



HALF YEAR RESULTS

FY2021

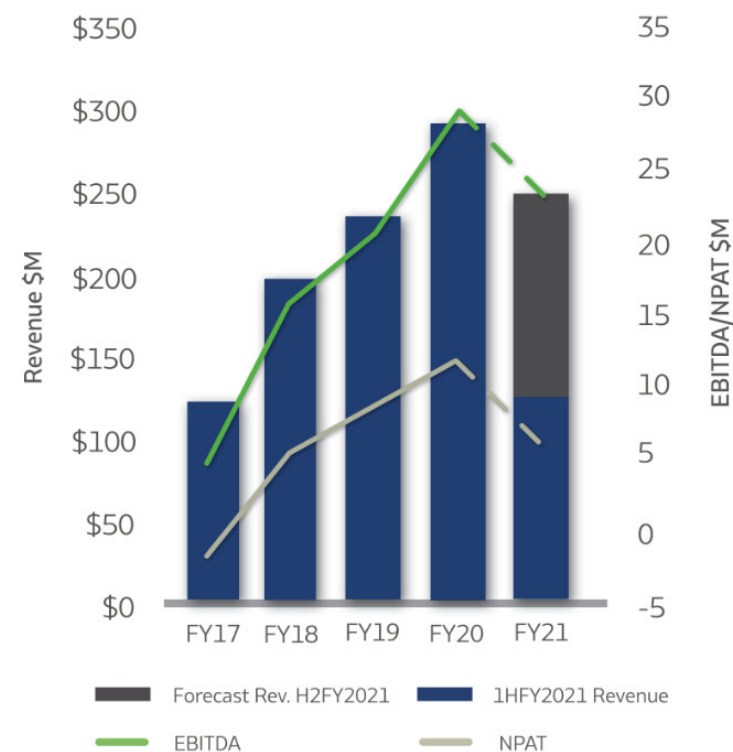
February 2021

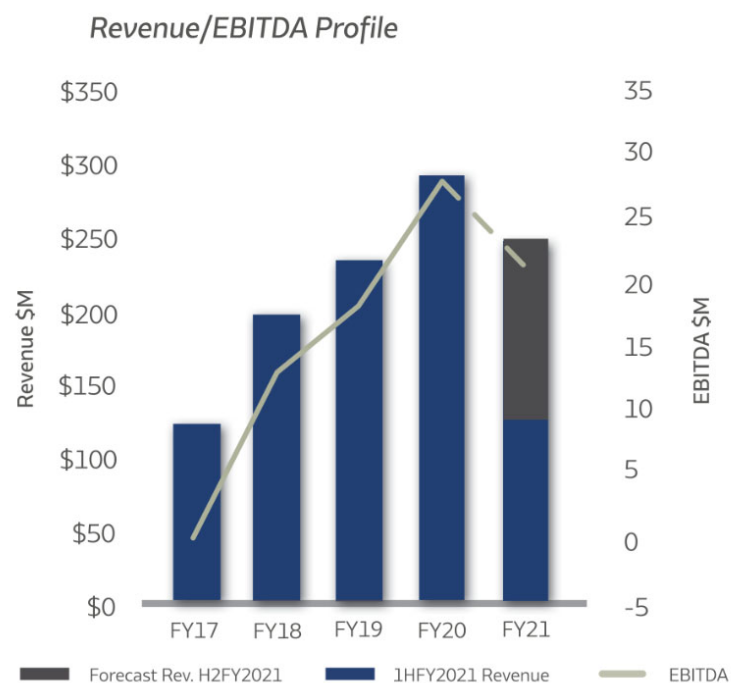
Tony Caruso, CEO & Managing Director
Brett Maff, Chief Financial Officer

Solid result during a low point in the coal price cycle

- Revenue of \$111m was down as the sector responded to softer pricing
- EBITDA margins were stronger (9%) benefiting from countercyclical investment in equipment, strong operational performance and management of our costs
- Net Profit of \$2.0m achieved in spite of the tighter industry conditions
- Maintaining shareholder returns through an Interim ordinary dividend of 0.75cps
- Strong net cash position has been maintained (\$11.6m) after dividends and capital investment
- WOM projects have substantially progressed through the period with the first to potentially commence in 2HFY2021
- Order book and tender pipeline are robust and improving
- Continued to invest in our “Diversify and Grow” strategy in spite of prices weakness

