11.1% and 12.0% for Africa. The present value of cash flows is sensitive to the growth and discount rates used. A higher discount rate or lower EBITDA growth rate will result in a lower recoverable value.

(v) Significant estimate: Impact of possible changes in key assumptions

Management have considered various reasonably possible sensitivities over the value-in-use model for the Underground Mining CGU at 30 June 2020 when testing goodwill for impairment. The table below shows the impact of different reasonably possible outcomes if there was a change in the assumptions used in the value in use model used for this impairment testing.

ASSUMPTION	% CHANGE	UNDERGROUND MINING IMPAIRMENT (A\$)
Growth rate	+1.0%	-
(decrease reduces value)	-1.0%	-
Discount rate	-1.0%	-
(decrease increases value)	+1.0%	-\$38,444,000

The above sensitivities have been performed with all other assumptions in the model remaining the same as the original model.

f. Deferred tax balances

(i) Deferred tax assets

	Notes	20 \$'000	19 \$'000
The balance comprises temporary differences attributable to:			
Employee benefits		22,660	19,810
Accruals		3,308	4,055
Provision for obsolete stock		1,166	2,632
Doubtful debts		2,613	2,656
Depreciation		12,484	16,526
		42,231	45,679
Other			
Inventory		2,239	2,489
Borrowing and business expenses		7,843	4,293
Unrealised foreign exchange		8,860	5,392
Current/prior year tax losses recognised		109,528	88,728
Financial assets at fair value through other comprehensive income		-	340
R&D tax offset recognised		4,999	4,999
		133,469	106,241
Total deferred tax assets		175,700	151,920
Set off deferred tax liabilities pursuant to set-off provisions	7(f)(ii)	(44,628)	(34,524)
Net deferred tax assets		131,072	117,396
Deferred tax assets expected to be recovered within 12 months		66,564	55,571
Deferred tax assets expected to be recovered after more than 12 months		109,136	96,349
		175,700	151,920

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

f. Deferred tax balances (continued)

(i) Deferred tax assets (continued)

	EMPLOYEE BENEFITS \$'000	DEPRECIATION \$'000	ACCRUALS \$'000	DOUBTFUL DEBTS \$'000	INVENTORY \$'000	TAX LOSSES /OFFSETS \$'000	OTHER \$'000	TOTAL \$'000
At 1 July 2018	11,352	29,611	1,339	3,658	2,395	-	7,059	55,414
Credited/(charged) to profit or loss	8,458	(13,085)	2,716	(1,002)	94	93,727	6,786	97,694
Charged directly to equity	-	-	-	-	-	-	(1,188)	(1,188)
At 30 June 2019	19,810	16,526	4,055	2,656	2,489	93,727	12,657	151,920
Credited/(charged) to profit or loss	2,850	(4,042)	(747)	(43)	(250)	20,800	5,926	24,494
Charged directly to equity	-	-	-	-	-	-	(714)	(714)
At 30 June 2020	22,660	12,484	3,308	2,613	2,239	114,527	17,869	175,700

(ii) Deferred tax liabilities

	Notes	20 \$'000	19 \$'000
The balance comprises temporary differences attributable to:			
Foreign entities distributable profits		6,318	14,199
Depreciation		25,968	23,712
Intangibles - customer relationships		76,375	88,164
Revaluation of land and buildings		9,207	9,174
		117,868	135,249
Other			
Receivables		22	22
Prepayments		297	908
Financial assets at fair value through profit or loss		2,288	-
Uncertain tax positions in Africa		34,284	42,293
		36,891	43,223
Total deferred tax liabilities		154,759	178,472
Adjustment of deferred tax liabilities pursuant to set-off provisions	7(f)(i)	(44,628)	(34,524)
Net deferred tax liabilities		110,131	143,948
Deferred tax liabilities expected to be settled within 12 months		32,183	13,938
Deferred tax liabilities expected to be settled after more than 12 months		122,576	164,534
		154,759	178,472

The Group is subject to income taxes in many jurisdictions around the world. Significant judgement is required in 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. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

f. Deferred tax balances (continued)

(ii) Deferred tax liabilities (continued)

	FOREIGN ENTITIES DISTRIBUTABLE PROFITS \$'000	INTANGIBLES CUSTOMER RELATIONSHIP \$'000	REVALUATION OF LAND & BUILDINGS \$'000	DEPRECIATION \$'000	UNCERTAIN TAX POSITIONS IN AFRICA \$'000	OTHER \$'000	TOTAL \$'000
At 1 July 2018	9,191	-	9,330	25,702	-	589	44,812
Charged/(credited) to profit or loss	5,008	(8,273)	-	(1,990)	27,293	5,409	27,447
Charged/(credited) directly to equity	-	-	(156)	-	-	-	(156)
Charged/(credited) from acquisition of subsidiary	-	96,437	-	-	15,000	(5,068)	106,369
At 30 June 2019	14,199	88,164	9,174	23,712	42,293	930	178,472
Charged/(credited) to profit or loss	(7,881)	(11,789)	33	2,256	(8,009)	1,677	(23,713)
At 30 June 2020	6,318	76,375	9,207	25,968	34,284	2,607	154,759

g. Employee benefit obligations

	20			19		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Leave obligations	71,902	1,804	73,706	65,043	1,617	66,660

(i) Leave obligations

Leave obligations cover the Group's liabilities for long service leave and annual leave obligation, refer to note 25(w).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The total amount of the current provision of \$71,902,000 (2019: \$65,043,000) 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.

	20	19
	\$'000	\$'000
Current leave obligations expected to be settled after 12 months	38,386	28,919

Notes to the consolidated financial statements

h. 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(f) and 7(h)(ii)-(v).

At 30 June 2020	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Assets				
<i>Land and buildings</i>				
Office buildings	-	-	5,674	5,674
Industrial sites	-	-	51,461	51,461
Total non-financial assets	-	-	57,135	57,135
At 30 June 2019				
Assets				
<i>Land and buildings</i>				
Office buildings	-	-	7,512	7,512
Industrial sites	-	-	50,832	50,832
Total non-financial assets	-	-	58,344	58,344

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(h)(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 2019 and 30 June 2020 for recurring fair value measurements:

Consolidated entity	OFFICE BUILDINGS \$'000	INDUSTRIAL SITES \$'000	TOTAL \$'000
Opening balance 1 July 2018	7,695	50,912	58,607
Acquisitions	-	88	88
Acquisition of subsidiary	-	1,001	1,001
Depreciation and impairment	(699)	(1,280)	(1,979)
Transfers between classes	(653)	155	(498)
Gains recognised in other comprehensive income	1,169	(44)	1,125
Closing balance 30 June 2019	7,512	50,832	58,344
Acquisitions	-	588	588
Depreciation and impairment	(800)	(1,343)	(2,143)
Transfers between classes	-	-	-
Gains/(losses) recognised in other comprehensive income	(1,038)	1,386	348
Closing balance 30 June 2020	5,674	51,463	57,137

Notes to the consolidated financial statements

7 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

h. 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		VALUATION TECHNIQUE	UNOBSERVABLE INPUTS*	RANGE OF INPUTS (PROBABILITY-WEIGHTED AVERAGE)		RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	30 JUNE 2020	30 JUNE 2019			2020	2019	
	\$'000	\$'000					
Industrial Sites - Australia	37,716	38,160	Income capitalisation	Capitalisation rate	7.25-11.75% (7.77%)	7.25-11.75% (7.77%)	The higher the capitalisation rate, the lower the fair value
				Market rental value per (m ²)	\$18-104 per m ² (\$48)	\$18-104 per m ² (\$48)	The higher the market rate, the higher the fair value
Industrial Sites - Ghana	13,742	12,672	Direct comparison m ²	Selection of industrial sites with similar approximate utility	\$24-1,284 per m ² (\$335)	\$24-1,284 per m ² (\$335)	The higher the rate per square metre, the higher the fair value
Office Buildings - Ghana	5,677	7,512	Direct comparison m ²	Selection of industrial sites with similar approximate utility	\$1,850 per m ² (\$1,850)	\$1,850 per m ² (\$1,850)	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 in the prior year excluding acquisitions.

