

16<sup>th</sup> August 2019

ASX Announcement

## Mastermyne Group Limited Acquires Renowned Underground Coal Ground Consolidation Business, Wilson Mining Services Pty Ltd

Mastermyne Group Limited (ASX Code: MYE) (“Mastermyne” or “the Company”) is pleased to announce that it has signed a conditional acquisition agreement for the purchase of all the shares of Wilson Mining Services Pty Ltd (“WMS”) for an upfront consideration of \$7.6m, represented by the WMS’s net tangible asset value. The consideration is to be paid as \$3.8m cash and the balance issued as ordinary shares in Mastermyne. The consideration may also be supplemented by further cash payments, contingent on performance of WMS over the proceeding 3 year period.

WMS have 25 years experience supporting the Australian underground coal industry and are renowned for the supply and installation of cavity fill and strata consolidation phenolic foams, polyurethane chemicals and ventilation control devices. WMS are the Australian and New Zealand exclusive distributor of Weber Mining products including the industry leading products of Rocsil, Fenoflex and Marithan range. Mastermyne CEO, Tony Caruso said “WMS is a highly specialised underground business that has a niche service offering predominately in the longwall ground consolidation area. This business pioneered the introduction of phenolic cavity fill and injection products which has greatly improved the safety and productivity of longwalls in Australia. WMS and Mastermyne have a long history of working together to provide chemical injection and installation support to the Australian underground coal sector and the acquisition of WMS fits well with our growth strategy of providing niche, value adding underground services to our existing clients. WMS’s highly valued services are a smart bolt-on which complements and enhances the Mastermyne suite of services, all of which are essential for the continuation of underground longwall and mining operations.”

The WMS acquisition is anticipated to generate incremental annual revenues of approximately \$30m, at an EBITDA margin in the range of 10-14%. This level of contribution over a three year period would infer an acquisition EBITDA multiple of 3.3 – 4.0 times the total acquisition cost (including upfront and contingent considerations).

The cash component of the acquisition will be funded from Mastermyne’s available cash.

The transaction is expected to be completed by late-August 2019, subject to satisfaction of conditions.

### Further information:

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