Revenue/EBITDA/NPAT Profile





Period ended 31 December 2020	HY21	HY20	Change
Total Revenue	\$110.87m	\$136.35m	-18.7%
EBITDA	\$9.75m	\$11.43m	-14.7%
EBITDA %	8.8%	8.4%	+0.4%
Statutory profit/(loss) before tax	\$2.92m	\$6.25m	-53.3%
Tax benefit/(expense)	(\$0.96m)	(\$1.91m)	+49.6%
Statutory profit/(loss) after tax	\$1.95m	\$4.34m	-55.0%
EPS (cents)	1.8c	4.1c	-56.1%

Financial result reinforces that we have the right Operating Model

- Revenue \$110.9m vs \$136.4m pcp (down 18.7% and EBITDA \$9.8m vs \$11.4m pcp (down 15%)
- Contraction in revenue came primarily from NSW (Appin and Narrabri contract completions) with some impact also from the closure of the Grosvenor Mine
- EBITDA Margin performance (9% vs 8% in pcp) improved through equipment investment, contract mix, operational performance, and management of costs
- Disciplined approach to overhead cost management continued
 - 7% of revenue on smaller base
- NPAT \$2.0m vs \$4.3m pcp (down 55%)
- Tax losses utilised for 1H of \$0.2m (effective tax rate of ~27% for FY2021) with \$20.4m tax losses remaining

Strength of our Balance Sheet allows continued investment and returns to shareholders

- \$17.4m cash at bank (\$11.6m net cash position) after return to shareholders and on-going investment:
 - Dividends \$4.0m (10c per share paid since Oct 2019)
 - Capital spend \$4.1m (\$1.5m net of funding)
- Capital Management Strategy:
 - Maintain a positive net cash position up to \$20m to allow for opportunistic investment and responsiveness through market cycles
 - Payout 40-60% of NPAT in dividends to shareholders
 - Dividend split always weighted towards a more conservative Interim Dividend
 - Other Capital Management options to be considered from time to time
- Undrawn working capital and Equipment lines of \$20m and \$10m resp. leaves the company well positioned to service further growth





Opportunistic capital investment is supporting margin improvement and providing a competitive advantage

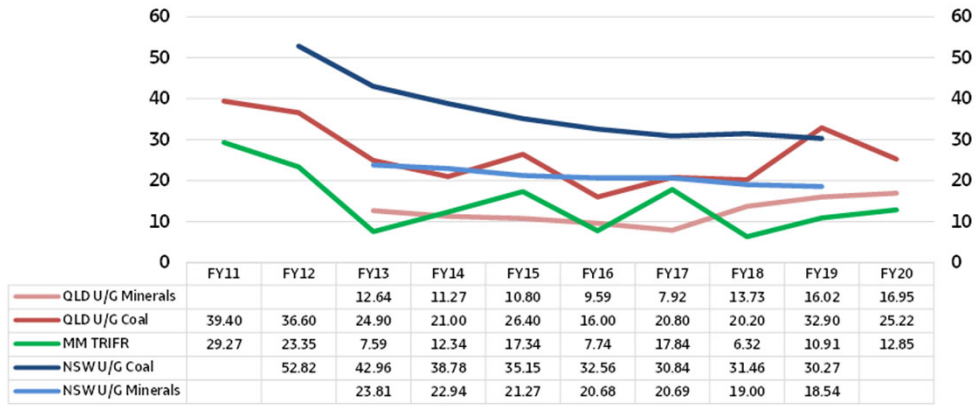
Strong net cash position supports strategy for equipment investment during the low in the coal cycle

- Sandvik Loaders X 8 - \$8m (over the last 12 months)
 - Final machines delivered to site in 1H – all fully operational
 - New efficient and increased reliability engine package
 - Larger 12t capacity
 - Less diesel particulate emissions
- Continuous Miners X 4 (secondhand) - \$4m
 - 4 miners purchased to be overhauled
 - Difficult to find quality continuous miners
 - Strong demand from current and future projects
- Anglo American Aquila Project Development fleet - \$5m – fully operational