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.

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Notes to the consolidated financial statements

8 EQUITY

a. Contributed equity

	20 SHARES	19 SHARES	20 \$'000	19 \$'000
Fully paid ordinary shares	701,528,401	685,706,153	1,135,323	1,126,769

(i) Movements in ordinary share capital:

Details	NUMBER OF SHARES (THOUSANDS)	TOTAL \$'000
Opening balance 1 July 2019	685,706,153	1,126,769
Dividend reinvestment plan issues	8(a)(iii) 13,504,325	8,849
Exercise of options under the Employee Option Plan	2,317,923	285
Contribution of equity, net of transaction costs and tax	-	(580)
Balance 30 June 2020	701,528,401	1,135,323

(ii) 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 on 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.

(iii) Dividend reinvestment plan

The Company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. The Board has determined that following a previous suspension of the dividend reinvestment plan, this would be reactivated with effect 25 March 2020, with an updated scheme booklet taking effect from 21 April 2020. For further information please see note 12(b).

(iv) Options

Information relating to the Ausdrill Limited Employee Option Plan, including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the financial year, is set out in note 19.

(v) 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.

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Notes to the consolidated financial statements

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	AVAILABLE-FOR-SALE FINANCIAL ASSETS \$'000	FINANCIAL ASSETS AT FVOCI \$'000	SHARE-BASED PAYMENTS \$'000	TRANSACTIONS WITH NCI \$'000	FOREIGN CURRENCY TRANSLATION \$'000	TOTAL \$'000
Balance at 1 July 2018		23,961	(3,095)	-	6,446	(2,664)	(37,107)	(12,459)
Reclassification on adoption of AASB 9		-	3,095	(3,095)	-	-	-	-
Revaluation - gross		-	-	4,773	-	-	-	4,773
Deferred tax		-	-	(1,432)	-	-	(1,018)	(2,450)
Foreign currency translation reserves derecognised on step acquisition of AUMS		-	-	-	-	-	(18,163)	(18,163)
Currency translation differences		490	-	-	-	-	14,965	15,455
Other comprehensive income		490	3,095	246	-	-	(4,216)	(385)
Transactions with owners in their capacity as owners								
Share-based payments expense	19	-	-	-	2,213	-	-	2,213
Shares issued on conversion of employee share options		-	-	-	(204)	-	-	(204)
At 30 June 2019		24,451	-	246	8,455	(2,664)	(41,323)	(10,835)
	Notes	REVALUATION SURPLUS \$'000	AVAILABLE-FOR-SALE FINANCIAL ASSETS \$'000	FINANCIAL ASSETS AT FVOCI \$'000	SHARE-BASED PAYMENTS \$'000	TRANSACTIONS WITH NCI \$'000	FOREIGN CURRENCY TRANSLATION \$'000	TOTAL \$'000
Balance at 1 July 2019		24,451	-	246	8,455	(2,664)	(41,323)	(10,835)
Revaluation - gross	6(c)	-	-	9,170	-	-	-	9,170
Transfer of gain on disposal of equity investments at FVOCI to retained earnings		-	-	(409)	-	-	-	(409)
Deferred tax		-	-	(2,628)	-	-	2,499	(129)
Currency translation differences		229	-	-	-	-	(13,739)	(13,510)
Other comprehensive income		229	-	6,133	-	-	(11,240)	(4,878)
Transactions with owners in their capacity as owners								
Share-based payments expense	19	-	-	-	4,707	-	-	4,707
Shares issued on conversion of employee share options		-	-	-	(98)	-	-	(98)
At 30 June 2020		24,680	-	6,379	13,064	(2,664)	(52,563)	(11,104)

(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 on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy note 25(p) for details.

Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 6(c). These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the consolidated financial statements

8 EQUITY (CONTINUED)

b. Other reserves (continued)

(i) Nature and purpose of other reserves (continued)

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.

Transactions with non-controlling interests (NCI)

This reserve is used to record the differences described in note 25(b)(iv) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

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.

c. Retained earnings

Movements in retained profits were as follows:

	Notes	20 \$'000	19 \$'000
Balance 1 July		293,836	162,639
Adoption of new accounting standard	6(d), 25(a)	-	(7,527)
Reclassification of gain on disposal of equity instruments at fair value through other comprehensive income, net of tax		409	
Dividends paid /payable	12(b)	(48,043)	(42,602)
Net profit for the year		23,837	181,326
Balance 30 June		270,039	293,836

Notes to the consolidated financial statements

9 CASH FLOW INFORMATION

a. Reconciliation of profit after income tax to net cash inflow from operating activities

Notes	20 \$'000	19 \$'000
Profit for the year	27,555	182,281
Depreciation expense	232,141	164,829
Amortisation expense	38,564	29,062
Impairment of assets	40,597	49,320
Impairment of inventory	19,011	54,416
Impairment of other	-	9,899
Gain on sale of non-current assets	(6,096)	(3,918)
Gain on disposal of assets held for sale	(2,762)	-
Net exchange differences	(207)	(495)
Trade receivable provisions and bad debts	269	(50)
Share of profits of joint ventures	-	(10,709)
Non-cash employee benefits expense - share-based payments	4,707	2,213
Borrowing costs	943	4,768
Derivative fair value and settlement	-	5,703
Step acquisition gain on ASL's existing 50% share of AUMS	-	(180,248)
Foreign currency translation reserve derecognised on step acquisition of AUMS	-	(18,163)
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	31,090	(28,184)
(Increase)/decrease in inventories	(9,918)	(4,774)
(Increase)/decrease in deferred tax assets	(13,413)	(69,247)
(Increase)/decrease in other operating assets	(4,597)	12,187
(Decrease)/increase in trade creditors	(24,896)	458
(Decrease)/increase in provision for income taxes payable	(304)	4,204
(Decrease)/increase in deferred tax liabilities	(31,635)	8,304
(Decrease)/increase in other provisions	5,490	(4,944)
Net cash inflow from operating activities	306,539	206,912

b. Non-cash investing and financing activities

Acquisition of plant and equipment by means of finance leases or hire purchases	-	13
Recognition of Right-of-use assets	105,065	-
Issue of shares for Barmenco acquisition	13	(258,393)
Issue of shares under Dividend Reinvestment Plan	(8,850)	-
	96,215	(258,380)

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Notes to the consolidated financial statements

9 CASH FLOW INFORMATION (CONTINUED)

c. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt.

	20	19		
	\$'000	\$'000		
Net debt				
Cash and cash equivalents	327,491	223,524		
Borrowings/Lease liability - repayable within one year	(36,630)	(25,762)		
Borrowings/Lease liability - repayable after one year	(847,227)	(731,681)		
Net debt	(556,366)	(533,919)		
Cash and cash equivalents	327,491	223,524		
Gross debt	(883,857)	(757,443)		
Net debt	(556,366)	(533,919)		
	CASH	LEASES	BORROWINGS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Net debt as at 1 July 2019	223,524	(24,133)	(733,310)	(533,919)
Recognised on adoption of AASB 16 Leases	-	(46,484)	-	(46,484)
Cash flows	110,332	33,809	(32,588)	111,553
Foreign exchange adjustments	(6,365)	(516)	(15,397)	(22,278)
Other non-cash movements	-	(64,294)	(944)	(65,238)
Net debt as at 30 June 2020	327,491	(101,618)	(782,239)	(556,366)

Notes to the consolidated financial statements**RISK**

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

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11	Financial risk management	114
12	Capital management	119

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Notes to the consolidated financial statements

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 in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements is included in notes 2 to 26 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 and note 25(e)
- Impairment of assets - note 3
- Estimated fair value of financial assets at fair value through other comprehensive income - note 6(c)
- Estimation uncertainties and judgements made in relation to lease accounting - note 7(d)
- Estimation of fair values of land and buildings - note 7(h)
- Estimation of useful life of property, plant and equipment - note 7(c)
- Estimated goodwill impairment - note 7(e)
- Estimated useful life of intangible assets - note 7(e)
- Recognition of deferred tax asset for carried forward tax losses - note 7(f)
- Share based payments - determining the achievement of non market based conditions - note 19
- Uncertain tax positions in Africa - note 7(f)
- Determination of lease term - note 7(d)

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.

