Mastermyne Group Limited

FY2011

Half Year Results Presentation

March 2011

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Mastermyne

Underground • Services • Engineering

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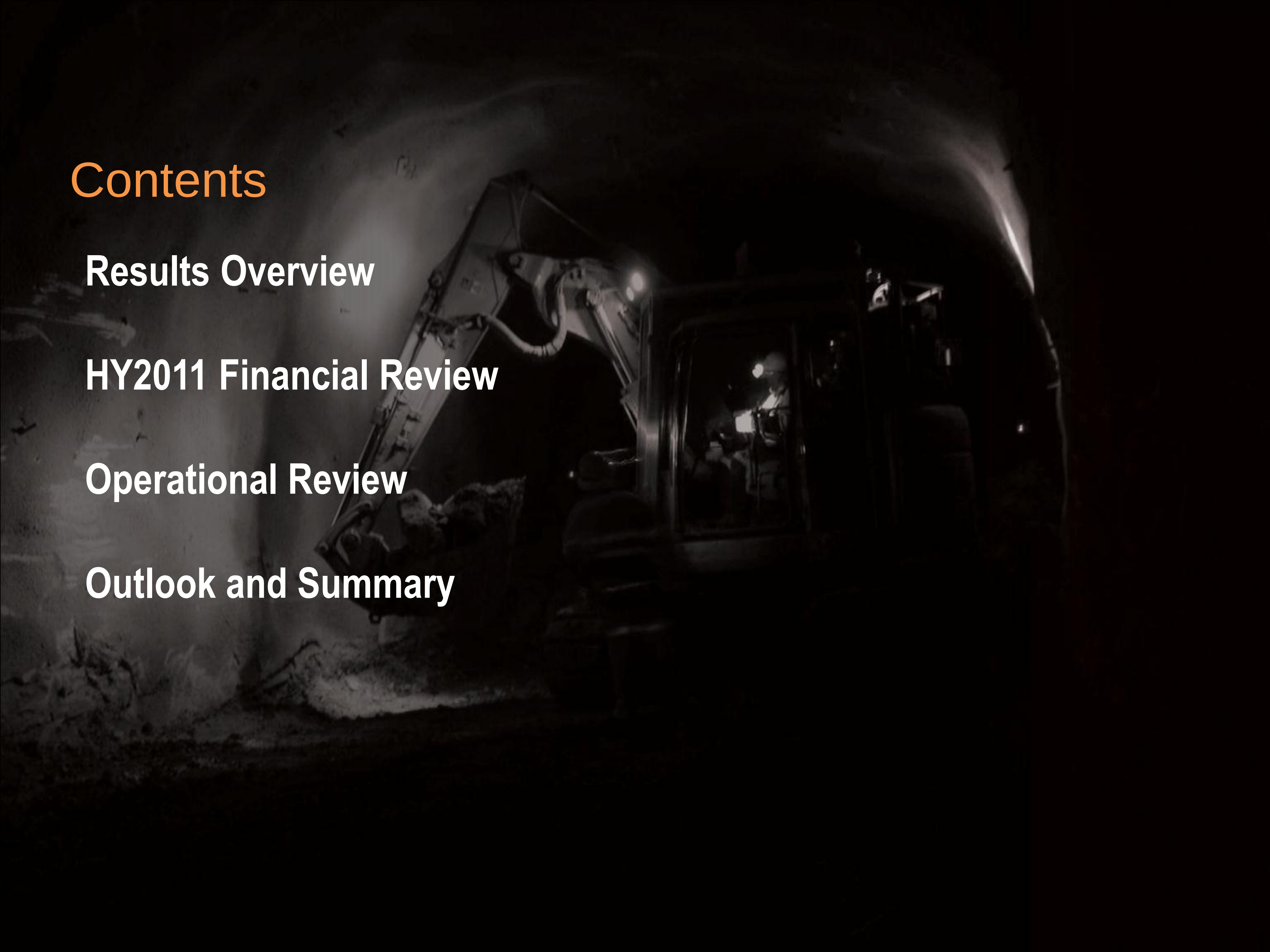

