

sonal use only

Financial Results

Full Year Ended 30 June 2021



Disclaimer

The following disclaimer applies to this presentation and any information provided regarding the information contained in this presentation (the Information). You are advised to read this disclaimer carefully before reading or making any other use of this presentation or any information contained in this presentation.

Except as required by law, no representation or warranty, express or implied, is made as the fairness, accuracy, completeness, reliability or correctness of the Information, opinions and conclusions, or as to the reasonableness of any assumption contained in this document. By receiving this document and to the extent permitted by law, you release Mastermyne Group Limited (“Mastermyne”), and its officers, employees, agents and associates from any liability (including in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising as a result of the reliance by you or any other person on anything contained in or omitted from this document.

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Mastermyne, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties, many of which are outside the control of, and are unknown to, Mastermyne and its officers, employees, agents or associates. In particular, factors such as variable climatic conditions and regulatory decisions and processes may cause or may affect the future operating and financial performance of Mastermyne. Actual results, performance or achievement may vary materially from any forward-looking statements and the assumptions on which those statements are based. The Information also assumes the success of Mastermyne’s business strategies. The success of the strategies is subject to uncertainties and contingencies beyond Mastermyne’s control, and no assurance can be given that the anticipated benefits from the strategies will be realised in the periods for which forecasts have been prepared or otherwise. Given these uncertainties, you are cautioned to not place undue reliance on any such forward looking statements. Mastermyne undertakes no obligation to revise the forward-looking statements included in this presentation to reflect any future events or circumstances.

In addition, Mastermyne’s results are reported under Australian International Financial Reporting Standards, or AIFRS. This presentation includes references to EBITDA and NPAT. These references to EBITDA and NPAT should not be viewed in isolation or considered as an indication of, or as an alternative to, measures AIFRS or as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

The distribution of this information in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. This Information does not constitute investment, legal, accounting, regulatory, taxation or other advice and the Information does not take into account any investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the Information. You are solely responsible for seeking independent professional advice in relation to the Information and any action taken on the basis of the Information. No responsibility or liability is accepted by Mastermyne or any of its officers, employees, agents or associates, nor any other person, for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of the Information.

Personal use only

Financial Results

Full Year Ended 30 June 2021

Tony Caruso CEO & Managing Director
Brett Maff Chief Financial Officer

FY21 Highlights

Delivering strong safety and operational performance

Safety

4.96

Excellent Safety Performance
with best TRIFR result since
the company formed

Learning & Development

70/20/10

We strongly invested in
developing the capability of
our people which sets us up for
growth

Order Book

\$1.1b

\$250m of revenue booked to
be delivered in FY22

Mine Operations

**Crinum Mine
Contract**

Contract executed (6.5 years,
\$600 - \$660m revenue)

2ND Mine Operations Announcement

Cook Colliery

Cook Colliery Mine Operation
also announced post year end,
with early works commenced

Net Cash

\$19.3m

Maintained strong balance sheet.
Cash position of \$24.4m
as at 30 June 2021

FY21 Financial Results

Strong result despite price cycle headwinds

Revenue

\$233m

Inline with FY21 guidance

EBITDA Margin

9.6%

Inline with FY21 on lower revenue

NPAT

\$5.9m

Stronger H2 result at \$3.8m

EBITDA

\$22.3m

Guidance \$22-23m

EBIT

\$9.7m

Reflects increased depreciation from equipment investment

Dividend

2.25c

Full year dividend of 3.0 cents representing 56% of net profit

Strategic Investment

- Invested in acquiring equipment for mine services contracts along with investment in key personnel for hard rock diversification

Met Coal Prices Improve

- Coal price H2 95% higher than H1 From ~\$US 100/t to ~\$US195 at financial year end (currently at ~\$US 220/t)

Tax Losses

- \$1.6m tax losses utilised for FY2021
- \$19.0m tax losses remaining
- Effective tax rate of ~26% for FY2021

Overheads

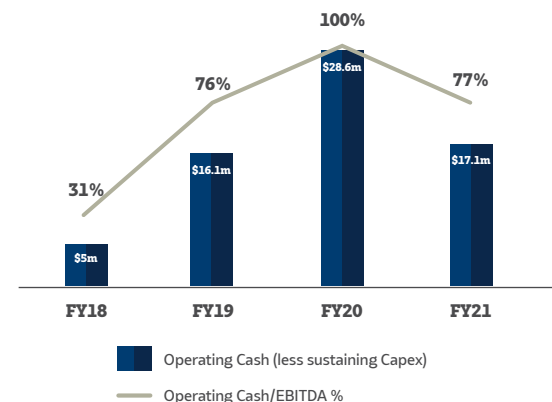
- Overheads at 8% off lower revenue base

