

29 April 2022

ASX ANNOUNCEMENT

MARCH 2022 QUARTERLY REPORT

RECORD CONTRACTED REVENUE & CASH BALANCE

Highlights

- **Record cash balance of \$31.5 million, a ~9% increase on the last quarter (Q2 FY22: \$28.9M)**
- **Cash receipts of \$45.6 million, (Q2 FY22: \$59.3M)**
- **Continues to deliver on Record-breaking \$222 million of contracted revenue consisting of:**
 - **Iron Bridge Magnetite Project circa \$145 million**
 - **Acciona Waste to Energy circa \$10 million**
 - **Ambania Compressor Station circa \$25 million**
 - **Lynas Rare Earth facility circa \$12 million**
 - **Works in Progress circa \$30 million**
- **WSI deliver major project contracts with capacity and capability remaining to deliver on strong project pipeline**

WestStar Industrial Limited (Company or WestStar) (ASX: WSI), an Australian industrial services company, operating in the energy, resources, utility and infrastructure sectors, in metropolitan and remote areas, is pleased to report on the Company's performance for the quarter ended 31 March 2022 (Quarter).

Alltype Engineering Operations

During the Quarter, WestStar's wholly owned subsidiary Alltype Engineering continued to further consolidate its secured work opportunities, with contract extensions, expansion on existing works and execution of strategic teaming arrangements for multiple opportunities.

With the WA border re-opening in March 2022, there has been significant interest in engagement of Alltype Engineering for interstate works as the COVID-19 constraints continue to abate and projects move from approval and engineering into construction. Nationally, Alltype Engineering continue to pursue projects in the energy, gas and renewables industries, predominantly with a construction focus but also with some EPC invitations.

New works secured include major MSCL water pipe infrastructure fabrication and installation work on the freeway extension, noise walls and associated CC3 steel fabricated componentry.

Alltype Engineering continues to provide fabricated components in support of the Waste to Energy project in Kwinana, pressure vessels and tanks for mineral processing and petrochemical clients. Letters of intent and early works engagement were also received for numerous gas delivery facilities between Dongara and Karratha in Western Australia involving civil, SMP and E&I works.

In the same region, the Lynas kiln project works continue in accordance with schedule with the scope expanded to include kiln related electrical installation works and piping. Additionally, an oversized fine ore bin was delivered to a gold mine expansion amongst a shortage of traffic escorts and wardens.

The Ambania compressor station offsite works progressed significantly with structural steel, piping and gas skids progressing ahead of schedule and major subcontracts awarded, including civil, earthworks and concrete precast to local Geraldton and Mid-West based businesses.

The contract expansions and new awards continues to contribute to the WestStar FY2022 order book to deliver on Alltype Engineering's 5-year strategic plan.

Alltype Engineering's managing director Kelvin Andrijich quoted:

"The third quarter of FY2022 has placed significant demands on our in-house fabrication, assembly and E&I fit out facility in support of our major site projects, with priorities shifting to meet client requirements and project changes in the current challenging construction climate where material, labour, services and logistics are being stretched across the industry. Our teams have worked hard across multiple projects and sites to continue to deliver to our clients.

The fine ore bin project reflected strong innovation and commitment of our team and subcontractors, with our workshop team working through the traditional Christmas break, weekends, day shift and night shift to meet restricted transport windows locally and to site. Tendering opportunities are significant and we continue to approach these works with full expectation of being able to deliver the works.

With the borders now open, we now look forward to the opportunity to ramp up our interstate expansion and growth strategy."

SIMPEC Operations

During the Quarter, SIMPEC continued to progress the following projects:

- Kwinana Waste to Energy Project – Piping Installation BOP
- Iron Bridge Operations Wet Process Plant – SMP and E&I
- Pilbara Minerals – Pilgangoora and Ngungaju – Civil, SMP and E&I
- BHP – Mt Keith Debottlenecking Project – Engineering Support
- Tianqi Kwinana – Engineering Support

Iron Bridge Magnetite Project

The project is a joint venture between Fortescue Metals Group subsidiary FMG Magnetite Pty Ltd and Formosa Steel IB Pty Ltd. The project is situated approximately 145km south of the town of Port Hedland in Western Australia's Pilbara region, with a Contract value to SIMPEC of circa \$145M. The Wet Processing Plant is a significant part of the new magnetite mine which will be central to the production of 22 million Wet Metric Tonnes Per Annum (WMTPA) of high grade, magnetite concentrate product.

SIMPEC is supplying SMP and E&I vertical construction services for the project. This intricate project consists of major module installation, tank installation, major mechanical installation, large bore piping and a significant portion of supply and installation of electrical and instrumentation works.

SIMPEC is progressing well with the major construction activities on the Iron Bridge Magnetite Project for the Wet Processing Plant. SIMPEC's recruitment effort for the Iron Bridge project, will now see ~400 personnel mobilized to the project. SIMPEC now has over 500 personnel employed inclusive of head office and site project teams. A significant improvement is evident in positive recruitment numbers and people availability. This is welcomed at a time where our numbers increase dramatically over the next few months on the project.

SIMPEC continues to be well advanced with the Mechanical and Electrical installation works for the development of the new mine and associated infrastructure for Iron Bridge.

SIMPEC Managing Director Mark Dimasi noted:

“The market landscape has changed for our business; the Iron Bridge project has allowed the team to open new doors with a number of new clients across Australia and internationally. We are grateful for these opportunities and look forward to new projects coming to fruition for our SIMPEC team.

With the border restrictions easing in March, it has allowed our recruitment team to meet our project requirements for the trade mixes needed to deliver our works. I once again want to thank all our clients for the opportunities they have provided our business and our team for their commitment to be like no other.”

