Half Year Financial Results

HY2022 – Period ended 31 December 2021

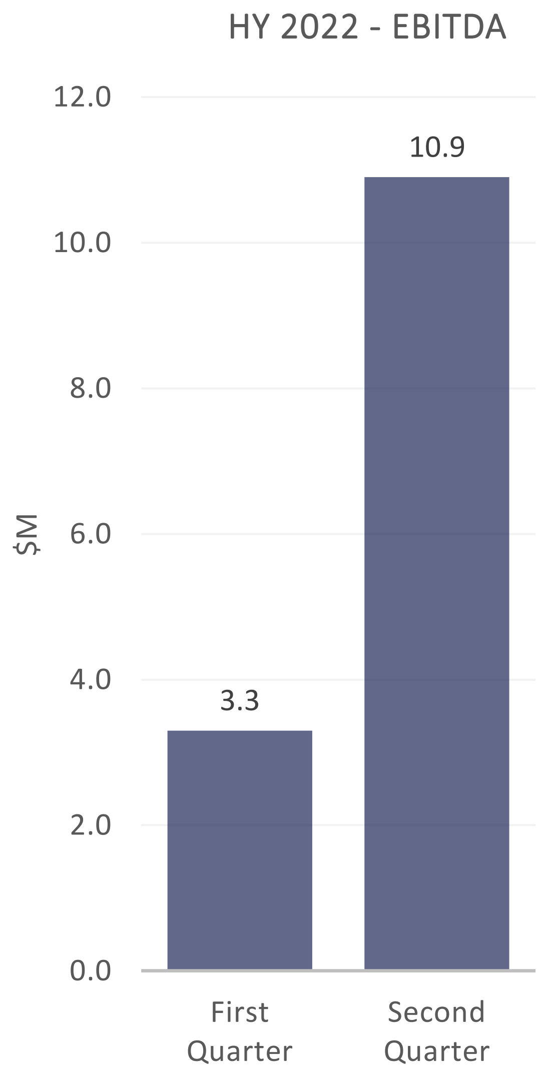
23 FEBRUARY 2022

Financial Highlights

Challenging half year following loss of Fortescue contract and cost pressures but performance now improving

Statutory Revenue	**$141.9m**
EBITDA	**$14.2m**
Capex	**$33.0m**
Statutory NPAT	**$1.8m**
Interim Dividend	**Nil**

- Strong revenue run rate
  - Ramp up of new projects
  - Second quarter client rate increases
- Rapid cost increases in Q1 reduced EBITDA performance
  - Labour rates
  - Parts
  - Freight
  - Fuel
- Materially stronger EBITDA in Q2
  - Renegotiated rates with clients
  - Ramp up of new projects
  - Cost control and management disciplines
  - Reduction in care and maintenance of fixed crushing plants
- $2.1m of non recurring costs
  - Investment in preparing crushing plants for future redeployment ($1.5m)
  - Costs incurred in Lime business before suspending the operation (0.6m)
- High capex spend in H1
  - Pre-ordered equipment
  - New projects
  - Rebuild activity



Operational update

We have actively responded to a material change in our environment in consultation with our staff and our clients

Responding to loss of Fortescue Contract at Christmas Creek

- Initial negotiation of cessation terms
- Reset activities to ensure appropriate care and maintenance completed
- Initiated marketing of plant capacity
- Targeting longer term contracts
- Maintained additional labour capacity through this half

Adjusting to rapidly escalating cost pressures

- Introduction of labour allowances rather than immediate $/hour increases
- Dedicated recruitment team expanded
- Introduction of incentive programs at specific sites with key metrics:
  - Safety
  - Maintenance
  - Productivity
  - Behaviour
- Renegotiated client rates (proactive engagement with clients)
- Enhanced MLG social media presence to attract labour and promote MLG

Productivity and Optimisation of projects

- Focus on margin and utilisation of equipment
- Ceased operation of lime business due to import cost escalation
- Subcontracted where logical
- Prioritised long term client growth over short term opportunities

Enhancing leadership and management structure

- Introduced regional management structure
- Revised executive leadership team structure
- New Chief Operating Officer role established

A focus on data analytics and information sharing

- Implemented new data analytics tools (Extract, translate and Load)
- Single data warehouse
- Focus on pushing information to managers
  - "Less is more"
  - Targeted information
  - Single source of truth
  - Operational relevance
- Monthly business reviews (regional and Site project managers)

Integrated services model targeted at client processing facilities

Contract tenor typically 2-3 years with commercial terms and conditions and specific scope of work