Our focus hasn't relented from Keeping Our People Safe

Mastermyne TRIFR vs Underground Minerals & Underground Coal

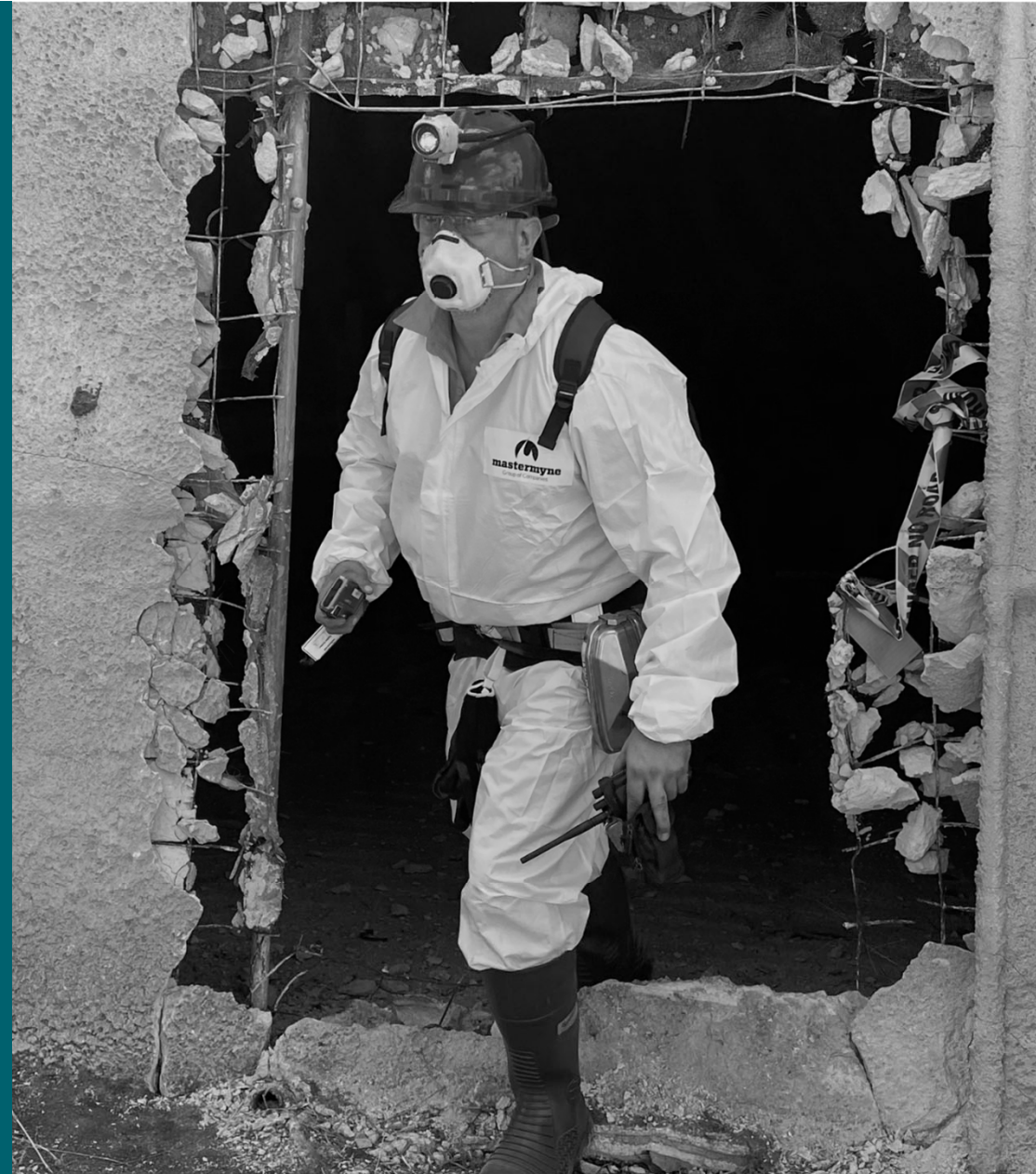


- Underground sector is continuing to be scrutinised following several major events over the past 12 months
- Many of our sites are achieving long periods of injury free work
- Our 1H safety statistics have remained consistent with last half and we are on track to achieve our full year TRIFR targets
- Focussing on industry known risks and know controls and embedding lessons learnt from past incidents across our operations with particular focus on WOM operations
- Using technology to reduce our exposure to critical risks
- 6 sites injury free for >12 months
 - Consumables 2361 days
 - Wambo 2110 days
 - Grosvenor Vent 1201 days
 - North Goonyella 985 days
 - Integra 513 days
 - Ulan 424 days
- 4 sites injury free for previous 6 months