SIMPEC continues to develop and strengthen its overall business capability to move further into the minerals, gas and renewables industries throughout Australia. The overall focus on both major projects, and term sustaining capital contracts will further enhance SIMPEC’s positioning for FY2022 and beyond.

Tendering and proposals remain strong, as SIMPEC consistently delivers projects at a high standard.

FY2022 continues to demonstrate record growth and expansion across all our sectors and disciplines.

Outlook

WestStar Industrial continues to develop and strengthen its overall business capability to move further into the Infrastructure, Mining and Minerals, Energy and Renewables industries throughout Australia.

Commenting on WestStar Industrial’s Quarterly results, WestStar CEO and Managing Director Robert Spadanuda noted:

“WestStar continues to build and maintain record quarters as we deliver on our contracted revenue and high-profile projects.

The Iron Bridge project, being the Company’s largest current project, continues to progress well and improvement to the recruitment environment reassures the Company’s commitment to take on and deliver a project of this scale. A credit to SIMPEC and their recruitment initiatives to have mobilised ~400 personnel to this project along with maintaining commitments to our other valued clients and contracts.

Alltype Engineering continues to perform well on its key projects with the Lynas kiln works on schedule and the Ambania compressor station offsite works ahead of schedule, with major subcontracts awarded. A credit to the entire Alltype Engineering team and the demands placed upon our in-house fabrication, assembly and E&I fit out facility in support of our major site projects.

Having recently received Letters of Intent and early works Engagements, the Company is confident of conversion to awarded contracts in the near term and will provide the necessary contract updates at the appropriate time.”

Mr Spadanuda further commented:

“WestStar continues to demonstrate our ability to manage cash reserves and deliver positive cash balances for some time now. The Company continues to view growth as a strategic driver and performance on projects the key to future success. With the retirement of all debt, the Group’s successful cash management principles enables the ability to pursue further opportunities on a national stage.

The Company's recent decision to consolidate its share structure demonstrates the boards' view that the Company is substantially undervalued. With majority ownership residing in a very stable and supportive board, executive, employee and shareholder community, we have demonstrated our ability to execute and a commitment from a strong investor base will look to deliver a fair valuation in line with our business plan.

Our ability to service contracts aside from Iron Bridge has now been proven, with the significant depth of experience across our management team in both Alltype Engineering and SIMPEC.

The future order book pipeline continues to remain strong and is expected to yield further contract awards. The Company has the capacity and capability within the group to deliver on this project pipeline."

Corporate

During the Quarter the Company issued 30 million options to corporate advisors as approved by shareholders at the Company's AGM held on 5 January 2022. The options have an exercise price of \$0.03 per option, an expiry date of 10 July 2023 and will not be quoted. The Company also issued 15 million Performance Rights as approved by shareholders at the same meeting and pursuant to the terms and conditions of the Company's Performance Rights Plan¹.

Subsequent to Quarter end, the Company called a General Meeting of Shareholders to be held on 10 May 2022². Business of the meeting includes a proposed selective share buy-back, consolidation of capital on a 10 to 1 basis and replacement of the Company's constitution.

The aggregate amount of payments to related parties and their associates included in the current Quarter totalled ~\$206,000. These payments consisted of Directors' fees and salaries paid to directors on normal commercial terms.

-Ends-

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¹ Refer ASX Announcement dated 10 January 2022

² Refer ASX Announcements dated 6 April 2022

About WestStar

WestStar Industrial Limited (ASX: WSI) is an industrial, steel fabrication, installation and maintenance services company focussed on the resources, oil and gas, water and infrastructure sectors.

About SIMPEC

SIMPEC delivers high quality construction and engineering services with specialisation in structural mechanical and piping (SMP), electrical and instrumentation (E&I), concrete products and civil Services.

For more information: www.simpec.com.au

About Alltype

Engineering Alltype Engineering leverages off its fabrication capability and provides complete project solutions including SMP and E&I site installation, construction and maintenance services, across almost every industry in Australia. Alltype's products and services have been delivered and installed state-wide, nationally and internationally through our workshops and sites and can be found on land, offshore on islands, FPSO's and platforms, below ground and even subsea. Supported by its team of experienced multi-disciplinary project personnel, Alltype delivers consistent quality products and services that underpin its commitment to its vision "to be recognised as the preferred partner in delivering integrated fabrication, site and maintenance services with reliable, innovative and cost-effective solutions".

For more information: www.alltypeengineering.com.au

ASX release authorised by the Board of Directors of WestStar Industrial Limited.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WESTSTAR INDUSTRIAL LIMITED

ABN

38 119 047 693

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	45,625	145,820
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(21,837)	(69,273)
(c) advertising and marketing	(16)	(17)
(d) leased assets	(52)	(149)
(e) staff costs	(19,855)	(56,473)
(f) administration and corporate costs	(803)	(3,291)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(98)	(207)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	384	639
1.9 Net cash from / (used in) operating activities	3,349	17,054
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(377)	(814)
(d) investments	(136)	(1,937)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	62	647
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(451)	(2,104)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,150
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(134)
3.5	Proceeds from borrowings	-	165
3.6	Repayment of borrowings	(168)	(694)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(75)	(75)
3.10	Net cash from / (used in) financing activities	(243)	3,412

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	28,886	13,179
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,349	17,054
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(451)	(2,104)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(243)	3,412
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	31,541	31,541

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	31,541	28,886
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31,541	28,886

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	206
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	3,349
8.2	Cash and cash equivalents at quarter end (item 4.6)	31,541
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	31,541
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	N/A
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2022

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.