Strong Capital Position

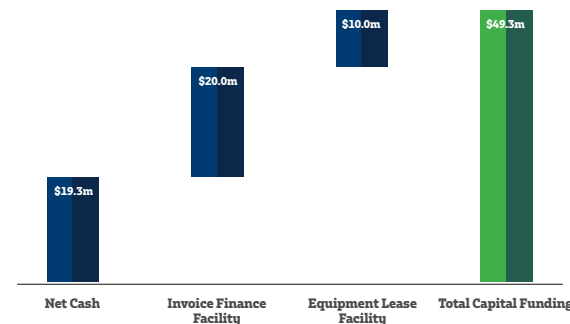
Cash at bank and undrawn facilities will fund growth

Cash at Bank at 30 June	\$24.4m	<ul style="list-style-type: none"> \$4.7m final FY20 and interim FY21 dividend paid to investors Acquisition of minority investors in Mynesight (100% ownership \$0.4m)
Net Cash at 30 June	\$19.3m	<ul style="list-style-type: none"> Maintaining a positive net cash position up to \$20m to ensure strength through market cycles Payout 40-60% of NPAT in dividends to shareholders
Operating Cash at 30 June Operating Cash (Less sustaining Capex)	\$17.1m	<ul style="list-style-type: none"> Strong working capital management supported cash generation from Operating Activities Free cashflow – Operating Cash less sustaining capex (77% Operating Cash/EBITDA%)
FY2021 Capex	\$10.2m	<ul style="list-style-type: none"> \$7.3m net of funding Pay out of remaining Sandvik loaders / acquisition of 4 x second hand Continuous Miners
Available Funding at 30 June	\$49.3m	<ul style="list-style-type: none"> Working capital and equipment lines of \$20m and \$10m respectively Leaves the company extremely well capitalised to service further growth

Operating Cash (Less Sustaining Capex)



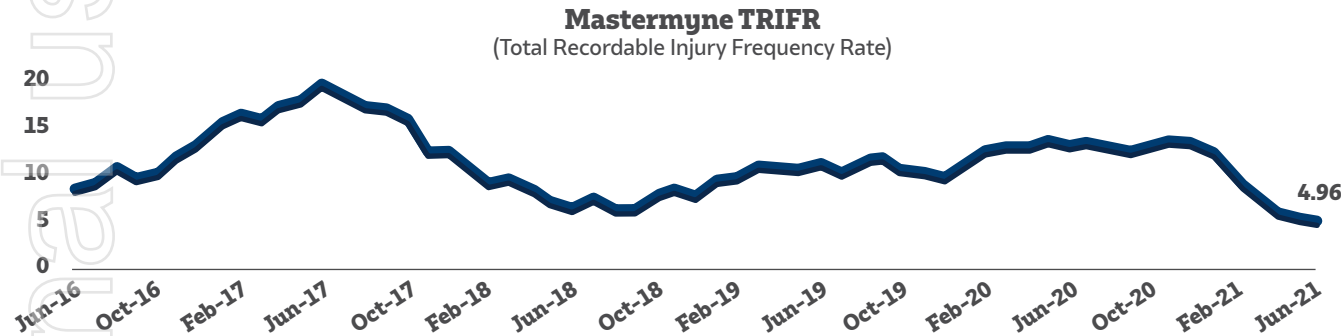
Total Capital Funding Availability



Proactive and Integrated Safety Approach

Company best performance

- TRIFR at 4.96
- Health & Safety approach is built around strong psychological safety principles which is making the difference
- Continuing our journey towards becoming a recognisable High Reliability Organisation (HRO)
- Managing the changed risk profile with the appointment to Coal Mine Operator
- Maintained certification (AS14001, AS45001, AS9001) across the Mastermyne Group accreditation regime



Operational Summary and Outlook

Full Year Ended 30 June 2021

Tony Caruso CEO & Managing Director
Brett Maff Chief Financial Officer



ersonal use only

We Are Becoming a Different Business

Mine operations and hard rock change the outlook of the business

Mine Operations

**FY22 \$80m
FY23 and beyond
\$150m+**

- Brings a material shift around control of projects
- Shifts MYE in the value chain to become a strategic partner for the mine owner
- Our Order Book now provides longer term visibility and stability in earnings and profit
- Multiple large-scale contracts bring revenue diversity and de risks financial outcomes
- Contract Mining provides the opportunity to materially improve margins through performance