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions	Cash flow forecasting	Natural hedge
	Recognised financial assets and liabilities not denominated in AUD	Sensitivity analysis	
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Review on continuous basis
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables,	Aging analysis	Diversification of bank deposits, credit limits, retention of title over goods sold, letters of credit
	Derivative financial instruments and debt instruments, investments and contract assets	Credit rating	
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 (Group treasury) 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.

Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 JUNE 2020									
	USD \$'000	GHS \$'000	GBP \$'000	EUR \$'000	INR \$'000	EGP \$'000	TZS \$'000	ZAR \$'000	BWP \$'000	XOF \$'000
Cash	13,549	15,798	-	454	2,610	43	1,131	35	275	-
Trade and other assets	29,628	10,091	-	14,353	4,683	35	-	-	-	10,017
Other non-current receivables	-	-	1,645	56,178	-	-	-	-	-	-
Financial assets FVOCI	-	-	259	-	-	-	-	-	-	-
Trade payables	(22,190)	(7,094)	(1,561)	(20,816)	-	-	(10)	(54)	(1,584)	(690)
Borrowings	(9,554)	-	-	(56,178)	-	-	-	-	-	-

	30 JUNE 2019									
	USD \$'000	GHS \$'000	GBP \$'000	EUR \$'000	INR \$'000	EGP \$'000	TZS \$'000	ZAR \$'000	BWP \$'000	XOF \$'000
Cash	15,893	7,824	-	6,169	5,016	228	2,513	-	-	-
Trade and other assets	24,200	1,142	-	19,179	3,380	1,568	-	-	-	481
Other non-current receivables	3,742	-	-	60,120	-	-	-	-	-	-
Financial assets FVOCI	-	-	449	-	-	-	-	-	-	-
Trade payables	(21,801)	(7,650)	(53)	(33,546)	-	-	-	(170)	-	(117)
Borrowings	(10,910)	-	-	(60,120)	-	-	-	-	-	-

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss and other comprehensive income:

	20 \$'000	19 \$'000
Amounts recognised in profit or loss		
Net foreign exchange (loss)/gain included in other income/other expenses	(3,316)	971
Total net foreign exchange (loss)/gain recognised in profit or loss before income tax for the year	(3,316)	971

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Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) 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 2019.

	PROFIT OR (LOSS)
	A\$'000
30 June 2020	
USD	(1,039)
GHS	(1,709)
GBP	(16)
EUR	546
TZS	(102)
INR	(751)
XOF	(848)
	(3,919)
30 June 2019	
USD	(1,011)
GHS	(120)
GBP	(36)
EUR	760
TZS	(228)
XOF	(33)
INR	(763)
EGP	(163)
	(1,594)

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).

22% (2019: 34%) 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 table below summarises the impact of an increase/(decrease) of the financial assets FVOCI on the Group's equity for the year after tax. 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.

	IMPACT ON OTHER COMPONENTS OF EQUITY	
	20	19
	\$'000	\$'000
FVOCI - increase 10%	1,654	1,231
FVOCI - decrease 10%	(1,654)	(1,231)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

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Notes to the consolidated financial statements

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

(ii) Price risk (continued)

Amounts recognised in profit or loss and other comprehensive income

The amounts recognised in other comprehensive income in relation to the various investments held by the Group are disclosed in note 6(c).

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 instrument 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 receivable provisions

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.

Receivables 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 2020, current trade receivables of \$174,232,000 (2019: \$195,363,000) were assessed for expected credit losses. Of this \$102,470,000 (2019: \$93,166,000) were past due. The amount of the provision for impaired and expected credit loss receivables was \$11,172,000 (2019: \$10,827,000).

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 \$948K has been recorded for expected credit losses and has been included within the provision for doubtful debts balance at 30 June 2020.

The aging of these receivables greater than 90 days past due is as follows:

	20	19
	\$'000	\$'000
3 to 6 months	7,425	7,735
Over 6 months	41,721	15,552
	49,146	23,287

Of the above trade receivables over 90 days \$10,136,000 has already been provided for in the financial statements and of the remaining amounts the Group has received various other cash amounts after year end.

Movements in the provision for impairment and expected credit losses of trade receivables that are assessed collectively are as follows:

	\$'000	\$'000
At 1 July	10,827	11,421
Provision (reversed)/recognised during the year	(831)	(654)
Receivables written off during the year as uncollectible	228	(55)
Unused amounts reversed (including currency impact)	-	115
Expected credit loss provision recognised (including currency impact)	948	-
At 30 June	11,172	10,827

Notes to the consolidated financial statements

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) Financing arrangements

The Group had access to the following undrawn debt facilities at the end of the reporting period:

	20	19
	\$'000	\$'000
Total unutilised facilities	344,853	158,343

(ii) 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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - at 30 June 2020							
Trade payables	261,092	-	-	-	-	261,092	261,092
Borrowings	20,948	20,149	547,307	265,680	-	854,084	782,238
Lease liabilities	16,229	14,071	29,911	59,756	3,710	123,677	101,618
Total	298,269	34,220	577,218	325,436	3,710	1,238,853	1,144,948
Group - at 30 June 2019							
Trade payables	268,524	-	-	-	-	268,524	268,524
Borrowings	28,709	30,989	41,345	761,121	-	862,164	757,443
Total	297,233	30,989	41,345	761,121	-	1,130,688	1,025,967

Details about the financial guarantee contracts are provided in note 24. 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.

Notes to the consolidated financial statements

12 CAPITAL MANAGEMENT

a. Risk management

The Group's objectives when managing its capital are to safeguard its ability to continue as a going concern, so it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, as shown in the statement of financial position, less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2020 and 30 June 2019 were as follows:

	20	19
	\$'000	\$'000
Borrowings	782,239	723,659
Lease liabilities	101,618	33,784
Less: cash and cash equivalents	(327,491)	(223,524)
Net debt	556,366	533,919
Total equity	1,399,754	1,411,612
Total capital	1,956,120	1,945,531
Gearing ratio	28%	27%

See note 6(e) for information on financial covenants on borrowings.

b. Dividends

(i) Ordinary shares

	20	19
	\$'000	\$'000
Final ordinary fully franked dividend for the year ended 30 June 2019 of 3.5 cents (2018: 1.5 cents and 2.0 cents special dividend) per fully paid ordinary share paid on 23 October (18 October 2018).	24,019	18,629
Interim ordinary fully franked dividend for the year ended 30 June 2020 of 3.5 cents (2019: 3.5 cents) per fully paid share payable on 25 March 2020 (27 March 2019).	24,024	23,973
Total dividends provided for or paid	48,043	42,602
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2020 and 2019 were as follows:		
Paid in cash	24,019	42,602
Payable 6(d)	15,174	-
Issue of shares under Dividend re-investment plan	8,850	-
Total dividends provided for or paid	48,043	42,602

On the 25 March 2020 Perenti deferred the payment of this dividend. On 21 April 2020 the Group reactivated its Dividend Reinvestment Plan (DRP) providing the opportunity for the shareholders to reinvest the 2020 interim dividend into shares in Perenti. The reactivation was part of the Group's response to the COVID-19 pandemic and its capital management policies. The payment of a portion of the cash dividend was made in July 2020. The Board reserves the right to deactivate this plan as they see fit under the DRP plan rules.

