

31st May 2021

ASX Announcement

Mastermyne awarded Gregory Crinum Underground Whole of Mine Contract

Mastermyne Group Limited (ASX Code: MYE) ("Mastermyne" or "the Company") is pleased to advise it has been awarded the Mining Services Contract to operate the Gregory Crinum Underground mine owned by Sojitz Blue Pty Ltd ("Sojitz").

Key Points

- Contract term 7 years including re-establishment.
- Total Contract value of \$600-660 million.
- 180 full time personnel at full production.
- Mastermyne capital funded from cash reserves and existing facilities.
- Mastermyne post FY21 order book lifts to \$1.1 billion.

During 2020, Sojitz appointed Mastermyne to undertake a feasibility study focusing on the development of a high productivity bord and pillar mining operation. In parallel, Mastermyne were also engaged as the Mine Operator to undertake the re-entry process. The underground mining area was successfully re-entered in late October 2020, with no issues encountered. Mastermyne has continued as the Mine Operator whilst Sojitz finalised internal approvals.

The project scope includes the re-establishment of the underground infrastructure including conveyor systems, ventilation, associated mine services, remediation works and surface infrastructure all of which is expected to take approximately 6 months. Following the re-establishment works the mine will immediately transition into production with a staged ramp up to 3 bord and pillar mining units. The underground mine will produce approximately 11 million tonnes ROM (run of mine) over the life of the project. Mining production is planned to commence late this calendar year.

The Contract term is 7 years with 6 months for the re-establishment phase followed by 6.5 years in the mining production phase. Total contract value is expected to be in the range of \$600-\$660 million. At full production, the underground mine is expected to employ 180 full time personnel. Mastermyne will provide underground mining equipment from its current fleet, including 3 bord & pillar miners, multi bolters and shuttle cars along with a range of ancillary production equipment to support the operation. The Contract is expected to deliver on average \$80-100 million revenue per annum once in full production.

Initial funding for the project establishment will be a combination of Sojitz capital and Mastermyne capital with the Company drawing on its strong cash position and available funding lines to finance the project. The Company's capital contribution will primarily fund

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the overhaul of the mining fleet and ancillary mining equipment which will be recovered over the term of the contract. The company will retain ownership of its mining equipment throughout the project.

With the award of the Gregory Crinum Underground Whole of Mine Contract and the recently announced extension of the Aquila Contract, Mastermyne's post FY21 order book now stands at \$1.1 billion.

Mastermyne CEO, Tony Caruso, said "the execution of our first Whole of Mine Operations contract is a major milestone for Mastermyne and is significant in transitioning the business into a commercial model that is not only complimentary to the existing contracting model but will provide an even greater level of earnings certainty over the long term. Through the detailed feasibility work and contract negotiations the team has put together a balanced contract structure that minimises downside risk whilst at the same time rewards the business (through stronger margins) for better production performance.

We have been working closely with Sojitz for some time after being selected as their contracting partner early in the feasibility process and we look forward to continuing to work with Sojitz and the mine management as we move into production."

Sojitz CEO, Cameron Vorias, said "We are delighted to have Mastermyne as our highly regarded partner for this development and it will support our strategic plans for the growth of high quality hard coking coal from the area."

Further information:

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