Contracting

**Historically runs at
between \$200-\$300m
PA**

- Operating for 25 years
- Long standing tier 1 clients
- Average 10+ year relationships
- Contracts tied to production activities making them less likely to switch off
- Commercially low risk contracts
- Diversified client base all in the bottom quartile for production cost
- +95% metallurgical coal projects

Hard Rock

**Brings strong
commodity
diversification**

- Organically diversifying adjacent hard rock sector
- Synergistic with Mastermyne contracting business
- Focusing on East Coast market
- Specialising in underground only
- Progressing acquisition opportunities

Other Services

**Wilson Mining and
Mynesight**

- Wilson Mining specialist ground consolidation business providing niche services to the underground sector
- Mynesight registered training organisation which provides internal services to Mastermyne and external services to a range of clients

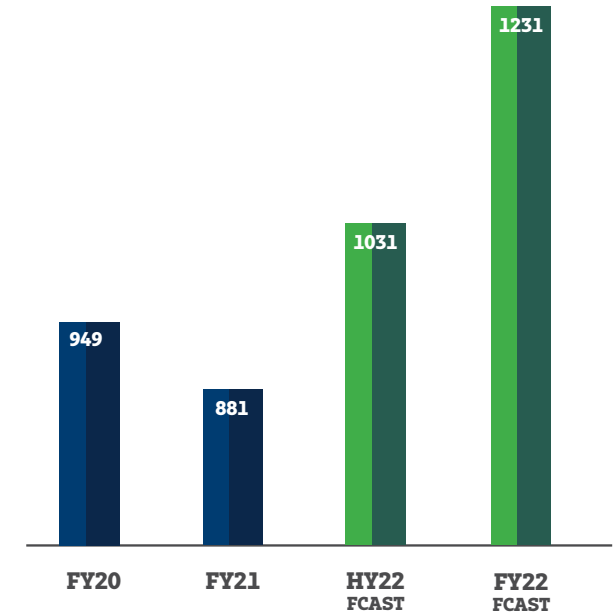
FY21 Summary of Operational Performance

Contracting business performed well despite some headwinds

- Challenging year stemming from low coal prices and temporary mine closures in Qld
- Anglo's Aquila Longwall Project has largely offset contraction on other projects for MYE
- First full year of operating Wilson Mining business with very strong results
- Acquired remaining shareholding in Mynesight RTO business and now taking full control
- Contracts extended on Integra, Broadmeadow, Moranbah North Chemicals and Tahmoor
- Labour market for underground coal remains stable with no major resourcing issues to date



