

28 November 2012

ASX announcement



Mastermyne Group Limited – Newstan Extension Project Deferred

Mastermyne Group Limited today announced that it has received advice from Centennial Coal that the Newstan Extension Project will be deferred. The decision to suspend Contractor development drive for the Project followed an internal review by Centennial Coal of all its New South Wales Operations. Following the advice Mastermyne Group Limited and Centennial Coal management will immediately commence working on a plan for the orderly transition of labour and equipment from the project.

Centennial Coal's Chief Operating Officer Steve Bracken said that the decision was regrettable but necessary in the current environment. He also said that the relationship with the Mastermyne Group has been very professional and successful and that both companies will work together to ensure that all people displaced as a result of this decision are treated with the utmost respect and dignity.

Mastermyne Group Managing Director Tony Caruso said that the company's immediate concern is for the welfare of the people working on the contract and that the company would do all it could to minimise this impact. The financial effects of this decision are not yet fully quantifiable by Mastermyne Group Limited. There are a number of operational decisions still to be made that will determine earnings in the ramping down of the contract. Mr Caruso said "What we do know is that all labour will cease to be required on site from approximately the end of January". He also said that whilst the decision was not unexpected given the current market conditions it was still disappointing to see the contract ramp down a few months earlier than originally expected. At this stage it is too early to tell if Mastermyne will return to Newstan to complete the work under the contract but said we will stay close to the Centennial Coal Management team as they work through these decisions.

The Newstan contract was a part of the company's order book for the remainder of 2013 but was not part of the 2014 order book and beyond. Mastermyne recently announced at the AGM that a NSW contract was still under review but did not expect this decision so quickly following the AGM. At the AGM Mastermyne also noted that its tender pipeline had increased to >\$1b and the company will now look to these opportunities to replace the revenue lost from the early ramp down of the Newstan Contract. Mr Caruso said that the company's mine site diversity, strong balance sheet and high variable cost structure will ensure that the effect of this early ramp down will mitigate the impact to its overall business.

The company will release further details on the full financial effects of this announcement once it has further information.

Further information:

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Or visit www.mastermyne.com.au

About Mastermyne

Mastermyne Group Limited (ASX:MYE) was established in 1996 and is a leading provider of specialised services to the Australian coal mining industry. Mastermyne listed on the ASX on 7 May 2010.

It has three operating divisions, Mastermyne Underground (underground roadway development, installation of conveyors and longwall relocation), Mastermyne Engineering (design and engineering of specialised mining equipment and consumables) and Mastermyne Services (electrical, mechanical and maintenance services).

Based in Mackay Queensland, Mastermyne has operations in Queensland's Bowen Basin and the Illawarra and Hunter Valley regions in New South Wales.