BENEFIT OF INTEGRATED MODEL

- Single service provider
- Single contractual management touch point
- Reduced duplication (single workshop, shared equipment)
- Processing facilities typically long life
- Haulage can be adjusted to changing mine plans
- Builds long term client relationship

Contractual capital protection clauses negotiated when projects require large capital outlay

Vertically integrated service offering

MLG delivers integrated production support services to embed MLG into customer operations

Construction Materials and Quarries | **Site Services and Civil Works** | **Crushing and Screening** | **Bulk Haulage** | **Export Logistics**

- Strategic acquisition and positioning of quarry operations, throughout Western Australia near key regional centres
- Supply of bulk materials products for mining and civil projects
  – Sand
  – Aggregate
  – Cement

- Crusher feed
- Road maintenance
- Rehabilitation work
- Vehicle maintenance
- Machine and labour hire
- Tails Dam construction

- Contract crushing - mobile plant
- Build Owned and Operated- fixed plant
- Concrete aggregate production
- Road base production
- General screening

- Bulk material transfer
- General site haulage
- Bulk ore haulage services (on road and off road)
- Logistics

- Bulk material import/export
- Container handling
- Esperance Port facility

Financial Performance

Tight labour market and supply chain issues have restricted profitability

While higher client rates have driven higher revenue to mitigate costs, new rates have largely only increased in recent months

$000's	Notes	Pro Forma Actuals HY21	Pro Forma Actuals HY22
Revenue			
Mine Site Services and Bulk Haulage		93,856	123,354
Crushing and Screening		22,919	13,055
Export Logistics		1,956	3,734
Total revenue		**118,730**	**140,143**
Costs of sales		(90,556)	(117,741)
Gross profit		**28,174**	**22,403**
General and administration		(7,687)	(8,245)
EBITDA		**20,487**	**14,158**
Depreciation		(8,440)	(10,892)
EBIT		**12,048**	**3,266**
Interest Expense		(1,433)	(1,514)
Profit Before Tax		**10,614**	**1,752**
Tax		(3,216)	96
NPAT		**7,398**	**1,848**

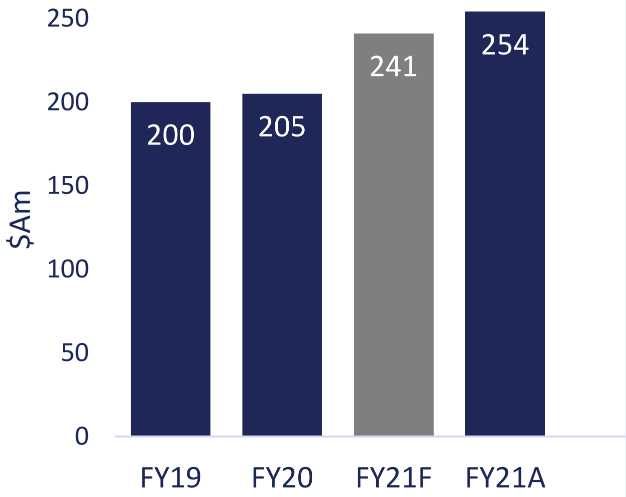
Notes: 1. Pro Forma offsets fuel tax credit revenue and other income against Costs of sales

- Strong site services and haulage revenue growth from new contracts
- Lower crushing revenue following Loss of Fortescue contract
- Care and maintenance costs incurred on fixed plants (not yet back in operation)
- COVID-19 border closures limiting labour availability
- Materially stronger second quarter
  - Renegotiated client rates
  - New projects fully mobilising
- Monthly run rate materially higher in last 3 months
- Margins impacted by higher cost and COVID-19 challenges

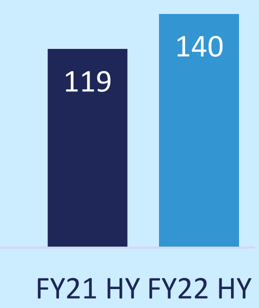
Historical financial performance

Revenues continue to grow from new project wins and growth with our existing clients