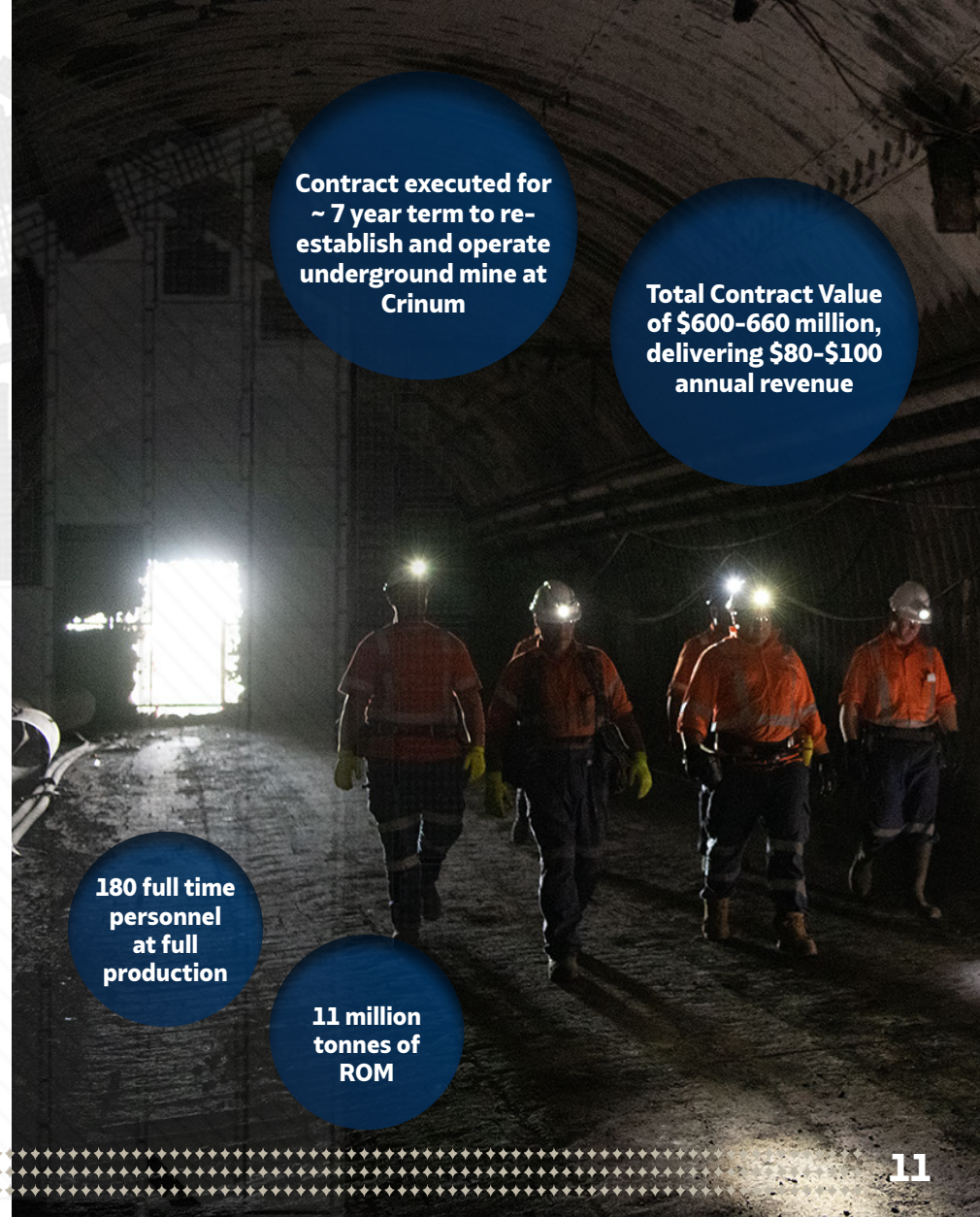
FY21 Workforce Numbers



Crinum Mine Operations Contract

Executed with work already commenced on site

- Work on site commenced and tracking to schedule and budget
- First production coal to be delivered late HY2022
- Mastermyne capex requirement \$20m-\$25m over FY22 and FY23 funded from cash reserves and existing facilities
- Re-establishment works progressing on plan
- Key personnel engaged and in place with strong pipeline of candidates to build the workforce
- All equipment secured and currently undergoing overhauls in preparation for mining to commence early in H2



Contract executed for
~ 7 year term to re-
establish and operate
underground mine at
Crinum

Total Contract Value
of \$600-660 million,
delivering \$80-\$100
annual revenue

180 full time
personnel
at full
production

11 million
tonnes of
ROM



Second Mine Operations Contract Announced at Cook Colliery

Early works started and mining contract being finalised

- Located in Central Queensland producing high quality metallurgical coal
- Low risk approach through selective mining method and locations
- QCoal is a very experienced and well-regarded mining organisation currently operating high-quality assets across the Bowen Basin
- Stage 1 works have commenced to bring the operation out of care and maintenance and transitioning back into production
- In parallel to the Stage 1 works, the parties will finalise a Mining Services Contract with a commercial model commensurate with the risk profile
- Contract term expected to be similar to Crinum
- Key personnel engaged for Stage 1 from within MYE business supported by external recruitment
- Equipment will come largely from MYE fleet supported by new equipment purchased through OEM's

Mitigating Execution Risk

Investing in our people development and sourcing the right equipment

- Expanded management team in place in readiness for Mine Operations contracts at Crinum and Cook
- Investment in our people through our 70/20/10 Rule of Thumb for Development
- Significant investment in Asset Lifecycle Management to manage larger more complex fleet of production equipment
- Additional Management Systems implemented to support mine operations contract
- Significant investment on internal people development 70/20/10
- Large fleet of bespoke equipment acquired through the low point of the cycle
- Acquired full ownership of Mynesight RTO business to support training and onboarding of workforces



-  **14 coordinators** completed MYE Diploma of Project Management
-  **223 employees** completed MasterMe Program
-  **12 employees** completing the Mastermyne Deputy Program
-  **29 employees** undertaking Certificate II Underground Coal Operations
-  **9 employees** completed frontline leadership course



Hard Rock Mining Diversification

We are clear on our delivery strategy

- Formed new business division for Mastermyne Hard Rock division
- Recruitment of key management roles is complete with candidates for other key positions now shortlisted
- Submitted tenders with aggregated value in excess of \$100 million
- Tendering pipeline has grown to >\$250 million
- Engaging with OEM's and key plant & equipment suppliers to form strategies to resource projects when secured
- Building a workforce database of suitable hard rock employees
- Acquisition strategy is being progressed in parallel with an organic strategy