(ii) Dividends not recognised at the end of the reporting period

	20	19
	\$'000	\$'000
In addition to the above dividends, since year end the directors determined a final dividend of 3.5 cents per fully paid ordinary share (2019: 3.5 cents). The amount is expected to be paid on 3 November 2020 out of retained profits at the date of the dividend payment, but not recognised as a liability at year end, is	24,553	24,000

(iii) Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019 - 30%)	10,476	31,065
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The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

Notes to the consolidated financial statements

GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of discontinued operations;
- transactions with non-controlling interests; and
- interests in joint operations.

A list of significant subsidiaries is provided in note 14. This note also discloses details about the Group's equity accounted investments.

13	Business combination	121
14	Interests in other entities	122

Notes to the consolidated financial statements

13 BUSINESS COMBINATION

In the prior year on 31 October 2018 the Company acquired Barmenco Holdings Pty Limited (Barmenco), a specialist underground hard-rock mining contractor with operations predominantly in Australia as well as in Africa and India. The acquisition of Barmenco increased the Group's ownership of the AUMS entities from 50% to 100%. Details of this business combination were disclosed in the Group's annual financial statements for the year ended 30 June 2019.

There were no business combinations in the year ended 30 June 2020.

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Notes to the consolidated financial statements

14 INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 25(b):

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			20 %	19 %
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 Suart	Senegal	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
Ausdrill (Ghana) Pty Ltd	Australia	Ordinary	100	100
ACN 103534087 Pty Ltd *	Australia	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
Ausdrill Tanzania Limited	Tanzania	Ordinary	100	100
Perenti Utilities Pty Ltd *	Australia	Ordinary	100	100
Perenti Holdings Pty Ltd	Australia	Ordinary	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
Drill Rigs Australia Pty Ltd *	Australia	Ordinary	100	100
Energy Drilling Australia Pty Ltd *	Australia	Ordinary	100	100
Golden Plains Pty Ltd *	Australia	Ordinary	100	100
Logistics Direct Ltd	Ghana	Ordinary	100	100
MinAnalytical Holdings Pty Ltd *	Australia	Ordinary	100	100
MinAnalytical Laboratory Services Australia Pty Ltd *	Australia	Ordinary	100	100
Ausdrill AMS UK Ltd	UK	Ordinary	100	100
Barmenco Mining Services Botswana Pty Ltd	Botswana	Ordinary	100	100
Mining Technology and Supplies Ltd	Ghana	Ordinary	100	100
Barmenco Mining Services Canada Limited	Canada	Ordinary	100	100
Power Solutions Africa Suart	Senegal	Ordinary	100	100
Barmenco Holdings Pty Ltd	Australia	Ordinary	100	100
Barmenco Limited	Australia	Ordinary	100	100
Barmenco Finance Pty Ltd	Australia	Ordinary	100	100
Supply Direct Pty Ltd *	Australia	Ordinary	100	100
Supply Direct South Africa Pty Ltd *	Australia	Ordinary	100	100
Syngex Holdings Pty Ltd *	Australia	Ordinary	100	100
Barmenco South Africa Pty Ltd	South Africa	Ordinary	100	100
Barholdco (EIS) Pty Ltd	Australia	Ordinary	100	100
Barmenco Egypt LLC	Egypt	Ordinary	100	100
West African Mining Services Ltd	Ghana	Ordinary	100	100
Barmenco Egypt Underground Mining Services SAE	Egypt	Ordinary	100	100
Investment Commercial	Egypt	Ordinary	100	100
SLR Australia Pty Ltd	Australia	Ordinary	100	100
Barmenco India Holdings Pty Ltd	Australia	Ordinary	100	100
Barmenco India Investments Pty Ltd	Australia	Ordinary	100	100
Barmenco AUMS Holding Pty Ltd	Australia	Ordinary	100	100
Barmenco 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
AUMS (T) Ltd	Tanzania	Ordinary	100	100
Technology Driven Mining Pty Ltd	Australia	Ordinary	100	-
Underground Mining Alliance Ltd	Ghana	Ordinary	70	70

* 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 AUMS and Rocksure International, a Ghanaian Mining contractor and has been included in subsidiaries above.

Notes to the consolidated financial statements

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:

- (a) Unrecognised tax amounts – see note 5
- (b) Non-cash investing and financing transactions – see note 9(b).

15	Contingencies	124
16	Commitments	124
17	Events since the end of the financial year	125

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Notes to the consolidated financial statements

15 CONTINGENCIES

a. Contingent liabilities

In the course of its normal business, the Group occasionally receives claims arising from its operating activities. In the opinion of the directors, all such matters are covered by insurance or, if not covered, are without merit or are of such a kind or involve such amounts that would not have a material adverse effect on the operating results or financial position of the Group if settled unfavourably.

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 the date of this report is unresolved and is subject to litigation. The directors are confident that a favourable outcome will be achieved. However, the contingent asset has not been recognised as a receivable at 30 June 2020 as receipt of this amount is dependent on the outcome of the litigation.

16 COMMITMENTS

a. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	20	19
	\$'000	\$'000
Property, plant and equipment		
<i>Payable:</i>		
Within one year	57,528	76,200

The capital commitments are to be funded from cash and available finance facilities.

b. Non-cancellable operating leases

The Group leases various offices, warehouses and equipment under non-cancellable lease contracts expiring within one to 17 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 July 2019, the Group has recognised right-of-use assets from these leases, except for short-term and low-value leases, see note 7(d) and note 26 for further information.

	20	19
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	-	11,985
Later than one year but not later than five years	-	33,311
Later than five years	-	1,650
	-	46,946

c. Finance leases

The Group leases various plant and equipment with carrying amount of \$nil (2019: \$48,840,000) under finance leases expiring within one to three years.

From 1 July 2019, the Group has reclassified finance leases (HP liabilities) to lease liabilities, see note 7(d) and note 26 for further information.

	20	19
	\$'000	\$'000
Commitments in relation to finance leases payable are as follows:		
Within one year	-	26,645
Later than two years but no later than five years	-	8,819
Minimum lease payments	-	35,464
Future finance charges	-	(1,680)
Recognised as liability	-	33,784
Representing lease liabilities		
Current	-	25,236
Non-current	-	8,548
	-	33,784

Notes to the consolidated financial statements

17 EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 24 August 2020, the directors determined the payment of a final ordinary dividend of \$24,553,000 (3.5 cents per fully paid share) to be paid on 3 November 2020 out of retained profits at 30 June 2020. The financial effect of this transaction has not been brought to account at 30 June 2020.

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.

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Notes to the consolidated financial statements

OTHER DISCLOSURE

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18	Related party transactions	127
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Notes to the consolidated financial statements

18 RELATED PARTY TRANSACTIONS

a. Parent entities

The ultimate parent entity of the Group is Perenti Global Limited.

b. Subsidiaries

Interests in subsidiaries are set out in note 14.

c. Key management personnel compensation

	20	19
	\$	\$
Short-term employee benefits	4,172,627	5,439,523
Post-employment benefits	153,481	247,247
Long-term benefits	48,519	38,618
Termination benefits	-	1,366,368
Share-based payments	1,886,958	899,260
	6,261,585	7,991,016

Detailed remuneration disclosures are provided in the remuneration report on pages 52 to 65.

d. Transactions with other related parties

The following transactions occurred with related parties:

	20	19
	\$	\$
Sales of goods and services		
Joint ventures	-	2,567,618
Entities related to key management personnel	3,233,476	1,535,764
Management fee received / receivable		
Joint ventures	-	418,393
Purchase of goods and services		
Other property related expenses-electricity	261,381	614,166

(i) Purchases from entities associated with key management personnel

The Group acquired the following goods and services from entities that are associated with members of the Group key management personnel:

- provision of exploration drilling services
- mining services
- electricity services

For detailed disclosures please refer to the remuneration report on page 52.

