



14th November 2018

45 Division St Welshpool WA 6106
PO Box 625 Welshpool DC WA 6986
P: (08) 6242 2600 | F: (08) 6242 2677 | E: info@maca.net.au

2018 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS & MARKET UPDATE

MARKET UPDATE

Shareholders will be aware that MACA entered a trading halt this morning pending an update regarding first half earnings following a review of the October operating results.

We have experienced margin pressure in our core mining division. The tightening labour market has impacted the availability and deployment of equipment which in turn has adversely affected site performance across our projects. We have invested in newer and larger equipment and additional inventories however, due to equipment lead times the benefit of these investments is not expected to be realised until the second half. In addition there have been costs incurred in preparation for extensions and new projects for which we will not realise revenue until the second half.

In consequence, whilst the consensus revenue forecast for the half of approximately \$300 million is expected to be met, the first half NPAT for the Company is expected to be approximately \$7M - \$9M.

Group revenue is forecast to increase by approximately 10% to \$620 million, of which 95% is contracted. The second half financial performance is expected to be stronger due to the commencement of new projects and delivery of new fleet. Importantly, the revenue growth includes a significant, and deliberately pursued, diversification component which both lowers MACA’s overall risk profile and provides a broader platform to underpin future growth.

MACA remains financially strong with a net cash position and work in hand currently at \$1.9 billion.

Returning now to operational activities, I would like to touch on a few of the more significant developments which have occurred over the past year.

MINING & CRUSHING

Regis Resources

We have been able to build on our long-term relationship with Regis Resources by extending our tenure at the Duketon South operations for a further 5-year term from July this year, with an option for another 5-year extension. We are immensely proud of our longstanding partnership with Regis Resources which dates back to 2009.

Atlas Iron

Earlier in the year we completed the Abydos mining and crushing project for Atlas Iron. MACA has delivered 4 of the 5 iron ore projects for Atlas Iron which is testament to building long-term relationships through an innovative collaboration model, whilst leveraging our capabilities and focus on safety.

Beadell Resources

In the latter part of the year MACA reached an agreed mutual termination with Beadell Resources for the works at the Tucano Gold Project in Brazil. The Agreement provides for quarterly and then monthly payments of outstanding amounts over a period of several years as well as accelerated repayments in the event of equity or debt raisings by Beadell Resources. More recently, it has been announced that Great Panther Silver Limited, a publicly listed Canadian headquartered company, is seeking to acquire Beadell Resources via a scheme of arrangement. We will engage as appropriate with Great Panther Silver as this transaction progresses.

OZ Minerals

Earlier in the year, OZ Minerals acquired Avanco Resources, the owner of the Antas Copper and Gold Project in Brazil. We continue to successfully deliver this project and are optimistic of future opportunities arising with OZ Minerals.

BHP

In May, MACA executed a framework agreement with BHP, allowing the Mining Area C (up to 12 Mtpa) package of work to be awarded for a period of 3 years plus two-yearly extensions. The plant construction is on time and we should commence crushing in January 2019. Further to these works, in July, BHP awarded MACA the crushing of stemming material to various sites for a term of 2 years plus two by 1-year options. We will look to build on this relationship using new and idle crushing assets that MACA can deploy together with our considerable experience in the sector.



Carabella Resources

In August of this year, MACA was awarded a 10-year life of mine contract with Carabella Resources for the provision of all mining services at the Bluff Coal project near Blackwater in the Bowen Basin of Queensland. This represents a geographical expansion and a marked change in commodity mix for MACA. We expect to break ground in the next month with first coal anticipated in February 2019.

Pilbara Minerals

In January of this year, we commenced works for Pilbara Minerals at the Pilgangoora Lithium project – a new client and commodity for MACA. The start-up presented some challenges which have now settled down to a steady production rate.

Ramelius Resources

We are half way through our current contract with new client, Ramelius Resources at the Mount Magnet operations and look forward to growing our relationship with them.

CIVIL & INFRASTRUCTURE

Early last year we commenced a significant bulk earthworks contract at the Gruyere Gold Project. The contract encompassed construction of access roads, airstrip and process plant earthworks, a tailings storage facility, mine stripping and the run of mine (ROM) pad with revenue in excess of \$65 million. It has been a successful project for MACA and has allowed us to demonstrate we can complete large earthworks packages.

Other projects in Western Australia include the commencement of a \$30 million design and construct contract with Main Roads Western Australia for the Coongan Gorge realignment in the Kimberley Region, and the completion of evaporating ponds for Western Areas at their Cosmos Nickel project. Further, we have recently been awarded in joint venture, an upgrade package for Albany Highway near Williams for \$18 million with Main Roads Western Australia.

In Victoria, our Civil and Infrastructure business is starting to benefit from increased spending on road and asset management, and we are well positioned to take advantage of this. The business commenced the financial year with record work in hand and has just increased this further with the award of an \$11 million Design and Construct of an existing roundabout and upgraded intersection for the City of Whittlesea.

MACA Civil was successful in being invited to join a panel of local contractors to deliver safety improvements for VicRoads. Pleasingly, MACA Civil was recently voted Number 1 Contractor from 16 participants in a VicRoads internal survey measuring supplier quality and satisfaction. This bodes well for MACA Civil to grow and foster our relationship with VicRoads.



MACA INTERQUIP

Recent project wins have been with Panoramic Resources at Savannah, Sandfire Resources at Degussa and AngloGold Ashanti at Tropicana. The business unit is close to securing further work and will make a positive contribution for the half year.

OTHER

In addition to operational matters I would like to mention a community award which has just been awarded to MACA and of which we are very proud.

Showing leadership in the communities in which we operate has always been in the forefront of MACA's core values. We have been involved with the Ride to Conquer Cancer supporting the Perkins Institute for over 7 years now, and last week MACA was awarded the Leadership in Corporate Giving with Research Australia for these efforts. The award recognises outstanding leadership by a corporation or business in giving to and supporting health and medical research. As our Executive Director Geoff Baker said at the awards night "Our business needs to give back to the community – and in a way which also adds value to the people that work within the business".

On a similar vein we continue to focus on health and safety and the wellbeing of our employees as our business grows. As of last month, our personnel numbers are nearing 1,800 inclusive of labour hire.

In conclusion, I would like to once again thank all our hard working staff at MACA and my fellow directors, and thank all our shareholders for your ongoing support.

Andrew Edwards

Chairman

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For further information please contact:

Chris Tuckwell
Managing Director
MACA Limited
(08) 6242 2600

Peter Gilford
Company Secretary
MACA Limited
(08) 6242 2600