FY22 Guidance

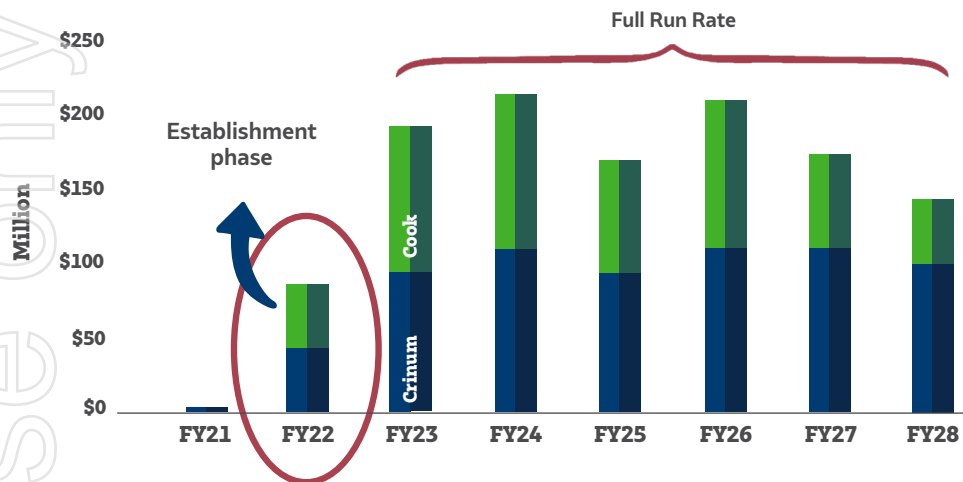
\$250m of FY22 revenue now locked in

- FY22 Revenue guidance \$300-\$320m (approx. 85% of guidance secured)
- FY22 EBITDA guidance \$28-\$32m
- FY22 is largely establishment and production ramp up phases at Crinum and Cook with full run rate for these projects occurring in FY23
- Recurring purchase order revenue \$30-\$40m pa
- Tendering pipeline at \$2.3b, \$0.6b contracting business, \$1.5b mine operations and \$0.25b hard rock
- Contracting revenue stable with upside in FY22 from tenders already submitted
- Price recovery has accelerated a number of projects and tenders that had been slowed
- Finalised mine operations contract agreement with Bengal Coal and moving through conditions precedent

Outlook Supports Growth and Diversification

Commodity prices are driving increasing opportunities

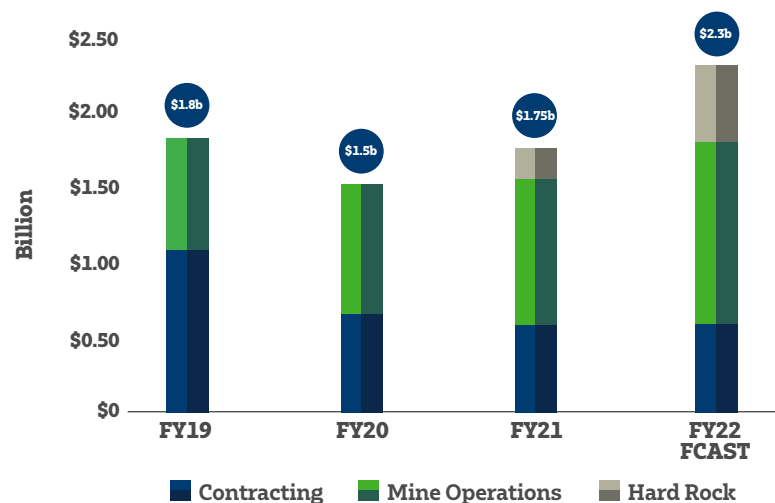
Crinum and Cook Revenue Ramp Up



FY22 Ramp Up Year

- Crinum mine re-establishment work through to December followed by staged ramp up to three production panels
- Cook early works to transition mine out of care and maintenance underway with production commencing over second half