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Notes to the consolidated financial statements

18 RELATED PARTY TRANSACTIONS (CONTINUED)

e. Outstanding balances arising from sales / purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	20	19
	\$	\$
Current receivables (sales of goods and services)		
Entities related to key management personnel	6,792	-
Current payables (purchases of goods and services)		
Other property related expenses-electricity	(18,785)	-

f. Loans to related parties

	20	19
	\$	\$
Loans to key management personnel		
Balance at 1 July	190,409	-
Loans on acquisition of Barmenco	-	192,550
Loans repayments made	(2,327)	(2,141)
Interest charged	9,867	5,581
Interest received	(10,437)	(5,581)
End of period	187,512	190,409
Loans from associates		
Balance at 1 July	2,659,753	-
Loan from minority interest	-	2,659,753
Impact of foreign exchange	45,502	-
End of period	2,705,255	2,659,753

g. Terms and conditions

All transactions were made on normal commercial terms and conditions. The loans to key management personnel on acquisition of the Barmenco group are repayable by 22 October 2022. Interest was payable at the rate of 4.80% and 5.37% on loans advanced. Outstanding balances are unsecured and are repayable in cash.

Notes to the consolidated financial statements

19 SHARE-BASED PAYMENTS

a. Employee Option Plan

The Employee Option Plan is designed to provide long-term incentives for senior managers to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on Perenti Global Limited's total shareholders return (TSR), including share price growth, dividends and capital returns, ranking with a peer group of selected companies that are listed on the ASX over a period of time. Once vested, the options remain exercisable for a period of between 3.6 years and 5 years from their issue date. Options are granted under the plan for nil consideration.

Options granted for nil consideration and settled in shares under the plan carry no dividend or voting rights.

Set out below are summaries of options granted under the plan:

	20		19	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 July		3,733,354		7,766,682
Granted during the year	\$0.00	-	\$0.17	500,000
Exercised during the year	\$0.17	(2,466,680)	\$0.25	(3,333,323)
Forfeited during the year	\$0.17	(66,668)	\$0.54	(1,200,005)
As at 30 June		1,200,006		3,733,354
Vested and exercisable at 30 June	\$0.27	881,488	\$0.17	1,033,328

The weighted average share price at the date of exercise of options during the year ended 30 June 2020 was \$1.55 (2019: \$1.35).

No options expired unexercised during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 30 JUNE 2020	SHARE OPTIONS 30 JUNE 2019
23/12/2015	23/12/2020	\$0.17	800,005	3,166,686
20/04/2018	21/11/2021	\$1.19	266,667	266,667
01/04/2019	23/12/2019	\$0.17	-	166,667
20/04/2018	12/06/2022	\$1.55	133,334	133,334
			1,200,006	3,733,354

Weighted average remaining contractual life of options outstanding at end of period **0.85 years** 1.60 years

There were no options granted during the year ended 30 June 2020 (2019: 500,000).

b. Rights Plan

The Board has established a new 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. Retention rights and performance rights were granted during the year and are treated as in substance 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. The retention rights granted will vest on 31 October 2020; vesting is conditional on continued employment. Retention rights are not subject to performance hurdles.

Notes to the consolidated financial statements

19 SHARE-BASED PAYMENTS (CONTINUED)

b. Rights Plan (continued)

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 period will run from 1 July 2019 until 30 June 2022. In addition to continued service, the Board has set the following performance criteria for rights granted:

- 50% of the performance rights will vest if the total shareholder return (TSR) vesting condition is met; and
- 50% of the performance rights will vest if the return on average capital employed (ROACE) vesting condition is met

Set out below is a summary of rights granted under the above plans.

	20	19
	NUMBER OF RIGHTS	NUMBER OF RIGHTS
As at 1 July	5,661,178	-
Granted during the year	4,839,040	5,661,178
Forfeited during the year	(856,185)	-
As at 30 June	9,644,034	5,661,178

There were 4,554,513 performance rights, 284,527 Short Term Incentive Rights and nil retention rights granted during the year ended 30 June 2020 (30 June 2019: 4,721,353 performance rights and 939,825 retention rights granted during the year ended 30 June 2019 and nil Short Term Incentive Rights).

Weighted average remaining contractual life of rights outstanding at the end of the year 1.36 years (30 June 2019: 1.89 years). Weighted fair value of rights granted during the year \$1.57 (30 June 2019: \$1.28).

Valuation model inputs used to determine the fair value of rights at the grant date included:

RIGHT	GRANT DATE	VESTING 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 June 2022	\$1.95	46.00%	3.60%	0.66%	\$1.78
Performance - TSR	28 Nov 2019	30 June 2022	\$1.95	46.00%	3.60%	0.66%	\$1.33
Short Term Incentive Plan	24 Oct 2019	24 Oct 2020	\$1.84	-	3.74%	-	\$1.88

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 as follows:

For further information on the above options and rights, refer the Remuneration Report on pages 52 to 65.

	20	19
	\$'000	\$'000
Options issued under employee option plan	165	319
Rights issued under employee rights plan	4,542	1,894
	4,707	2,213

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.

Notes to the consolidated financial statements

20 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

a. PricewaterhouseCoopers Australia

	20	19
	\$	\$
(i) Audit and other assurance services		
Audit and review of financial statements	897,872	736,226
(ii) Taxation services		
Tax compliance services	688,392	548,345
(iii) Other services		
Advisory and accounting consulting services	1,215,091	1,552,275
Total remuneration of PricewaterhouseCoopers Australia	2,801,355	2,836,846

b. Network firms of PricewaterhouseCoopers Australia

(i) Audit and other assurance services		
Audit and other assurance services	782,269	376,935
(ii) Taxation services		
Tax compliance services	276,334	189,741
(iii) Other services		
Advisory and accounting consulting services	42,657	37,788
Total remuneration of network firms of PricewaterhouseCoopers Australia	1,101,260	604,464
Total remuneration of PricewaterhouseCoopers firms	3,902,615	3,441,310

c. Non PricewaterhouseCoopers audit firms

(i) Audit and other assurance services		
Audit and review of financial statements	131,900	150,143
(ii) Taxation services		
Tax compliance services	350,513	11,546
(iii) Other services		
Advisory and accounting consulting services	677,134	56,037
Total remuneration of non PricewaterhouseCoopers firms	1,159,547	217,726

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.

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Notes to the consolidated financial statements

21 EARNINGS PER SHARE

a. Basic earnings per share

	20	19
	CENTS	CENTS
Profit for the year attributable to the ordinary equity holders of the Company	3.5	30.0

b. Diluted earnings per share

Profit for the year attributable to the ordinary equity holders of the Company	3.5	29.8
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c. Reconciliation of earnings used in calculating earnings per share

	20	19
	\$'000	\$'000
Profit for the year attributable to the ordinary equity holders of the Company	23,837	181,326

d. Weighted average number of shares used as denominator

	20	19
	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	689,198,530	605,817,725
Adjustments for calculation of diluted earnings per share:		
Effect of share options on issue	760,273	3,015,922
Effect of share rights on issue	503,386	20,546
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	690,462,189	608,854,193

e. Information on the classification of securities

(i) Options

Options 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 options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 19.

(ii) 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 options are set out in note 19.

Notes to the consolidated financial statements

22 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	20	19
	\$'000	\$'000
Current		
<i>Floating charge</i>		
Cash and cash equivalents	284,467	223,524
Receivables	360,424	399,354
Inventory	213,292	254,871
Total current assets pledged as security	858,183	877,749
Non-current		
<i>Floating charge</i>		
Plant and equipment	699,290	790,347
Freehold land and buildings	57,042	58,344
Receivables	21,233	1,047
Investment	111,278	17,581
Total non-current assets pledged as security	888,843	867,319
Total assets pledged as security	1,747,026	1,745,068

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 7(d).