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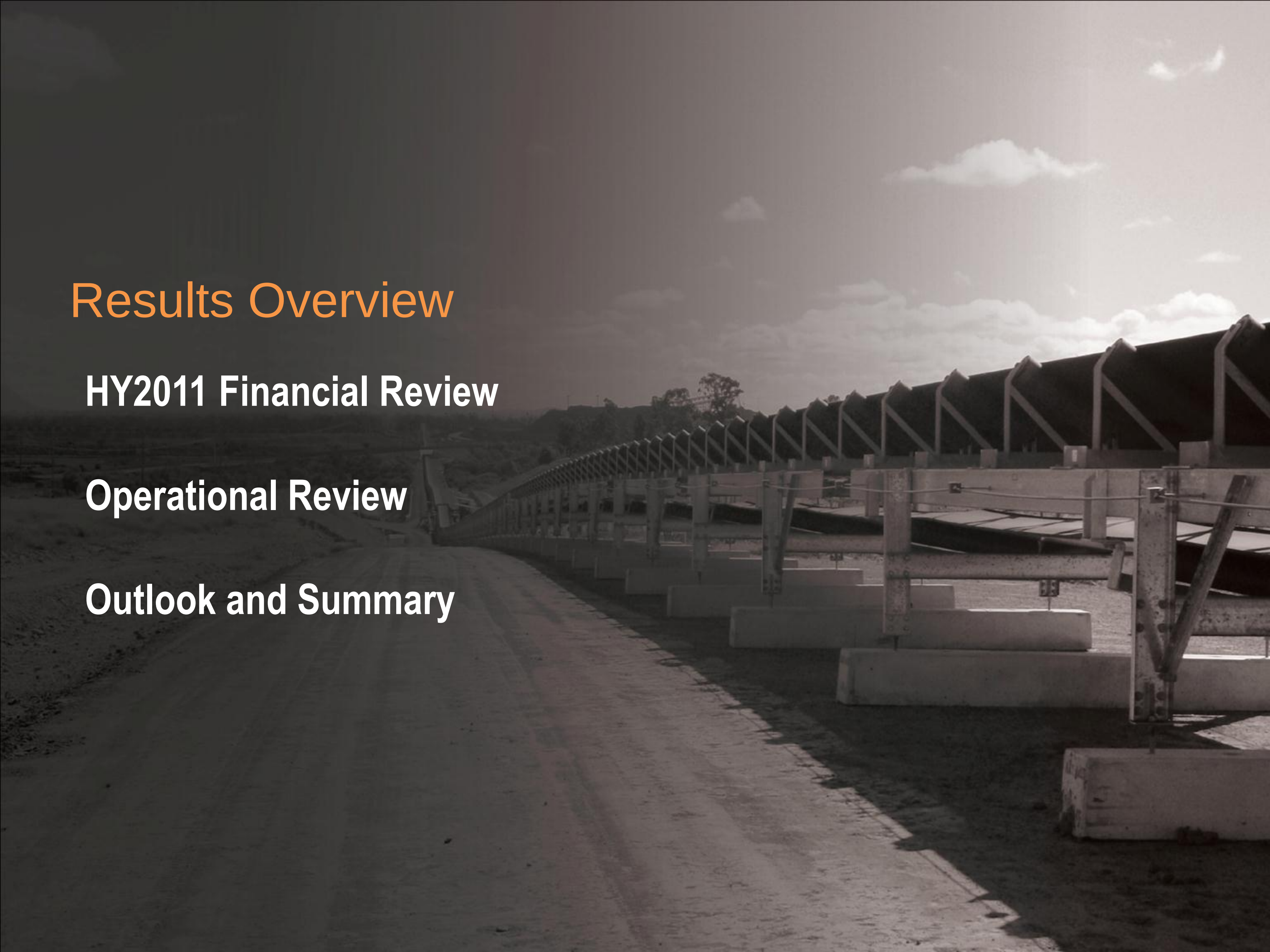

Results Overview

HY2011 Financial Review

Operational Review

Outlook and Summary

Results Overview

Safety Performance

- Continuing to reduce the number of injuries across the business
- Exposure hours have increased by approx 40% month on month since June

Financial Performance

- Combined Group Revenue was $73.63 million up 59.6% on previous corresponding period
- Adjusted Net Profit was up 22.2% on previous corresponding period to $4.55 million
- Ramping up business and taking on new contract opportunities saw some pressure on margins
- Interim dividend of 2.4 cents per share fully franked

Balance Sheet and Cash Flow

- Net Assets up $4 million to $37 Million
- Operating cash outflows of $0.55 million
- Net Debt of $14.5 million
- Increased working capital finance facilities for further growth

Results Overview

Operational

- Increase in the overall manning numbers from 564 employees at the end of June to 764 at the end of December
- Increased workforce on most major projects
- All equipment fully utilised on Mastermyne Projects or on external hire
- Hunter Valley underground contracting business continuing to grow
- Directional drill rig is working
- Have been awarded preferred tenderer status on our first major drivage contract in Hunter Valley
- Engineering business has completed 4 consecutive months of record throughput
- Engineering has relocated to larger premises in Qld and NSW to accommodate growth
- Services division completed major conveyor project and has strong tender pipeline