Tender Pipeline Yr on Yr Change



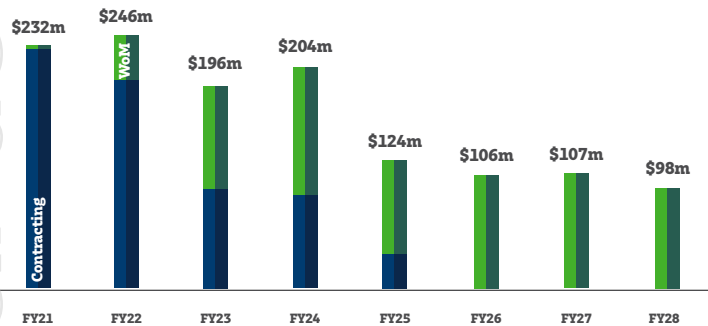
Diversifying Pipeline of New Work

- Hard rock pipeline continues to expand with the investment made by the company
- Further Bowen Basin mine operations opportunities progressing through feasibility studies

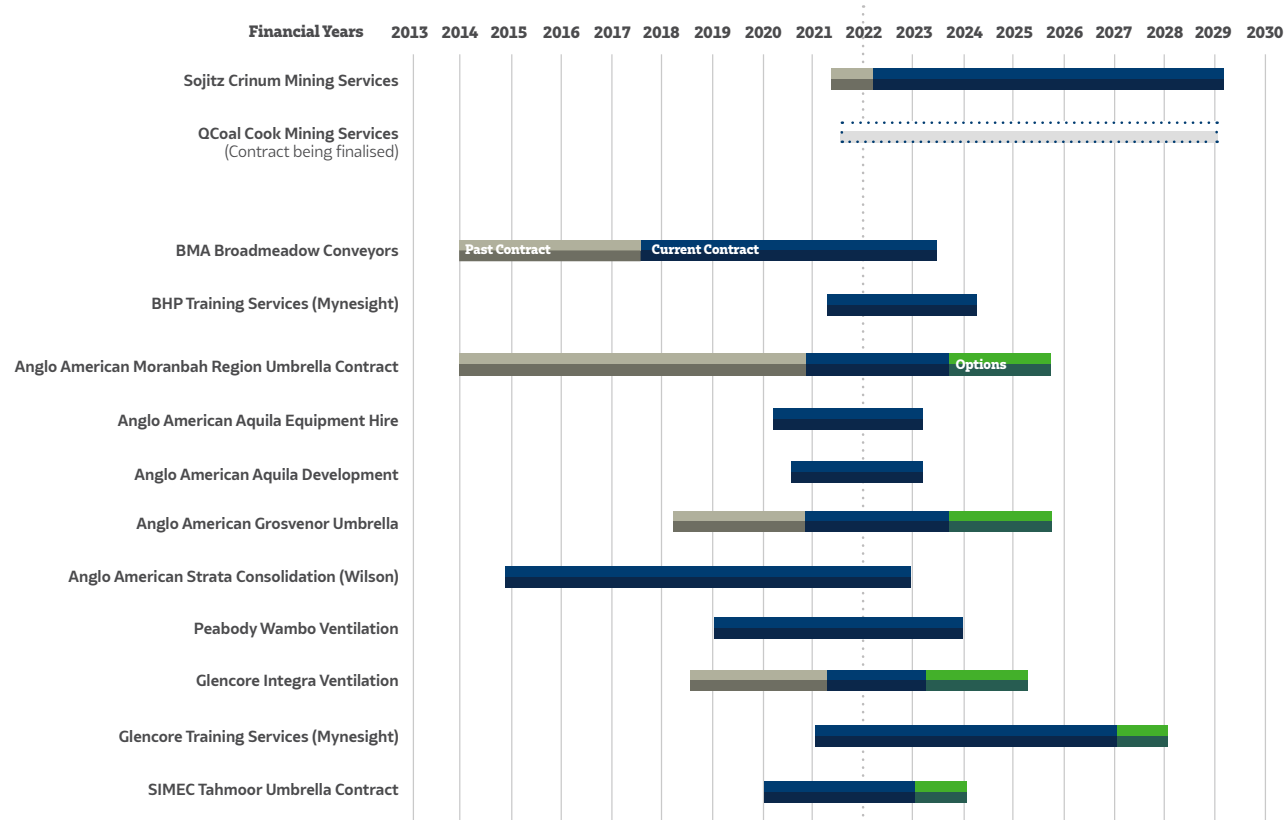
Order Book Materially Bolstered

Booked revenue is well diversified and at record highs

- Booked revenue now stands at \$1.1b (excluding Cook which is being finalised)
- Contracting projects are all long mine life large scale longwall operations
- Contracting business has a long history of recurring contracts
- Contracts with long term Blue Chip customers with multiple years to run