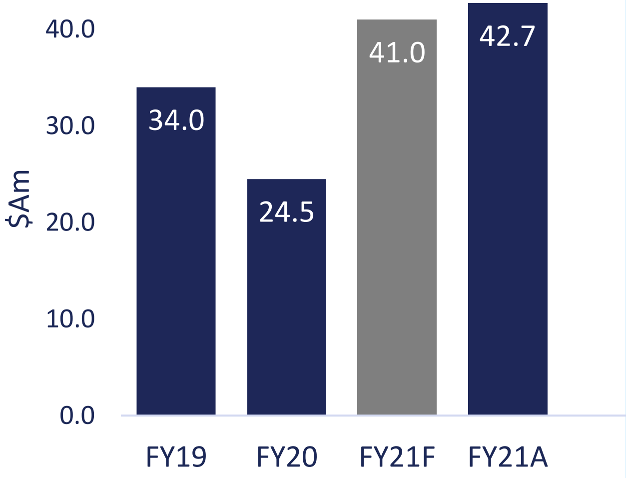
Full Year - Pro forma[1] revenue



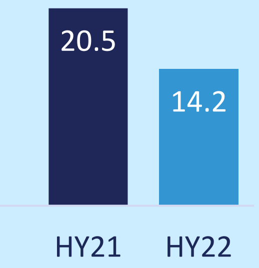
Half Year - Pro forma[2] revenue



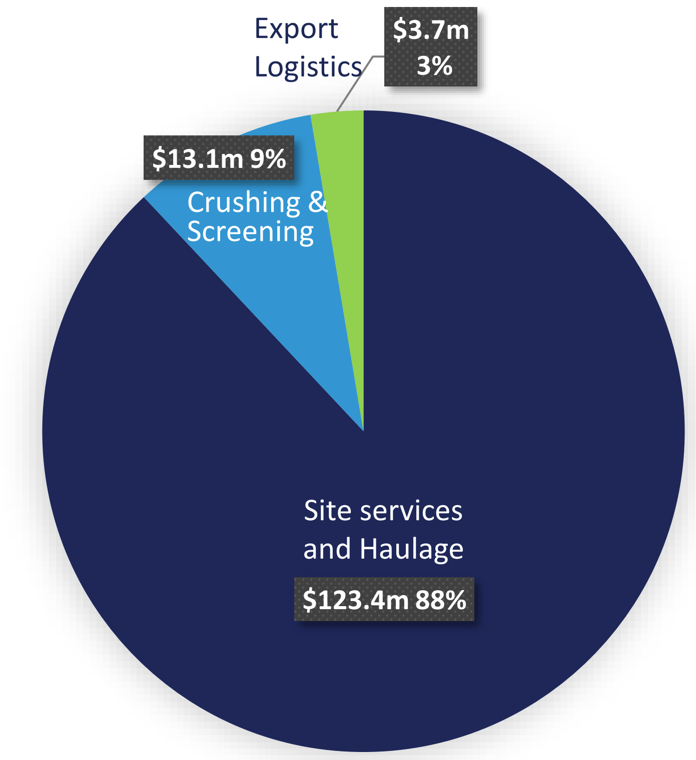
Full Year - Pro forma[1] EBITDA



Half Year - Pro forma[2] EBITDA



REVENUE



Pro forma adjustments:

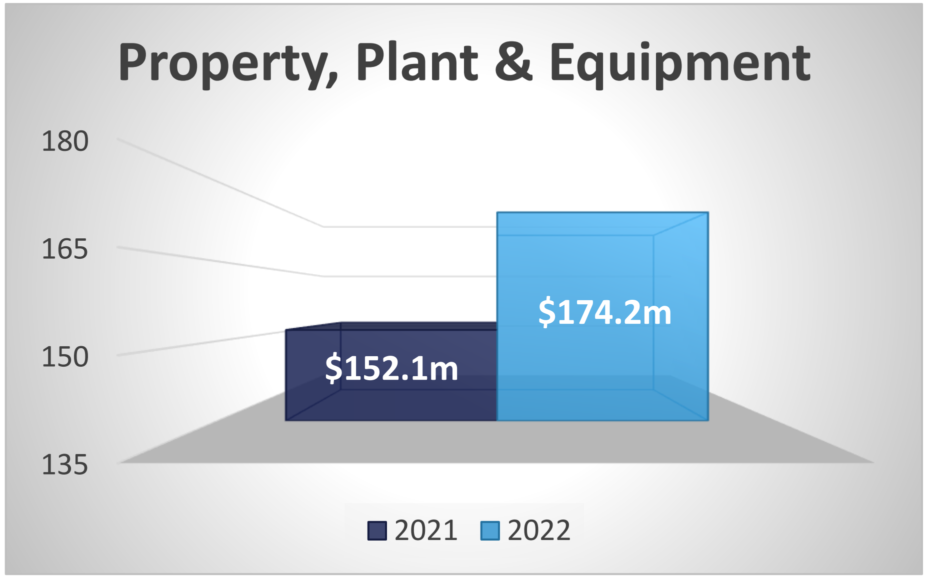
[1] Adjusted for effect of new accounting standards (AASB9, AASB15 and AASB16), public company costs, and interest costs to reflect impact of proceeds from the offer. Revenue has been adjusted to offset fuel tax credits against cost of fuel rather than shown as revenue