Order Book and Pipeline

- The order book to meet the FY2011 forecast remains fully contracted
- Opportunity to increase capacity significantly at 2 existing operations
- Order book for FY2012 has grown from $105 million to $138 million
- 18 tender submissions completed since July 2010

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Financial Performance

	Dec 2010	Dec 2009	% Change
Revenue	**73,626**	**46,142**	**59.6%**
EBITA	**3,720**	**5,841**	**(36.3%)**
NPAT	**4,425**	**3,728**	**18.7%**
Add Adjustments:			
Impairment Continuous Miner*	3,034		
Tax on Impairment*	(910)		
Pike River Bad Debt*	525		
Tax on Bad Debt*	(158)		
Tax Benefit after forming tax consolidated group	(2,362)		
Underlying EBITA	**7,279**	**5,841**	**24.6%**
Underlying NPAT	**4,554**	**3,728**	**22.2%**
Diluted EPS	**6cps**	**5cps**	**20.0%**
DPS	**2.4cps**	**0.3cps**	

- Combined Group Revenue up 59.6% on previous corresponding period
- Adjusted Net Profit was up 22.2%
- Ramping up business and taking on new contract opportunities saw some pressure on margins
- Adjustments as a result of the Pike River mine disaster
- Insurance claim lodged. Expect to book receivable 2nd half of FY11
- Tax adjustment due to consolidating for tax purposes
  - Rights to future contract income in place at IPO
  - Step up in the tax value of assets to market value

Divisional Performance

	Underground		Services		Engineering	
	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09
Revenue	66,452	40,567	931	1,353	6,243	4,222
Intersegment Revenue	49	53	3,021	324	1,141	374
Total Revenue	66,501	40,620	3,952	1,677	7,384	4,596
Underlying Profit Before Tax	6,485	5,204	(146)	(10)	319	165

- Underground Division experienced significant growth in the 6 months ending 31 December 2010. The record growth is attributable to securing two new contracts in Queensland's Bowen Basin and growth on existing contracts.
- Services doubled revenue from the prior corresponding period. Losses are attributable to a fixed price contract which will be completed in the 3rd Quarter of FY2011.
- Engineering has managed steady growth to the end of December, with both the fabrication and consumable divisions performing well during the period.

Working Capital and Cash Flow

Mastermyne Group Cashflow		
	Dec-10	**Dec-09**
Cash Operating Profit	**9,040**	**8,006**
Change in Receivables	(12,046)	(2,976)
Change in Inventories	174	(249)
Change in Payables	3,605	586
Change in Provisions	671	137
	1,444	**5,504**
Interest Paid	(615)	(534)
Income Taxes Paid	(1,374)	(812)
Net Cash from Operating Activities	**(545)**	**4,158**
Net Cash from Financing Activities	**(1,524)**	**(2,609)**
Net Cash from Investing Activities	**(4,397)**	**(3,525)**
Net Cash Increase (Decrease)	**(6,466)**	**(1,976)**
Cash and Equivalents at End of Period	**2,252**	**3,624**

- Working capital requirements increased for the period to meet the needs of the growing business and to service new contracts; as a result the Group had operating cash outflows of $0.545 million.
- Debtors included $6 million in overdue ($1.5 longer than 30days).
- Increased working capital finance facilities by $6 million in preparation for continued growth.
- Interim dividend paid at the lower end of the range (40% of NPAT).