23 DEED OF CROSS GUARANTEE

Perenti Global Limited and the entities noted below are parties to a deed of cross guarantee under which each company guarantees 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.

The closed group consists of Perenti Global Limited and the following entities:

ACN 103534087 Pty Ltd;
 African Mining Services (Ghana) Pty Ltd;
 Perenti International Pty Ltd;
 Perenti Group Services Pty Ltd;
 Perenti Finance Pty Ltd;
 Ausdrill Pty Ltd;
 Perenti Properties Pty Ltd;
 Perenti Utilities Pty Ltd;
 BTP Parts Pty Ltd;
 BTP Equipment Pty Ltd;
 Connector Drilling Pty Ltd;
 Drill Rigs Australia Pty Ltd;
 Energy Drilling Australia Pty Ltd;
 Golden Plains Pty Ltd;
 MinAnalytical Holdings Pty Ltd;
 MinAnalytical Laboratory Services Australia Pty Ltd;
 Supply Direct Pty Ltd;
 Supply Direct South Africa Pty Ltd; and
 Synegex Holdings Pty Ltd.

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 over page 134 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.

Notes to the consolidated financial statements

23 DEED OF CROSS GUARANTEE (CONTINUED)

a. Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	20	19
	\$'000	\$'000
Consolidated statement of profit or loss		
<i>Sales revenue</i>	338,116	550,993
Other income	63,319	206,735
Materials expense	(114,287)	(224,303)
Labour costs	(154,252)	(199,319)
Rental and hire expense	(7,063)	(15,798)
Depreciation expense	(36,180)	(47,457)
Management fee income	4,468	5,644
Finance costs	(14,558)	(23,999)
Finance income	14,113	5,423
Other expenses from ordinary activities	(49,697)	(74,022)
Share of net profits of joint ventures accounted for using the equity method	41,696	38,062
Impairment of assets	(25,337)	(71,461)
Profit before income tax	60,338	150,498
Income tax benefit	5,030	72,583
Profit for the year	65,368	220,470
Consolidated statement of comprehensive income		
<i>Other comprehensive income</i>		
Profit for the year	65,368	223,081
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(723)	(5,952)
<i>Items that will not be reclassified to profit or loss</i>		
Gain on revaluation of financial assets FVOCI, net of tax	6,133	3,341
Other comprehensive (loss) for the year, net of tax	5,410	(2,611)
Total comprehensive income for the year	70,778	220,470
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	253,162	72,683
Profit for the year	65,368	223,081
Retained earnings transfer	(307)	-
Dividends paid	(48,043)	(42,602)
Retained earnings at the end of the financial year	271,180	253,162

Notes to the consolidated financial statements

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.

	20	19
	\$'000	\$'000
Current assets		
Cash and cash equivalents	58,590	58,458
Trade receivables	147,027	307,295
Inventories	59,898	66,696
Assets classified as held for sale	-	13,626
Current tax receivables	6,871	8,551
Total current assets	272,386	454,626
Non-current assets		
Investments in other Group companies	666,667	511,848
Receivables	168,444	126,023
Financial assets at fair value through other comprehensive income	23,632	17,581
Joint ventures accounted for using the equity method	365,289	332,479
Property, plant and equipment	216,378	213,893
Deferred tax assets	121,596	106,240
Right-of-use assets	44,158	-
Total non-current assets	1,606,164	1,308,064
Total assets	1,878,550	1,762,690
Current liabilities		
Trade and other payables	65,438	62,647
Borrowings	8,843	529
Current tax liabilities	7,161	12,329
Employee benefit obligations	17,589	15,004
Total current liabilities	99,031	90,509
Non-current liabilities		
Borrowings	295,654	225,790
Deferred tax liabilities	78,384	78,321
Employee benefit obligations	845	836
Total non-current liabilities	374,883	304,947
Total liabilities	473,914	395,456
Net assets	1,404,636	1,367,234
Equity		
Contributed equity	1,135,323	1,126,769
Reserves	(867)	(12,697)
Retained earnings	270,180	253,162
Total equity	1,404,636	1,367,234

Notes to the consolidated financial statements

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:

	20	19
	\$'000	\$'000
Balance sheet		
Current assets	45,562	51,955
Non-current assets	895,349	890,253
Total assets	940,911	942,208
Current liabilities	38,160	21,087
Non-current liabilities	15,188	6,580
Total liabilities	53,348	27,667
Shareholders' equity		
Issued capital	1,135,323	1,126,769
<i>Reserves</i>		
Asset revaluation reserve	909	909
Share-based payments reserve	13,064	8,454
Pre-2015 reserve	-	42,446
Accumulated losses - 2015 reserve	(183,177)	(183,177)
Retained earnings	(78,556)	(80,860)
Total equity	887,563	914,541
Profit/(loss) for the period	7,902	(45,533)
Total comprehensive income/(loss)	7,902	(45,533)

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 (2019: nil).

However, there are cross guarantees given by Perenti Global Limited as described in note 23. Deficiencies exist in some of these companies.

c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019. For information about guarantees given by the parent entity, please see (b) above.

d. Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2020, the parent entity had contractual commitments for the acquisition of property, plant and equipment totalling \$7,356,000 (30 June 2019: \$426,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

e. Pre-2015 Reserve

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 2016 and 30 June 2015 established separate reserves for the purpose of paying future dividends. The reserves are referred to as the "Pre-2015 reserve" and the "Accumulated losses - 2015 reserve". On the date of establishment, the "Pre-2015 reserve" had an amount of \$114,273,000 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.

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Notes to the consolidated financial statements

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 options and 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.

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Notes to the consolidated financial statements

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. 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 16 Leases
- AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures
- AASB 2019-1 Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle
- AASB 2019-2 Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments.

The group had to change its accounting policies as a result of adopting AASB 16. The group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 26. The other 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 applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 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.

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(ii)).

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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Principles of consolidation (continued)

(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 (see (iii) below), after initially being recognised at cost in the consolidated statement of financial position.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in 25(j).

(iv) 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. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

d. 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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. 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.

e. Revenue recognition

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. The concept of control under the new standard replaces the previous requirements to consider when the 'risks and rewards' pass to the customer as the trigger point to recognise revenue. For variable consideration, revenue was previously recognised when it was probable that work performed will result in revenue, whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur.

Contract assets and liabilities

AASB 15 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

The new standard provides new 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 when the uncertainty associated with the variable consideration is subsequently resolved. 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.

Other income

Dividends

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Rental income

Rental income is recognised on either a straight-line or machine hours basis over the term of the operating lease.

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Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI 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, see note 6(a). Any other interest income is included in other income.

g. Income tax

The income tax expense or revenue 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.

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.

Perenti Global Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set-off in the consolidated financial statements.

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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Leases

As explained in note 25(a) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note and the impact of the change in note 26.

Until 30 June 2019 leases of property, plant and equipment where the group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was 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. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

i. 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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 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). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting period. See note 3 and note 7(e).

k. 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.

l. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment and loss allowance. See note 6(b) for further information about the Group's accounting for trade receivables and note 11(b) for a description of the Group's impairment policies.

m. 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 on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. 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.

n. 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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Investments and other financial assets

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'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.

Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 6(f).

(i) 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(b)).

(ii) 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

Regular way 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.

p. Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 7(c). All other plant and equipment is stated at historical cost less depreciation. 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.

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.

The depreciation methods and periods used by the Group are disclosed in note 7(c).

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 (note 25(j)).

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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Maintenance and repairs

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 in accordance with note 26(p).

r. Intangible assets

(i) Goodwill

Goodwill is measured as described in note 26(i). 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 (note 1).

(ii) 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.

(iii) 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.

(iv) 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.

s. Trade and other payables

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.

t. Borrowings

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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Borrowings (continued)

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.

u. Borrowing costs

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.

v. 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.

w. 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 the Ausdrill Limited Employee Option Plan, an employee share scheme and Perenti Global Limited Incentive Rights Plan. Information relating to these schemes 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.

x. Contributed equity

Ordinary shares are classified as equity.