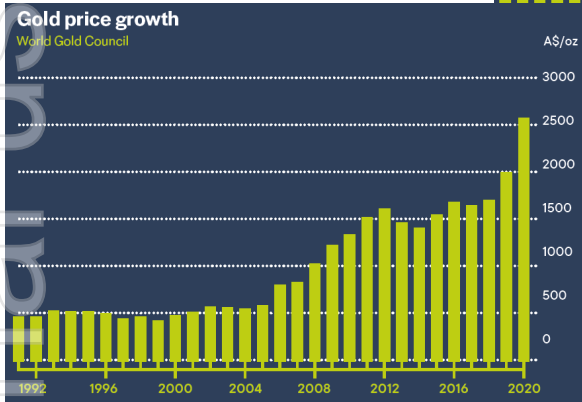
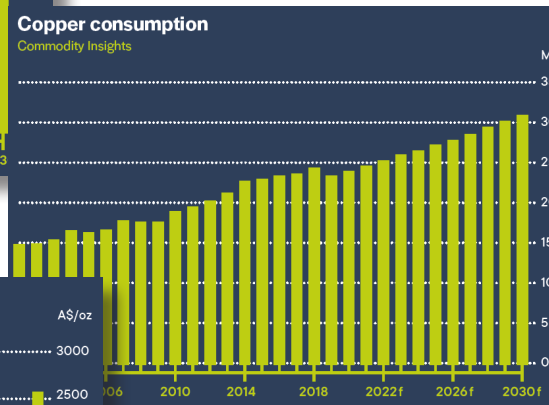
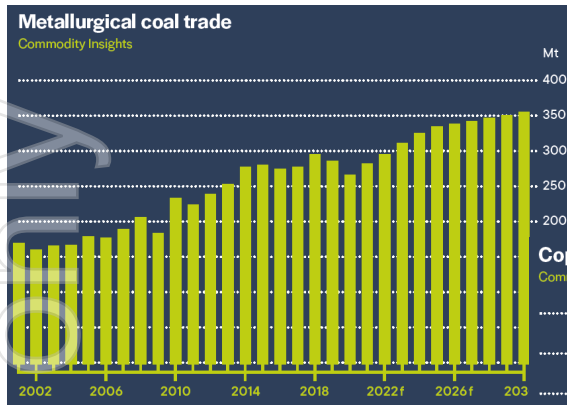
Booked Revenue Split (Contracting vs Mine Operations)



Booked Revenue Tenure

Commodity Prices Outlook

Recovery has been substantial and outlook is positive



- Metallurgical coal prices have strengthened returning to historical averages moving from ~\$US 100/tonne to ~\$US 220 since December
- Long term fundamentals are very strong for met coal (95%+ of Mastermyne revenue exposure)
 - Currently no near term viable substitution for met coal in the steel making process
 - Australia remains one of the lowest cost coal producers in the world
 - Very few countries have suitable reserves of high quality met coal
 - Asian steel demand forecasts remain robust
 - 20 of Australia's 22 closest neighbours are developing nations and still have significant steel and power requirements
- MYE contracting revenue is supported by volumes exported more so than price
- Stronger pricing in key metals (copper, nickel and gold) driving increase volume in the pipeline

We are In Great Shape

We are optimistic we can deliver significant growth

Safety

**Strong
Performance**

FY21 Financials

Inline with Guidance

Dividend

**3.0c Full Year
56% of Net Profit**

Order Book

**Totals \$1.1b
\$250m Locked In for
FY22**

Mine Operations

Changes the Business

Strategy

**Diversify Through
Hard Rock**

Net Cash

**\$19.3m
Funds the Growth**

FY22 Guidance

**Revenue
\$300-\$320m
EBITDA
\$28-\$32m**

Financial Results

Full Year Ended 30 June 2021

Tony Caruso CEO & Managing Director
Brett Maff Chief Financial Officer



mastermyne

stronger values. greater results.



mastermyne

stronger values. greater results.

Appendix



Board



Colin Bloomfield
Non-Executive Chairman

Colin's former roles during his 27 years with BHP Billiton include President Illawarra Coal (8 years), Vice President Health, Safety and Environment (Global role) and Project Director for the BHP Billiton merger integration as well as member of the deal team for the transaction. He was also an Underground Coal Mine Manager both in New South Wales and Queensland.



Anthony Caruso
Managing Director

Tony has held a number of senior management positions in contracting services over 30+ years working across major underground mining projects in QLD and NSW.

Joining Mastermyne in 2005, under Tony's leadership the company has hit many milestones including the ASX listing in 2010.



Andrew Watts
Non-Executive Director

Andrew co-founded Mastermyne in 1996 and has been involved in contracting within the mining industry since 1994.