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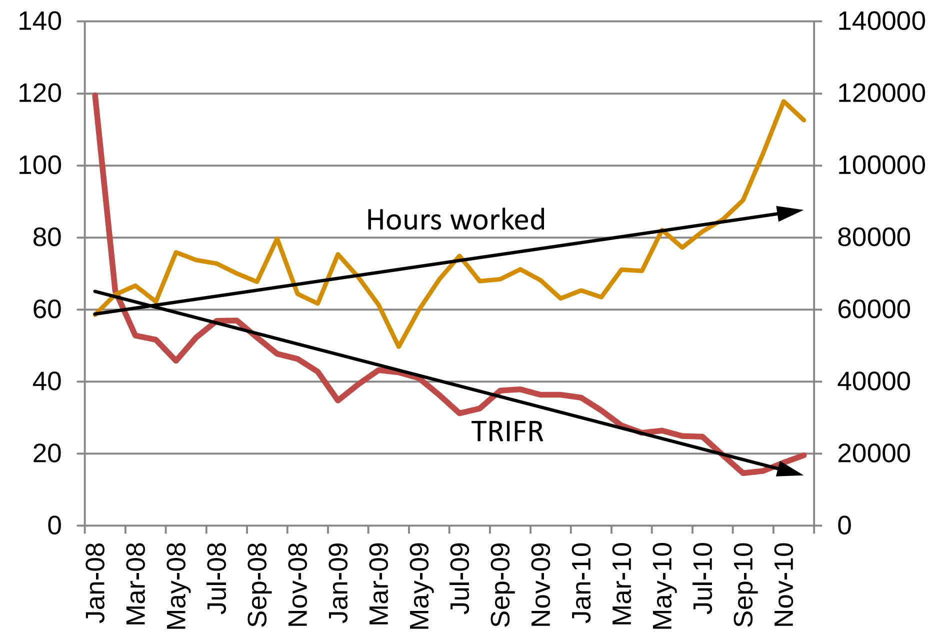
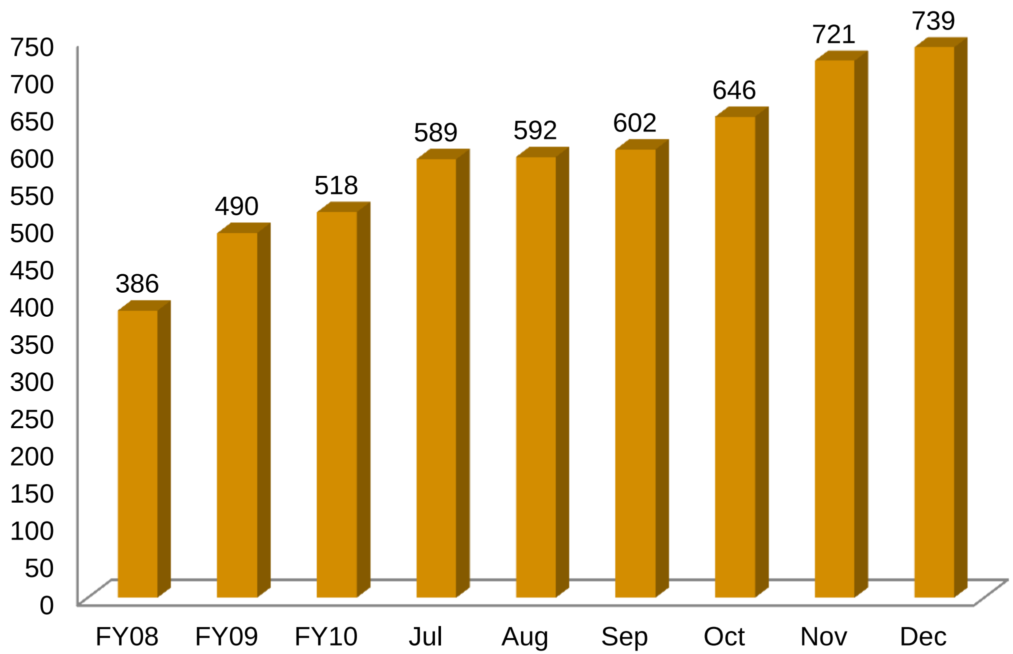
Safety

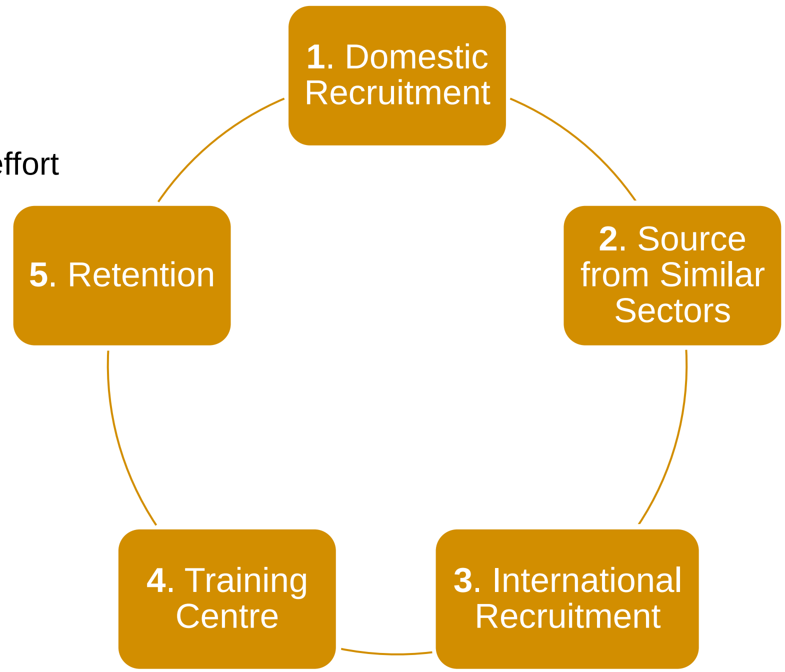
- TRIFR is continuing to trend down
- TRIFR at 18.6 against a full year target of 22.4
- Hours worked per month is increasing
- Using the most stringent of measures in TRIFR not LTIFR
- Engineering workshop in Dec achieved 365 days without a recordable injury
- Dendrobium just achieved 365 days without a recordable injury



