

ASX Release

27 April 2018

Babylon Quarterly Update and Appendix 4C

Babylon Pump & Power Limited (Babylon) (ASX: BPP, BPPO) is in the first quarter following its IPO on the ASX. The company focus has been on building capacity in core aspects of the business to enable rapid growth in its core business of specialty equipment rental and resource equipment maintenance services. The Directors continue to be delighted with the positive response from customers to Babylon's entry to the market as a new specialist operator.

The Q3 FY18 quarter is the first partial quarter for the Company since its listing on 10 January 2018, and is seasonally the slowest quarter in the annual calendar due to the holiday season in January, with associated resource sector downtime.

During the quarter, the Company made significant progress in developing the key skill sets required, securing equipment and building existing and new relationships with clients.

There is a three to four-month lead-time in acquiring new equipment overseas and locally, while it is re-furbished and transported to be available for deployment on jobs. Recent activity includes acquiring multiple large offshore oil & gas specialist pumps overseas along with sourcing pumps, compressors and boosters locally which are being refurbished, and will be available for deployment during the current quarter. The new equipment includes high pressure zone rated well service pumps and multistage water pump used across the oil & gas industry. The high-pressure compressors and very high-pressure air & nitrogen boosters are used extensively in oil & gas testing as well as minerals drilling work. To compliment this equipment, we have sourced traditional dewatering pumps and pontoons going direct to work at multiple mine sites.

Revenues in the March quarter were \$500,000 bringing year to date revenues to \$1,500,000 for Babylon's trading entity (Babylon Operations Pty Ltd), with a positive outlook as outlined in more detail below. After incurring significant corporate costs as part of the relisting of the Company, corporate head office costs are being well controlled and are running at less than \$50,000 per quarter.

Key operational activities during the quarter include:

Specialty Rental

- Secured further equipment rental with CSIRO CCS RDD Project
- Provision of rental dewatering equipment for use at an open pit nickel mine in Western Australia
- Provision of rental dewatering equipment for use at greenfield gold mine in Western Australia
- Secured further specialist assets off shore for rental fleet to be on shore by July 18

Diesel Business

- Providing site-based diesel services on multiple gold mine sites
- Continued diesel component rebuilds for major iron ore miner
- Engine and component rebuilds for earthmoving contractors
- Secured rebuilt engine sales





Business Development

- Significant equipment acquisitions, expected to be available for deployment in the current quarter
- Securing new work with Kalgoorlie based mining company

Outlook

The current quarter to 30 June 2018 will be the first full quarter since the Company's ASX listing.

The customer response has been very encouraging, and the revenue trajectory is positive. Babylon has secured \$0.8M in revenue based on Purchase Orders received to date in April, with positive indications of customer demand for the balance of the quarter. The Company is continuing to fill out its equipment inventory and its customer order book, and the Board is optimistic that this work will lead to material growth in rental and diesel maintenance contracts in the coming quarters. Based on customer indications, the Directors expect the Company's diesel refurbishment activities to be at or near current capacity by the end of the quarter.

For more information, please contact:

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Executive Chairman

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Babylon Pump & Power Limited

ABN

47 009 436 908

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	408	436
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(763)	(1,018)
(c) advertising and marketing	(21)	(29)
(d) leased assets		
(e) staff costs	(537)	(590)
(f) administration and corporate costs	(507)	(743)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(4)	(4)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	72	87
1.9 Net cash from / (used in) operating activities	(1,351)	(1,859)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,143)	(1,146)
(b) businesses (see item 10)		
(c) investments		49

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets	(75)	(75)
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(1,218)	(1,172)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		4,539
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(615)	(664)
3.5 Proceeds from borrowings	188	188
3.6 Repayment of borrowings	(10)	(10)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	21	34
3.10 Net cash from / (used in) financing activities	(416)	4,088

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4,216	175
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,351)	(1,859)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,218)	(1,172)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(416)	4,088

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	1,231	1,231

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,253	4,216
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	(22)	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,231	4,216

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(117)

Directors' remuneration

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

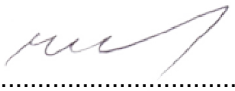
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(800)
9.3 Advertising and marketing	(15)
9.4 Leased assets	
9.5 Staff costs	(560)
9.6 Administration and corporate costs	(180)
9.7 Other (Asset Purchases)	(400)
9.8 Total estimated cash outflows	(1,955)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 27/04/2018
Director

Print name: Michael Shelby

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.