

Mastermyne Group Limited

FY2011

**Annual General Meeting
CEO Presentation**

November 2011



Mastermyne

Underground • Services • Engineering

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FY11 Review

Safety

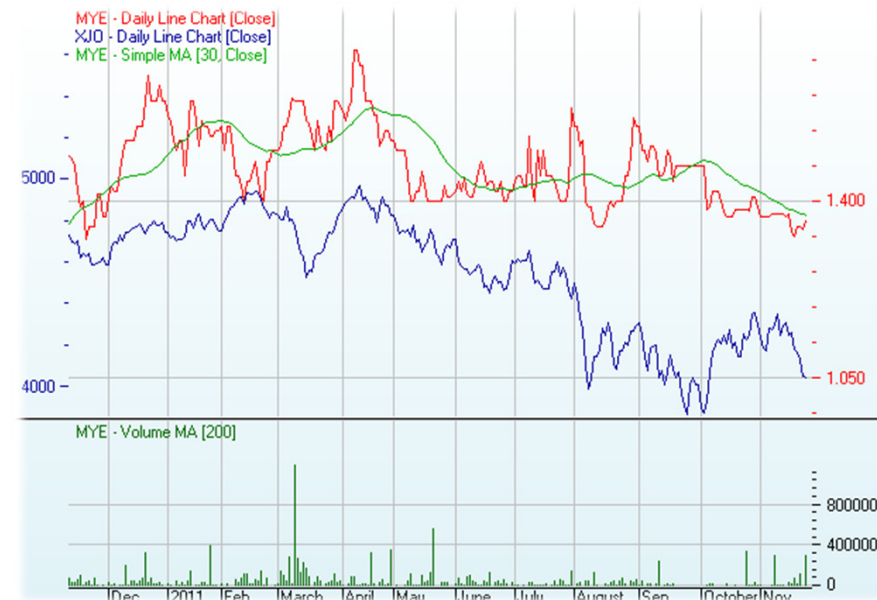
- Majority of projects achieved excellent safety outcomes however this was impacted by some sites which did not achieve our safety targets.
- During the year we invested significantly in safety resources in recognition that our safety performance needed to improve to meet our expectations and those of our customers.

Financial Performance

- Combined Group Revenue was up 26% on prospectus forecast to \$164.83 million.
- Adjusted Net Profit was up 10% on prospectus forecast to \$9.79 million.
- EBITA Margin for the full year at 9.8%.
- Share price has outperformed the ASX200 in the last 12 months

Balance Sheet and Cash Flow

- Net Assets up \$9.7 million to \$42.8 million.
- Operating cash flows improved in H2 from outflows of \$0.5 million at Dec 2010 to inflows of \$9.4 million at 30 June 2011
- Invested \$19.18 million in new assets, majority of which was debt funded mobile equipment



FY11 Overview

Operational

- 3 new underground contracts mobilised and operating in the FY.
- Workforce numbers up 46% to 823 for the full year.
- Myne Start training centre trained over 100 people who are now working in the business. We also commenced training for 2 major mining companies during the year.
- Equipment utilisation were at record levels due to high demand hence the additional investment in capital equipment.
- Project at Newstan was the first major contract in the Hunter Valley for underground division.
- Introduced Directional Drilling and Ventilation Services and these are now an embedded part of the Mastermyne service offering.
- Engineering business expanded into larger workshops in Qld and NSW and continued to diversify its product offering and now has a growing market share in NSW.
- Services division was restructured and was awarded a major contract which started in October this year.

Order Book and Pipeline

- Underground contract services were in very high demand in 2011 and this is continuing into the current FY.
- Secured a Contracted Order Book of \$178 million for 2012 which will be complemented by approx \$25 of recurring work in the Engineering Division and Directional Drilling services.
- Commenced working with several tier 1 and 2 coal companies on some large scale underground projects, the first of which will start construction in the next 12 months.