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.

Notes to the consolidated financial statements

25 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y. 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.

z. Earnings per share

(i) Basic earnings per share

Basic earnings per share, see note 21, 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, see note 21, 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.

aa. 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.

ab. 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.

26 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements.

As indicated in note 25(a) above, the Group has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 7(d).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 7.06%.

For leases previously classified as finance leases and HP liabilities the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. No remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- right-of-use assets have been recognised equal to the net present value of the lease liabilities, adjusted for the amount of any prepaid or accrued lease payment
- the Group has chosen not to separate contracts into lease and non lease components
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the consolidated financial statements

26 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(i) Practical expedients applied (continued)

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of lease liabilities

A reconciliation of operating lease commitments disclosed at 30 June 2019 to additional lease liabilities as at 1 July 2019 is provided in the table below:

	20 \$'000
Operating lease commitments disclosed as at 30 June 2019 under AASB 17	46,946
(Less): short-term leases not recognised as a liability	(654)
(Less): low-value leases not recognised as a liability	(369)
(Less): contracts reassessed as lease contracts (undiscounted)	(987)
(Less): committed leases not commenced (undiscounted)	(9,305)
Add: cost of reasonably certain extensions (undiscounted)	19,037
	54,668
Effect of discounting on payments included in the calculation of the lease liability (excluding finance lease balance)	(11,430)
Contracts commenced 1st July 2019 (discounted)	3,246
Existing finance lease liabilities recognised as at 30 June 2019	24,133
Lease liability recognised as at 1 July 2019	70,617
Of which are:	
Current lease liabilities	26,356
Non-current lease liabilities	44,261
	70,617

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2019.

(iv) Adjustments recognised in the consolidated statement of financial position on 1 July 2019

The recognised right-of-use assets relate to the following types of assets:

	30 JUNE 2020 \$'000	1 JULY 2019 \$'000
Properties	26,067	28,030
Equipment	84,639	59,794
Motor Vehicles	32	242
Total right-of-use assets	110,738	88,066

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 July 2019:

- property, plant and equipment - decrease by \$41.2 million
- right-of-use assets - increase by \$88.1 million
- hire purchase liabilities - decreased by \$26.2 million
- lease liabilities - increase by \$70.6 million
- prepayments - decrease by \$0.3 million

There was no impact on retained earnings on 1 July 2019.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16 Leases.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 71 to 148 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 2020 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 Alexander John Norwell

Managing Director and Chief Executive Officer
Director

Perth
24 August 2020

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Independent auditor's report to the members



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 2020 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 2020
- 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 a summary of significant accounting policies
- 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 and 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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Independent auditor’s report to the members



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
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$5.3 million, which represents approximately 5% of the Group’s profit before tax, after adjusting for impairment (“adjusted PBT”). 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. We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for impairment as it represents an unusual or infrequently occurring item impacting 	<ul style="list-style-type: none"> 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 instruction. The group engagement team performed audit procedures on the financial information of Perenti Group Services, Perenti International, Perenti Finance, Ausdrill, BTP Parts, BTP Equipment, and Barminco, Barminco Finance businesses because these were financially significant or contained financially 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Valuation of Goodwill Valuation of non-current assets (excluding Goodwill) Calculation of current and deferred tax balances These are further described in the <i>Key audit matters</i> section of our report.

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Independent auditor's report to the members



profit and loss.

- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

significant balances.

- Component auditors performed audit procedures on the financial information of AMS (African Mining Services) Burkina Faso, Mali, Ghana and Senegal, AUMS (African Underground Mining Services) Burkina Faso, Ghana and Tanzania, Underground Mining Alliance, Barmenco Mining Services Botswana and Barmenco Egypt Underground Mining Services.
- 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
<p>Valuation of Goodwill (Refer to note 7(e))</p> <p>At 30 June 2020, the Group has \$449.8m 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 has performed an impairment test as at 30 June 2020 to assess the recoverable amount through 'value in use' (VIU), using a discounted cashflow model. Significant judgement is 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:</p> <ul style="list-style-type: none"> • The level at which the Goodwill is assessed • cash flow forecasts, including the terminal 	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing whether the Group's identification of the group of CGUs was consistent with the level at which goodwill is allocated, 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 forecast future cash flows over the relevant period and evaluating whether the forecasts were consistent with the approved budget. • Assessing the Group's ability to forecast future cash flows for the business by comparing historical

Independent auditor's report to the members



Key audit matter	How our audit addressed the key audit matter
<p>value forecast;</p> <ul style="list-style-type: none"> • short-term and future growth rates in revenue and EBITDA margin; and • the discount rate used to discount the estimated cash flows rate adopted in the model <p>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.</p>	<p>budgets with reported actual results.</p> <ul style="list-style-type: none"> • 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 reasonableness of the relevant inputs to the calculation against industry and market factors. • Agreeing the mathematical accuracy, on a sample basis, of the impairment models calculations. • Evaluating the adequacy of the disclosures made in note 7(e), including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.
<p>Valuation of non-current assets (excluding Goodwill) (Refer to note 3)</p> <p>As required by Australian Accounting Standards, the Group performed an assessment of impairment of non-current assets (excluding Goodwill).</p> <p>The assessment first focussed on considering whether any specific assets were impaired due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable timeframe.</p> <p>This exercise resulted in an impairment of \$34.3 million relating to specific assets within the Surface Mining Africa CGU.</p> <p>The Group then considered whether there were any overall indicators of impairment in any of its cash generating units (CGU).</p> <p>The Group performed an impairment assessment where a CGU was performing below its forecast cash flows, had high underutilisation of property, plant and equipment, or other economic and market conditions existed that indicated the asset value may not be recoverable, or the Group considered that there was another impairment indicator.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed the Group's evaluation of impairment indicators. <p>For the Surface Mining Australia and BTP Group CGUs, we:</p> <ul style="list-style-type: none"> • Considered if the discounted cash flow models used to estimate the recoverable amount of these CGUs on a VIU basis ('the impairment models') were consistent with Australian Accounting Standards requirements. • Compared the forecast cash flows used in the impairment models to the most recent budgets and business plans approved by the Board. • Considered whether the forecast cash flows in the impairment models were reasonable and based upon supportable assumptions, by: <ul style="list-style-type: none"> ○ Comparing the forecast cash flows to actual cash flows for previous years to assess the accuracy of the Group's forecasting. ○ Considering future revenue growth in comparison to historical trends, contracted work and historical pipeline conversion success.

Independent auditor's report to the members



Key audit matter

Management concluded indicators of possible impairment existed in the Surface Mining Australia, BTP Group and Surface Mining Africa CGUs.

The Group used value in use (VIU) methodology to assess the recoverable amount for the Surface Mining Australia and BTP Group CGUs. The assessment resulted in an impairment of \$25.3m million for the BTP Group CGU and no impairment for the Surface Mining Australia CGU.

The Group engaged an external valuer to assist in assessing the recoverable amount of the Surface Mining Africa CGU using a fair value less cost of disposal (FVLCoD) methodology. The FVLCoD assessment indicated no further impairments in this CGU.

The Group also considered whether any reversal of prior period impairment was necessary at 30 June 2020 and concluded it was not.

The assessment of impairment was a key audit matter because of the significant judgement involved in considering the existence of impairment indicators, estimating the recoverable amount of the assets and the material impact on the financial report.

How our audit addressed the key audit matter

- Assessing whether the terminal growth rate used in the models 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, assessing the Group's discount rate calculations, including having regard to the inputs utilised in the Group's weighted average cost of capital.

