

8 November 2021

ASX Announcement

Mastermyne completes the acquisition of leading hard rock mining services company, PYBAR Mining Services

Mastermyne Group Limited (ASX Code: MYE) (“Mastermyne” or “Company”) is pleased to announce that the acquisition of 100% of the shares on issue in PYBAR Holdings Pty Ltd, which in turn owns all the issued share capital in PYBAR Mining Services Pty Ltd (“PYBAR”) (the “PYBAR Acquisition”) announced on 7 September 2021, was completed on 5 November 2021.

Under the terms of the PYBAR Acquisition, the company has:

- Issued 23,209,325 fully paid ordinary shares to the PYBAR shareholders; and
- Paid \$11.75 million in cash consideration to PYBAR shareholders on completion of the transaction, which represents 50% of the total cash consideration for the PYBAR Acquisition.

PYBAR Mining Services is a nationwide provider of mining services with its core competency in metalliferous underground hard rock mining. The Company views the underground hard rock sector as a market which is growing strongly especially in the forward facing commodities like copper, nickel and zinc. The growth trajectory of the metals markets makes this acquisition a very compelling proposition. This deal provides the Company immediate exposure to this growing sector at a meaningful scale and it roughly doubles the size of the Mastermyne Group with existing Mastermyne shareholders retaining over 80% of the company’s equity. For these reasons it is a compelling transaction.

Completion of the PYBAR Acquisition follows shareholder approval which was obtained at the Annual General Meeting held on 2 November 2021. Key terms of the PYBAR Acquisition are outlined in the Company’s ASX announcements on 7 September 2021.

Mastermyne Managing Director and CEO, Tony Caruso said:

“We are very excited by what we have seen of the PYBAR business as we worked through the due diligence and completion/integration process for this transaction. Together Mastermyne and PYBAR becomes a material mining services business specialising in underground and diversified across a broad commodity base including Coal, Lead, Gold, Nickel and Copper. The acquisition brings together two very reputable and successful underground businesses which now has significant scale, a synergistic customer base and a much larger addressable market to underpin future growth. Together the businesses have significant corporate and management bench strength which will be a differentiator for our clients in a tight labour market. I look forward to working with the people and clients of PYBAR Mining Services as they now become a part of the Mastermyne Group.”

Paul Rouse, incoming Non-Executive Director of Mastermyne Group and PYBAR founder said:

“We are very excited to be joining the Mastermyne group and working with the Mastermyne team to continue to grow the PYBAR business. We view this as a unique opportunity to bring two quality

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businesses together, that are highly complementary to one another, and to accelerate the opportunities that are ahead of us. This acquisition will be value adding for our management, our workforce and our clients and I look forward to joining the board”.

Outlook

Planning for the integration of PYBAR is progressing well and the Company advised that the acquisition can be integrated quickly and efficiently, reinforcing that not only is this deal an important step in growing and diversifying its revenue streams but it will provide a material uplift in earnings and profit in this current financial year. The deal gives the Company immediate exposure to the growing metals sector at a meaningful scale and it roughly doubles the size of the company with existing Mastermyne shareholders retaining over 80% of the company’s equity.

With the inclusion of Crinum, Cook and PYBAR the Company will roughly triple its revenues in FY23 when compared to FY21. This increase is expected to deliver a meaningful improvement in shareholder returns over the long term once the Crinum and Cook operations are brought up to a steady state and the PYBAR acquisition contributes on a full year run rate basis. The Company reinforced that the combination of these businesses will provide more opportunity for the employees of our Company and help it to attract and retain the talent that continues to deliver these excellent results.

The recent announcements made on the Contract Mining operations and the acquisition of PYBAR represent a game changing outlook for the business, all of which has been delivered through a very targeted and strategic plan. The Company says this is now a different business as a result of the Mine Operations model, commodity diversification and growth outlook and it believes it is delivering greater shareholder value as a result.

Mine Operations	Coal Contracting	Other Services	Hard Rock Contracting
<p>FY22 \$80m FY23 and beyond \$150m+</p> <ul style="list-style-type: none"> Underpinned by Crinum Mine and Cook Colliery Mine Operations Contracts 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 Provides the opportunity to materially improve margins 	<p>Historically runs at between \$200 – 300m p.a.</p> <ul style="list-style-type: none"> Operating for 25 years Long standing tier 1 clients Average 10+ year relationships Contracts tied to production activities making them more difficult to terminate Low risk commercially contracts Diversified client base all in the bottom quartile of production cost Large underground fleet of equipment Limited competition in underground coal contracting +95% metallurgical coal projects 	<p>Wilson Mining and MyneSight</p> <ul style="list-style-type: none"> 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 	<p>Historically runs at between \$250 – 350m p.a.</p> <ul style="list-style-type: none"> Operating for 28 years Long standing tier 1 clients Average 7+ years relationships Contracts tied to production and development activities making them more difficult to terminate Specialising in underground Strong focus on East Coast market with track record and increasing opportunities in Western Australia Large underground fleet of equipment Diversified commodity exposures across copper, lead, zinc and gold

The Company restates its FY2021 guidance, which with the 8 months of PYBAR Mining Services sees it delivering a revenue range between \$475 and \$510 million and EBITDA between \$48 and \$54 million.

Advisors

Wilsons Corporate Finance Limited is acting as financial adviser in relation to the Acquisition.

Clayton Utz is acting as legal adviser in relation to the Acquisition.

Maddocks is acting as legal adviser and ICA Partners is acting as Financial Advisor to PYBAR in relation to the Transaction.

Further information:

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