■ Operational Focus FY12

- Recruiting for additional manning on existing projects (KME, Kestrel & Newstan)
- Training and up skilling our management team in preparation for further growth in 2013.
- Bringing new capex on line, commissioning and working in Mastermyne projects.
- On boarding international personnel and continuing recruitment of overseas experienced miners
- Continue growth in the Engineering (Qld & NSW) workshops through expanded product and services offerings.
- Executing the recently awarded Services contract and returning this division back to profitability in 2012.
- Continued focus on reducing debtor days and improving working capital in the business.



Safety Focus FY12

- Invested significantly in the safety management team to meet the expectations and demands of this growing business.
- Restructured the safety department to provide a high level of support to the site operations.
- Focus for 2012 is summarised in 4 key areas.
 - Right people in the right roles.
 - Operations teams owning and leading safety with the support of the HSEQ Team
 - Adopting the Dupont safety model
 - Moving to the more stringent OSHA reporting standard.

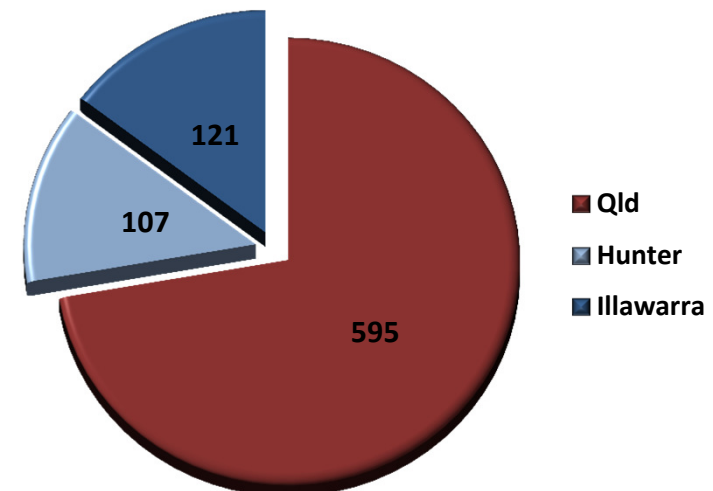
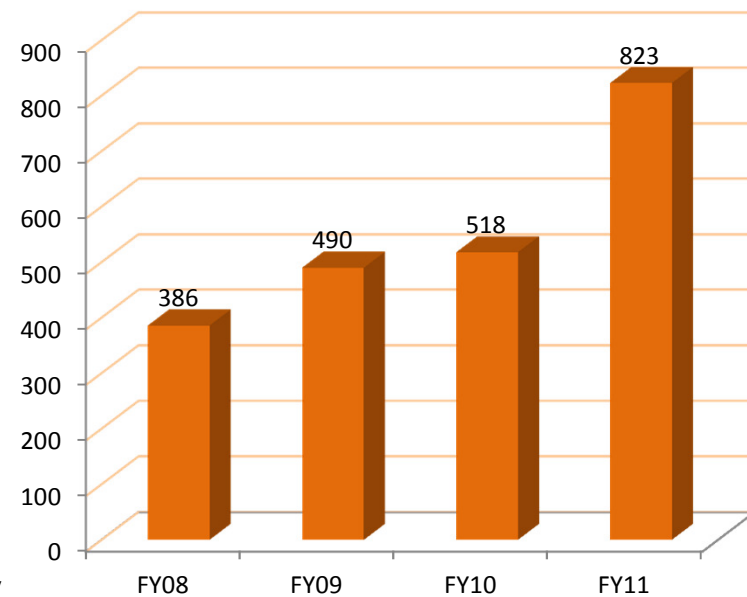
Felt Leadership is All About People