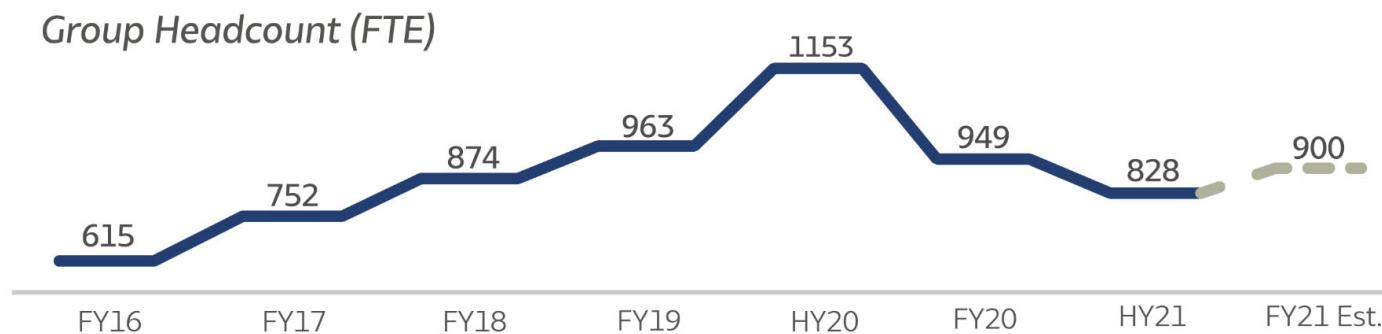
WOM projects substantially progressed through the Half Year

- Crinum – Appointed Mine Operator, awaiting final approval from Sojitz early March
- Dysart East – Signed binding terms sheet and finalising Mining services Agreement
- Tendered Bowen Basin WOM contract in H1 and have been shortlisted for commencement in the calendar year
- Well progressed on one other Bowen Basin WOM project with 2 others progressing through feasibility studies
- Recruitment has commenced for senior project roles



Operational headcount has reduced but recovery underway

- NSW Thermal Operations responded to softer pricing by undertaking period of complete mine shut down leading into and over the Christmas period
- Fully demobilised Narrabri project which reduced revenue in 1H
- Appin project fully demobilised early in 1H in line with contract completion date
- QLD Operations responded less aggressively to weaker coal prices predominantly focussing on a cost out / down approach
- Anglo American Aquila Project continues through development phase with longwall operations to commence in 2022. Mastermyne scope increased and contract term extended to March 2022
- Contract extensions and / or scope increases at Integra, Broadmeadow, Moranbah North Chemicals (Wilson Mining) and Tahmoor
- Mobilisation onto a new site underway late in the period for a 6 month package of work. Revenue contribution realised in 2H
- Anglo American Grosvenor Mine remains closed following the explosion in May 2020 resulting in suspension of all work at the site in 1H
- Wilson Mining business continuing to contribute positively and expanding market share in both coal and hard rock sectors
- Metallurgical Coal Projects currently account for ~+95% of total order book



\$117m* 2H2021 order book

\$201m FY2022 order book

\$278m Post FY2021 order book

\$1.6b Tendering pipeline

* Order book excludes recurring work of ~\$30-40m pa

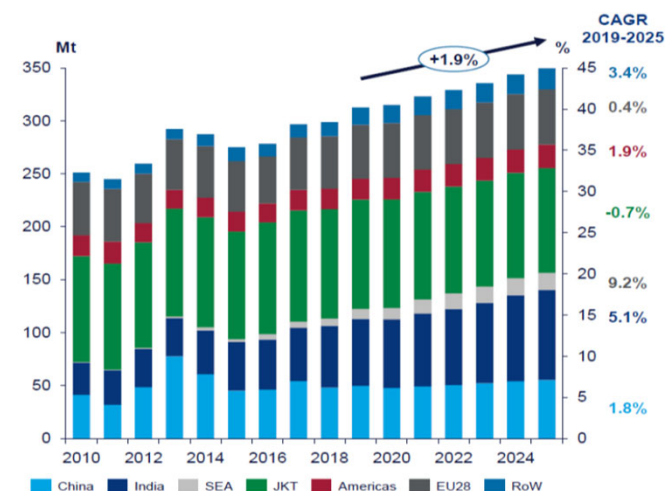
Very strong pipeline of major projects coming through in 2H