From 1996 -2005 Andrew was responsible for all aspects of Mastermyne's operations until the appointment of Tony Caruso as CEO.



Gabriel Meena
Non-Executive Director

Gabe is an executive with over 30 years experience in the steel, mining and stevedoring industry covering operations, maintenance and engineering. Gabe has held senior operational and management roles with Bluescope Steel as General Manager Mills and Coating, Bluescope Steel China as President China Coated and BHP Collieries as General Manager of a number of coal mines. Gabe's most recent role was General Manager Operations with Patrick Terminals.



Julie Whitcombe
Non-Executive Director

Julie is currently GM Strategy and Development for CleanCo, a Government Owned Corporation focused on the development and supply of firm renewable energy for Queensland customers.

Prior to her current role, Julie held various leadership roles including CEO of RDO Australia, an industrial and agricultural equipment dealer and nine years on the executive team of Senex Energy, an Australian oil and gas explorer and developer.



Key Customer Relationships



Crinum Mine
New Contract



QCOAL GROUP
Cook Colliery
New Contract



Broadmeadow Mine
6+ Years



Wambo Mine
6+ Years

GLENCORE

Integra Mine
Ulan West Mine
10+ Years



Moranbah North Mine
Grosvenor Mine
Aquila Mine
17+ Years

Corporate Overview

Capital structure

Share price as at 17 August 2021	\$1.05
Shares on issue	107.4m
Market capitalisation	\$112.8m
Net Cash/(Debt) as at 30 June 2021	\$19.3m
Enterprise Value	\$93.5m

Figures in \$AUD

Major shareholders

Andrew Watts	11.55%
Kenneth Kamon	10.24%
Darren Hamblin	9.07%
Grieg & Harrison Pty Ltd	5.91%

Shareholder composition

Retail Investors	49%
Institutional Investors	34%
Board & Management	17%

Two-year trading history



FY21 Profit and Loss Statement

Year ended 30 June 2021	FY21	FY20
Total Revenue	\$233.1m	\$292.7m
EBITDA	\$22.3m	\$28.6m
EBITDA %	9.6%	9.8%
EBIT	\$9.8m	\$17.6m
Statutory profit/(loss) before tax	\$8.7m	\$16.8m
Tax benefit/(expense)	(\$2.8m)	(\$5.1m)
Statutory profit/(loss) after tax	\$5.9m	\$11.7m
EPS (cents)	5.5c	11.0c

FY21 Cash Flow

Year ended 30 June 2021 \$AUD millions	FY21	FY20
EBITDA (Statutory)	22.3	28.6
Movements in working capital	(0.4)	8.2
Non-cash items	0.5	0.3
Net interest costs	(1.1)	(0.8)
Income tax receipts / (payments)	(3.0)	(5.5)
Net Operating Cash Flow	18.3	30.8
Net capex (including intangibles)	(7.9)	(8.8)
Net borrowings / (repayments)	(6.3)	(3.1)
Wilson Mining Acquisition	-	(3.8)
Acquisition of NCI interest	(0.4)	-
Free Cash Flow	3.7	15.1
Distribution to minority ownership	(0.2)	-
Dividends	(4.5)	(6.1)
Net increase/(decrease) in cash and equivalents	(1.0)	9.0
Cash and cash equivalents at beginning of period	25.4	16.4
Cash and cash equivalents at end of period	24.4	25.4

FY21 Balance Sheet

Assets

Year ended 30 June 2021 \$AUD millions	FY21	FY20
Assets		
Cash and cash equivalents	24.4	25.4
Trade and other receivables	40.4	49.1
Contract assets	1.2	-
Inventories	6.4	6.3
Total current assets	72.4	80.7
Deferred tax assets	7.5	7.9
Property, plant and equipment	23.0	22.4
Right-of-use assets	14.0	14.5
Intangible assets	12.3	12.2
Total non-current assets	56.8	57.0
Total assets	129.2	137.7

Liabilities

Year ended 30 June 2021 \$AUD millions	FY21	FY20
Liabilities		
Trade and other payables	24.4	34.1
Contract liabilities	0.2	-
Lease liabilities	4.7	4.9
Employee benefits	11.9	10.0
Current tax liability	1.0	1.6
Other liabilities	1.9	-
Total current liabilities	44.2	50.6
Lease liabilities	7.9	9.1
Employee benefits	0.1	0.2
Other liabilities	1.9	3.9
Total non-current liabilities	9.9	13.2
Total liabilities	54.0	63.8
Net assets	75.2	73.9



mastermyne

stronger values. greater results.