- Agreed the mathematical accuracy, on a sample basis, of the impairment models calculations.
- Considered the method of allocating the BTP Group impairment across assets within the CGU.
- Considered whether the Surface Mining Australia model indicated a reversal of previously booked impairment.
- Considered the adequacy of the disclosures made in note 3 of the financial statements, including key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

For the Surface Mining Africa CGU, we:

- Examined the external valuation report obtained by the Group to assist their estimation of the recoverable value.
- Considered the potential impact of current economic factors and conditions on the conclusion of the external valuation
- Assessed 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.
- Considered the completeness of the assets included in the external valuation report.
- Utilised PwC valuations experts to consider the methodologies and key assumptions adopted by the external valuer.

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Independent auditor's report to the members



Key audit matter	How our audit addressed the key audit matter
<p>Calculation of current and deferred tax balances (Refer to note 7(f))</p> <p>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.</p> <p>In particular, judgement is required in assessing the recoverability of the \$109.5 million of tax losses recognised as assets at 30 June 2020 and the appropriateness of \$34.3 million of provisions for uncertain tax positions across Africa.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing with the support of PwC tax specialists 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 2020 based on the extent to which they can be recovered by forecast taxable profits including performing the following: <ul style="list-style-type: none"> ○ Obtaining calculations of forecast taxable income for the next five years and agreeing these to the latest Board approved budget and forecast. ○ Comparing the latest Board approved budget to historical performance to assess the consistency and accuracy of the Group's approach to budgeting. ○ Assessing the Group's key assumptions in the cash flow budget and taxable income forecasts. ○ 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. • We also considered the assumptions made by the Group in making judgemental tax provisions for uncertain tax positions. We utilised the expertise of a PwC tax specialist who liaised directly with local PwC tax specialists in the relevant territories.

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 2020, 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.

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Independent auditor's report to the members



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 52 to 65 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Perenti Global Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

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Independent auditor's report to the members



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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Craig Heatley'.

Craig Heatley
Partner

Perth
24 August 2020

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Shareholder information

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding as at 23 July 2020:

HOLDING	ORDINARY SHARES		
	NUMBER OF HOLDERS	SHARES	% OF SHARES ON ISSUE
1 - 1,000	2,679	1,018,322	0.15%
1,001 - 5,000	2,486	6,723,658	0.96%
5,001 - 10,000	1,034	7,853,980	1.12%
10,001 - 100,000	1,661	46,669,864	6.65%
100,001 and over	196	639,262,577	91.12%
	8,056	701,528,401	100%

There were 1,479 holders of less than a marketable parcel of 160,208 ordinary shares as at 23 July 2020.

B. EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities as at 23 July 2020 are listed below:

NAME	ORDINARY SHARES	
	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1. HSBC Custody Nominees (Australia) Limited	193,806,854	27.63%
2. J P Morgan Nominees Australia Pty Limited	133,200,553	18.99%
3. Citicorp Nominees Pty Limited	88,719,654	12.65%
4. National Nominees Limited	48,677,573	6.94%
5. Bremerton Pty Limited	26,005,640	3.71%
5. Nebraska Pty Limited	26,005,640	3.71%
6. National Nominees Limited <N A/C>	13,125,000	1.87%
7. BNP Paribas Nominees Pty Ltd	8,162,003	1.16%
8. BNP Paribas Noms Pty Ltd <DRP>	7,103,819	1.01%
9. Zero Nominees Pty Ltd	6,920,000	0.99%
10. Mr BG Wright + Mrs WJ Wright	5,051,035	0.72%
11. CTS Funds Pty Ltd	4,860,109	0.69%
12. Citicorp Nominees Pty Limited	4,661,504	0.66%
13. Purple Dragon Holdings Pty Ltd	4,480,613	0.64%
14. Mrs Patricia Gladys Wright	3,623,553	0.52%
15. Royale Blue Pty Ltd	3,597,400	0.51%
16. HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,754,136	0.39%
17. Gresham Partners Capital Limited	2,689,150	0.38%
18. National Nominees Limited <DB A/C>	2,393,784	0.34%
19. Mrs PG Wright + Mr MG Wright + Mr JG Wright <PG Wright Super Fund A/C>	2,331,544	0.33%
20. HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	1,364,906	0.19%
Total held by the twenty largest shareholders	589,534,470	84.03%

Shareholder information

C. EQUITY SECURITY HOLDERS (CONTINUED)

Unquoted equity securities

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options issued under the Employee Option Plan to take up ordinary shares	1,200,006	10
Rights issued under the Employee Incentive Rights Plan	9,644,034	58

D. SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below as at 23 July 2020:

	ORDINARY SHARES	
	NUMBER HELD	PERCENTAGE
1. L1 Capital	57,021,324	8.10%
2. FMR LLC	53,402,375	7.50%
3. Dimensional Fund Advisors	41,944,746	6.0%

E. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

- (a) **Ordinary shares:** every member present at a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) **Options:** no voting rights.
- (c) **Rights:** no voting rights.

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Financials table

		16	17	18	19	20
Revenue						
Revenue from continuing operations	\$'000	744,635	764,950	866,281	1,638,392	2,046,058
Profit/(loss)						
EBITDA	\$'000	125,051	135,791	177,250	401,049	370,377
Depreciation expense	\$'000	(67,894)	(62,172)	(74,528)	(164,829)	(232,141)
Amortisation expense	\$'000	-	-	-	(29,062)	(38,564)
Underlying EBIT(A)	\$'000	73,192	68,872	86,823	180,707	211,708
Net interest expense	\$'000	(32,064)	(28,997)	(28,643)	(52,239)	(52,134)
Operating profit before income tax (excluding impairment)	\$'000	26,578	44,622	74,079	268,554	107,146
Impairment expense	\$'000	(1,485)	-	-	(113,635)	(59,608)
Profit / (loss) before income tax	\$'000	25,093	44,622	74,079	154,919	47,538
Income tax (expense) / benefit	\$'000	(4,581)	(13,671)	(14,730)	27,362	(19,983)
Profit / (loss) from discontinued operations	\$'000	37,638	250	1,701	-	-
Profit / (loss) for the year	\$'000	58,150	31,201	61,050	182,281	27,555
Profit for the year attributable to equity holders	\$'000	58,150	31,201	61,050	181,326	23,837
Number of ordinary shares at year end	000's	312,277	312,277	362,197	685,706	701,528
Weighted number of ordinary shares	000's	312,277	312,277	351,782	605,818	689,199
Basic earnings / (loss) per share	cents	18.7	10.0	17.4	30.0	3.5
Diluted earnings / (loss) per share	cents	18.2	9.7	17.1	29.8	3.5
Statement of financial position						
Total assets	\$'000	1,150,381	1,187,362	1,367,761	2,666,766	2,742,894
Total liabilities	\$'000	543,785	557,248	593,010	1,255,154	1,343,140
Shareholders' equity	\$'000	606,596	630,114	774,751	1,411,612	1,399,754
Net tangible assets per share	\$	1.94	2.02	2.14	0.97	0.99
Cash flows						
Gross cash flows from operating activities	\$'000	123,158	132,111	90,155	297,680	426,787
Net cash flows from operating activities	\$'000	91,006	94,613	52,593	206,912	306,539
Net cash flows from investing activities	\$'000	60,853	(101,127)	(161,517)	(109,937)	(170,967)
Net cash flows from financing activities	\$'000	(47,772)	(6,965)	78,284	(13,141)	(25,240)
Closing cash balance	\$'000	181,857	166,710	137,258	223,524	327,491
Gross debt	\$'000	398,540	388,617	404,550	757,443	883,857
Net debt	\$'000	216,683	221,907	267,292	533,919	556,366
Dividends						
Total dividends per share (interim and final declared)	cents	-	4.00	7.00	7.00	7.00
Total dividends paid/payable *	\$'000	-	6,246	19,855	42,602	48,023
Net Debt / Total Capital	%	26	26	26	27	28
Employees at year end	#	4,521	5,206	6,103	8,270	7,729

* Includes issue of shares under Dividend Reinvestment Plan.

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ANNUAL REPORT 2020

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