- FY2021 1H vs 2H Revenue split 45% / 55%, with margins remaining similar to 1H
- Recovery and outlook for coal price has accelerated a number of projects and tenders that had previously been delayed
- Following low points in the cycle clients rely heavily on contractors to either catch up or ramp up operations
- Very strong pipeline of WOM projects that will progress substantially in 2H
- Order book at \$595m and Tendering pipeline over \$1.6b (\$0.6b in core business, \$1.0b in Whole of Mine Projects)

Met coal prices have recovered substantially and outlook is positive

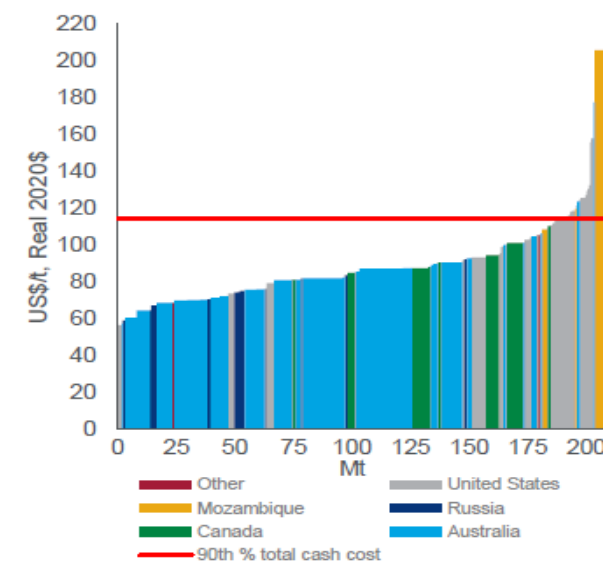
- COVID restrictions and impacts globally have weighed heavily on coal prices
- Met coal prices have moved from ~\$US 100/tonne to \$US150-160 since December following recent strength in thermal coal prices
- Long term fundamentals are very strong for Met. Coal (95%+ of Mastermyne revenue exposure).
 - 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

Seaborne metallurgical coal demand by country and region



Source: Wood Mackenzie

HCC cash cost curve 2020



Source: Wood Mackenzie, Dataset August 2020

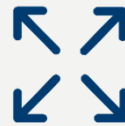
Our Diversify and Grow Strategy is continuing



Maximise returns from core coal business

- Continued investment in equipment to improve margins
- Convert current tender pipeline opportunities
- Improve contract mix to support margin growth
- Continue to drive operating leverage

01



Expand underground service offering into adjacent sectors

- General Manager of Hard Rock appointed
- Pipeline of metalliferous tenders now flowing through the business
- Reviewing acquisition opportunities that support the strategic growth plan
- Leverage Wilson Mining acquisition through niche service offering
- Bolt on additional product and service offerings

02



Build a whole of mine business

- WOM projects substantially progressed and potentially commencing in 2H
- Assessing a suite of other WOM opportunities and moving them through the pipeline
- Source strategic mining fleet to provide a competitive advantage
- Study Group continuing to work on feasibility studies for early stage Greenfield and Brownfield projects

03



Solid H1 outcomes achieved with better industry conditions ahead

- Revenue of \$111m achieved despite low coal prices
- EBITDA margins remained strong (9%) after active management of our cost base
- Net Profit \$2.0m and Interim ordinary dividend declared of 0.75cps
- Maintained a strong net cash position (\$11.6m) after dividends and capex spend
- WOM projects substantially progressed with possible commencement in 2HFY21
- Order book and tender pipeline remain robust and improving
- Continued investment in our Diversify and Grow strategy

Appendices

Corporate Overview

Capital structure	
Share price as at 5 February 2021	\$0.76
Shares on issue*	106.1m
Market capitalisation	\$80.6m
Net Cash/(Debt) as at 31 December 2019	\$11.6m
Enterprise value	\$69m

Major shareholders	
Andrew Watts	11.56%
Kenneth Kamon	10.25%
Darren Hamblin	9.08%
Grieg & Harrison Pty Ltd	5.89%
Paradise Investment Management	4.82%