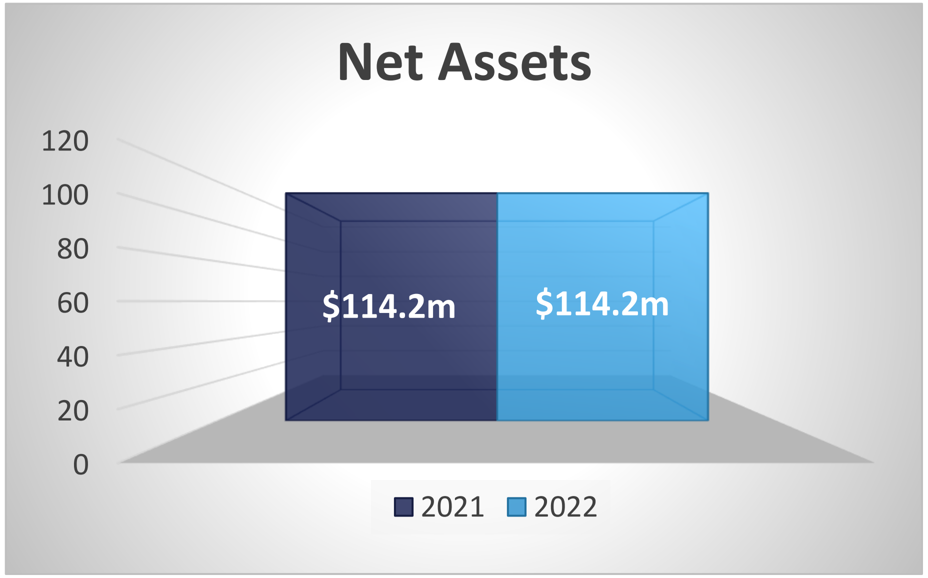
[2] Revenue has been adjusted to offset fuel tax credits against cost of fuel rather than shown as revenue.

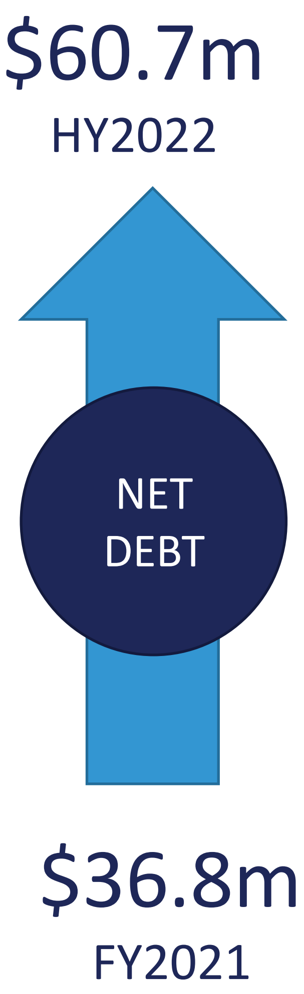
High capex to equip new projects and with pre orders arriving

Debt levels have risen as expected with high capital expenditure through this year.

- Total capital expenditure of $33.0m
- Capex expected to slow in H2
- New project equipment purchased to service additional volume
- High capex pre-empted by ordering many months ago in anticipation of new project wins







Balance Sheet

New projects have driven additional capex leading to higher debt gearing.

- Growth in inventories in line with new project mobilisations
- $22.1m increase in Property plant and equipment
- Refinance of Crushing plants over 3 years has moved circa $15.0m of financial debt from current to non current
- High capex of $33.0m has increased net debt
- Total financial liabilities of $63.0m
- Net debt of $60.7m (1.70x EBITDA)
- Net assets in line with June