People Focus FY12

- Workforce at June 2011 was 823 and has since grown by another 20% in the last 5 months to be at 1000 people including contractors.
- Current manning requirements will see this number increase to approx 1200 for the full year.
- Strategy in place is working so we will continue with this
 - Domestic Recruitment & Transportable Skills
 - Training Centre
 - International Recruitment
 - Focus on Retention
- The training centre has successfully introduced people into the Mastermyne workforce. Currently considering a second larger facility due to the interest and success.
- International recruitment has focused on Poland, South Africa, New Zealand and UK where there is a large pool of experienced underground miners.
- Ranstad partnership continues and is delivering good numbers of experienced international & domestic miners.
- Continuing investment in workforce training and development with PM courses, Supervisor courses and Management training.
- Labour market is tight but we successfully continuing to meet demands of our projects through this balanced HR strategy.

Workforce Numbers



2011 Underground Labour Allocation

Order Book & Pipeline FY12

Sales Pipeline

- Order book provides high visibility in earnings and provides a strong platform from which to continue to grow organically
- Business development will focus on several new large projects coming on line in the next 10 to 18 months across the Bowen Basin.
- Sales pipeline beyond 2013 continuing to materialise and early engagement with project owners is underway
- Tendering opportunities on brownfield & existing mines is growing and will be the cornerstone to sustained growth and a strong order book.
- Focus is to continue to grow through a mix of both production linked contracts in existing mines and new greenfield projects.



■ Mastermyne Group Long & Short Term Strategy

Short Term (12 months)

- Short term strategy will be concentrated around organic growth within the existing projects
- Which means
 - Increasing our work scope on these projects
 - Increasing our margins through maximised KPI earnings
 - Continuing to build relationships with key customers
 - Delivering projects without injury to people
 - Hiring our equipment into these projects
- Ramping up our training facilities with a second larger training centre and expanding the training provided in these centres
- On boarding of our international personnel and ongoing international recruitment to compliment the other HR strategies
- Recruiting a Chief Operating Officer (COO) to support the ongoing growth of Mastermyne
- Also strengthening middle management through targeted recruitment
- Targeted tendering on the major project opportunities that will commence in FY13 and focus on strategic tenders that support the strategy of expanded range of services, geographical growth, tenure and strengthening customer relationships
- The operational strategy for FY12 is summarised as consolidate and strengthen our management team and systems while taking advantage of organic growth in existing projects

■ Mastermyne Group Long & Short Term Strategy

Longer Term

- Position the business to take on the larger projects that are coming on line over the next 3 / 4 years in Qld & NSW
- Adding strategic equipment to the fleet to execute these larger projects
- Renew the production linked contracts which underpin the order book and provide us visibility and stability
- Continue to expand the Hunter Valley operations
- Target growth in the Services Division on the back of the new projects
- Add to the products offered in the engineering business through developing new products, consumables and business relationships.
- Continue to invest in training the management team and workforce



■ Summing Up

- Safety remains a core value and we are seeing improvement in the results with the increased focus. We won't stop here and will continue to work towards zero harm in our business
- We had strong revenue and profit performance in FY2011 and we have had a very strong start to the current financial year.
- Our success in recruiting and retaining our workforce is business critical and will continue to underpin the growth of the business. We are confident we have the right strategy and it's working.
- We are strengthening our management team through up skilling and recruitment where necessary. This management team has been instrumental in the success of the business to date and we are very confident they, in addition with new staff, will be the driving force behind the ongoing continued success of this business.
- We are experiencing good growth from existing projects and our relationships with key customers is positioning the business for some exciting opportunities in the near future.
- Our focus on growth in the Hunter Valley region and in the Engineering workshop will also continue to enhance our service offerings and will see us build on our footprint in this Hunter area.
- The Services Division is on track through the new contract and has opportunities for further growth in 2013.
- The outlook for the Mastermyne Group remains very positive supported by a strong order book, good visibility on earnings, a burgeoning pipeline and excellent relationships with our customers.
- I am confident our company will continue its strong performance and remain a sound investment for our current and future shareholders.

Thank You