People

- Overall workforce number has increased to 739 at the end of December
- Workforce has Increased by 221 (43%) between July and December
- Approx another 80 personnel from Sub Contracted companies
- Strategy for recruitment is working
- Major contract signed with Randstad to ensure targeted recruitment effort
- Expect workforce to be at 1000 by end of financial year





Training Centre

- Have completed 4 courses and placed 39 people into Mastermyne operations
- 5th Course underway and next 3 courses fully booked
- Have developed a Hard Rock bridging course and placed 28 miners into Mastermyne operations
- Has gained acceptance and is being well supported by the major mining houses (BMA, RIO Tinto, Xstrata and Anglo American)
- Centre is now self funding as planned
- Courses for NSW being developed with a view to building a replica facility in NSW

Major Contracts

Project	
Moranbah North Umbrella	Continues to perform well.
*Moranbah North Drivage	Roadway development contract was signed October 2010
Kestrel Mine Extension	Have mobilised to work in portion 1 of the project.
Kestrel	Continues to perform well.
*Oaky Creek	Contract was signed October 2010.
Dendrobium	Continues to perform well.
Westcliff	Continues to perform well.
Crinum North	First Bechtel project for Mastermyne Services.
Crinum East	Contract out for tender. Decision pending.

- Directional drill rig contributing revenue from February
- Recurring work in Hunter Operations is continuing to grow
- Preferred tenderer on major drivage project in the Hunter Valley

Capex

- Mining fleet currently 100% utilised

- Significant investment already made in opportunistic Capex in FY11

Description	Qty	Total Value	Delivered	Revenue From
Loaders - Sandvik	2	$2,000	Jan 2011	Late Jan / Early Feb
Loader - Coal Tram	2	$2,000	Nov 2010	Jan 2011
Warracar	1	$1,200	Dec 2010	Feb 2011
Continuous Miner - ABM20	1	$3,950	March 2011	March 2011
Continuous Miner - Jeffery 1038 cut / flit machine	1	$1,050		March 2011
Man Transporters / Drift Runner	3	$1,200	Sept 2010	Sept 2010

- Budgeted capex spend $2m. Now more likely to be closer to $16 for the full year.

- Demand for equipment is increasing and lead times on new equipment extending

- Return on funds from mining fleet remain strong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Focus for Remainder of FY11

Safety
- Continue to reduce injuries
- Work on safety culture

People
- Maintain current retention levels
- Recruit additional workforce
- Continue to replace workforce of sub contractors

Operations
- Bed in new projects (KME, Oaky & Hunter Valley)
- Bed in directional drill rig
- Settle into new NSW and Qld fabrication workshops

Financial
- Recover margins on major projects
- Maintain overhead outlay at current spend
- Optimise working capital

Growth
- Grow Services division
- Expand on existing projects
- Expand Engineering product offering

Goal
- Meet Prospectus Forecast

Outlook

- Sector is still growing at a significant pace
- We see mining companies focusing on Underground assets for expansion
- Grow through expansion on existing projects
- Continue with expansion of the Hunter Valley operation
- Several new underground projects coming on stream over the next 2 years
- Galilee Basin will present opportunities for the Mastermyne Group
- Continue to look for opportunistic Capex
- Strategic Acquisitions

Summary

- Safety performance is good but journey continues to achieve zero harm
- Business has gone through some significant growth in a short period and operating results are on track for the full year
- Margins temporarily effected due to
  - Pike River disaster
  - Under performance in Services division
  - Additional cost of subcontract labour to take up long term contract opportunities
  - Overheads to accommodate the significant growth in the first 6 months of the financial year
- Equipment will be in demand as underground sector continues to grow
- Group has no exposure to project start ups
- Expansion into Hunter Valley on track
- Underground Sector is expanding short and long term creating a strong pipeline of work
- Issue won’t be finding work, it will be finding people and equipment to execute