*excludes remaining Wilson Mining shares to be issued

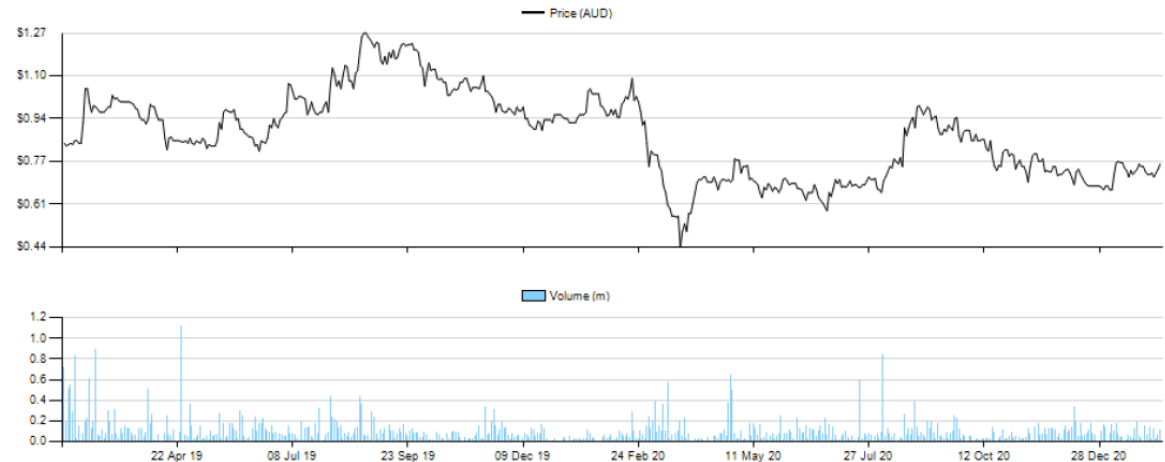
Figures in \$AUD



Shareholder composition

Retail Investors	51%
Institutional Investors	33%
Board & Management	16%

Two-year trading history





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 Chief Operations Officer for Vermeer Australia and RDO Equipment, supplying and servicing John Deere and Vermeer equipment in support of a range of industry sectors in Australia. Prior to her current role, Julie spent nine years as part of the executive team of Senex Energy Limited, an ASX-listed oil and gas company.



HY21 Financial Performance

Period ended 31 December 2020	HY21	HY20	Change	
Total Revenue	\$110.87m	\$136.35m	▼	-18.7%
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EPS (cents)	1.8c	4.1c	▼	-56.1%

Figures in \$AUD

HY21 Cash Flow

Period ended 31 December 2020 \$AUD millions	HY21	HY20
EBITDA (Statutory)	9.75	11.43
Movements in working capital	(6.44)	(4.93)
Non-cash items	0.21	0.10
Net interest costs	(0.52)	(0.17)
Income tax receipts / (payments)	(2.41)	(1.51)
Net Operating Cash Flow	0.60	4.92
Net capex (including intangibles)	(1.70)	(7.31)
Net borrowings / (repayments)	(2.93)	2.56
Wilson Mining Acquisition	-	(3.80)
Free Cash Flow	(4.04)	(3.63)
Distribution to minority ownership	(0.13)	-
Dividends	(3.75)	(4.07)
Net increase/(decrease) in cash and equivalents	(7.92)	(7.70)
Cash and cash equivalents at beginning of period	25.36	16.42
Cash and cash equivalents at end of period	17.44	8.72

Figures in \$AUD

HY21 Balance Sheet

Assets

Period ended 31 December 2020 \$AUD millions	HY21	HY20
Assets		
Cash and cash equivalents	17.44	8.72
Trade and other receivables	40.27	47.95
Inventories	7.09	6.96
Current tax asset	0.75	-
Total current assets	65.55	63.63
Deferred tax assets	6.98	7.69
Property, plant and equipment	24.19	25.30
Right-of-use assets	16.00	8.89
Intangible assets	12.29	12.42
Other assets	1.6	-
Total non-current assets	61.09	54.31
Total assets	126.64	117.94

Figures in \$AUD



Liabilities

Period ended 31 December 2020 \$AUD millions	HY21	HY20
Liabilities		
Trade and other payables	25.09	19.09
Loans and borrowings	-	3.84
Lease liabilities	5.15	2.97
Employee benefits	10.37	11.45
Current tax liability	-	2.24
Other liabilities	0.89	3.80
Total current liabilities	41.51	43.38
Lease liabilities	9.96	5.74
Employee benefits	0.07	0.25
Other liabilities	2.98	3.86
Total non-current liabilities	13.01	9.84
Total liabilities	54.51	53.23
Net assets	72.13	64.71



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Thank you

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