000’s	Consolidated 30 June 2021	Consolidated 31 December 2021
Cash and cash equivalents	9,689	2,563
Trade and other receivables	42,226	46,702
Inventories	14,214	16,659
Total current assets	**66,130**	**65,924**
Property, plant and equipment	152,098	174,193
Other non-current assets	4,660	4,832
Total non-current assets	**156,757**	**179,025**
Total assets	**222,887**	**244,949**
Trade and other payables	47,074	46,596
Financial liabilities	28,229	22,921
Lease liabilities	1,525	1,340
Provisions	1,009	1,110
Total current liabilities	**77,836**	**71,967**
Financial liabilities	18,226	40,093
Lease liabilities	3,287	3,704
Other non-current liabilities	9,313	15,705
Total non-current liabilities	**30,826**	**59,502**
Total liabilities	**108,662**	**131,469**
Net assets	**114,225**	**113,480**

Cashflow and Capital expenditure

Lower profitability has constrained total operating cashflows with Q1 higher cost base reducing cashflow conversion

- Strong revenue growth has expanded overall cash receipts
- Material rise in labour, parts and equipment in Q1 constrained cash generation

Operating Cashflow

	31 December 2020	31 December 2021
$'000		
RECEIPTS FROM CUSTOMERS	**133,081**	**154,932**
Payments to suppliers	(110,084)	(143,413)
Finance Costs	(1,174)	(391)
Income Tax Paid	(59)	77
Fuel Tax Credits received	1,939	1,676
NET CASHFLOW FROM OPERATING ACTIVITIES	**23,703**	**12,928**

Cash flow conversion (vs EBITDA)	115.7%	91.3%

Outlook

Outlook strengthening with capacity and capability

Capability to deliver and manage through a tight labour and equipment market is driving selection criteria

Roadtrains 	**157** Trucks + **548** Trailers/ Dollies
Loaders & Excavators 	**120**
Crushing Equipment 	**74** Mobile + **2** High Capacity

- Large fleet capacity drives competitive advantage
- Fragmented competitor landscape does not supply integrated solution
- Inhouse maintenance capability supports higher equipment availability
- Integrated model optimises load and haul productivity
- Large scale project expansion opportunities requiring Roadtrain solutions are underway – limited competitor offerings
- Existing clients expanding volume demands
- Availability of high capacity plants (5mtpa x 2) provides opportunities for significant profit uplift when redeployed
- Dynamic market conditions are challenging to navigate but present strong opportunities for growth

Financial performance improving, Covid impacts to be monitored?

Operations well positioned to improve efficiency and deliver for our clients, but will need to be flexible given expected Covid impacts

Profitability

- Monthly profit run rate much improved in last 3 months
- Jan and February typically rain interrupted and shorter month in Feb
- Stronger second half margins expected

Business Development

- High degree of immediate tender activity underway including longer term large scale project expansion opportunities
- Focus in H2 will be on crushing revenue growth and opportunity to mobilise a fixed plant
- New projects mobilising
  - Bald Hill (Lithco No2) to commence in March
  - Mincor Kambalda Nickel

Management

- Revised executive team with new Chief Operating Officer (commenced Feb 2022)

Capex

- Sufficient equipment for existing operational needs with Capex expected to slow

Cost Pressures & COVID-19 Impact

- Cost challenges expected to remain
  - Supply chain impacts
  - WA Border opening beginning to provide recruitment opportunities
  - Increasing Fuel costs
- Potential impact of Covid restrictions in WA yet to be fully experienced

Strong pipeline of potential growth opportunities

MLG has identified and is actively pursuing a range of potential growth initiatives

Further contract wins

- Utilise differentiated business capability to provide multiple support services into one delivery framework
- Consolidate MLG's position as a critical component of the client's operations and the production supply chain

1

Expanded service offering

- MLGs growth to date has been driven by the ability to offer a range of capabilities within the production process through one delivery model
- Seek to further enhance and expand this service offering to provide MLG with a potential competitive advantage in future tender processes

2

Pursuit of strategic assets

- Continued pursuit of strategic assets (such as quarries) near long-life assets with the aim of creating a competitive advantage
- Quarries established to date have provided a competitive advantage in unlocking further contract expansion within the existing client base

3

Bolt-on acquisition opportunities

- Complementary potential acquisition opportunities have been identified by MLG, which would broaden MLG's service offering and geographical reach

4

Commodity market diversification

- Current MLG clients consist of low-cost gold, nickel, and iron ore operations
- Seek further exposure to new commodities (battery market) to provide further portfolio diversification and exposure to long-life assets
- More diverse commodity exposure will provide opportunities to increase project pipeline

5

Australia-wide operations

- Significant potential opportunity to expand the scope of MLG's offering to mining and non-mining clients and operations across Australia
- MLG will actively pursue selective and complementary opportunities

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Thank you.

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