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PROFESSIONAL ADVISER IMMEDIATELY.



TARGET'S STATEMENT

in relation to the off-market takeover bid made by **THIESS GROUP INVESTMENTS PTY LIMITED** ACN 659 649 055 (**Thiess**) to purchase all of your fully paid ordinary shares in MACA Limited ACN 144 745 782 (**MACA Shares**).

Your Directors unanimously recommend that you

ACCEPT

the Thiess offer to acquire all of your MACA Shares for A\$1.025 cash per MACA Share (**Offer**), in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable, to MACA Shareholders.

The Independent Expert has determined that the Offer is fair and reasonable to MACA Shareholders, as detailed in Annexure A of this Target's Statement.

Under the terms of the Offer, the amount of consideration you receive from Thiess for your MACA Shares will be reduced by the amount or value of any Rights (if any) attaching to the MACA Shares in respect of which the Offer is accepted, which arise or are paid on or after 26 July 2022, which Thiess does not receive (noting that a Right includes a dividend but does not include any attaching franking credit).

If you have any questions about the Offer, please call the MACA Limited Shareholder information line on 1300 521 180 (within Australia) or +61 3 9415 4818 (outside Australia) between 8.30am and 5.00pm (Sydney, Australia time) on Business Days.

THOMSON GEER
LAWYERS

Legal Adviser to MACA

SALIENT CORPORATE



Corporate Adviser to MACA

EUROZ HARTLEYS

Corporate Broker to MACA

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LETTER FROM THE CHAIRMAN OF MACA LIMITED

Dear fellow MACA Shareholder

On 26 July 2022, Thiess announced an off-market conditional cash takeover offer (being the Offer) to acquire all the MACA Shares.

Offer overview

Thiess is offering MACA Shareholders consideration of A\$1.025 cash¹ per share for each MACA Share they own pursuant to the Offer (**Offer Price**), which is conditional upon the fulfilment, or waiver by Thiess, of certain conditions including FIRB approval (which cannot be waived by Thiess), no objection from the ACCC, no Prescribed Occurrences, no issue of convertible securities, derivatives or other rights, and a greater than 90% minimum acceptance condition, as set out in Section 10.3 and in the Bidder's Statement (**Offer Conditions**).

Board recommendation

After careful consideration, the MACA Board negotiated a Bid Implementation Deed between MACA and Thiess (as summarised in Section 11.1) and unanimously recommends that MACA Shareholders ACCEPT the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable, or not fair but reasonable, to MACA Shareholders (**Favourable**). The key reasons for the Directors' unanimous recommendation are set out in this letter with full details of this recommendation outlined in Section 2 of this Target's Statement.

Reasons to ACCEPT the Offer

As your Directors, we would like to take this opportunity to highlight the key reasons why we believe that the Offer is compelling and why we unanimously recommend that you ACCEPT the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders.

Reasons to ACCEPT the Offer include (without limitation):

REASON 1: The Offer represents a substantial premium to ASX trading prices for MACA Shares leading up to the announcement of the Offer, including:

- a 28.1% premium to MACA's closing share price of \$0.80 per MACA Share on 25 July 2022, the day prior to the announcement of the Offer on 26 July 2022 (the **Announcement Date**);
- a 42.2% premium to the one month volume weighted average MACA share price of \$0.721 per MACA Share as at the day prior to the Announcement Date;
- a 37.4% premium to the three month volume weighted average MACA share price of \$0.746 per MACA Share as at the day prior to the Announcement Date; and
- a 32.1% premium to the twelve month volume weighted average MACA share price of \$0.776 per MACA Share as at the day prior to the Announcement Date.

REASON 2: The Independent Expert engaged by MACA (being Grant Thornton), has determined that the Offer is fair and reasonable to MACA Shareholders, as detailed in the report produced by the Independent Expert set out in Annexure A of this Target's Statement (**Independent Expert's Report**).

REASON 3: The Offer is an all-cash offer and provides certainty of value for your MACA Shares (subject to the Offer Conditions being fulfilled or freed).

REASON 4: Avoidance of possible or potential future funding and associated dilution risk. MACA's business is capital intensive. New contracts have varying capital requirements subject to the type and scale of the project and the nature of the contracts. Whilst MACA currently has some idle plant and equipment to support its current operations and contracts, depending on the nature and scope of potential new contract works, MACA may

¹ Under the terms of the Offer, the amount of consideration you receive from Thiess will be reduced by the amount or value of any Rights (if any) attaching to the MACA Shares in respect of which the Offer is accepted, which arise or are paid on or after 26 July 2022, which Thiess does not receive (noting that a Right includes a dividend but does not include any attaching franking credit). See section 9.8 of the Bidder's Statement for further details regarding the treatment of dividends and other entitlements.

require additional growth capital. In the event that additional funding is required, there is no guarantee as to the availability, timing or nature of the fundraising. To the extent that some or all of this potential fundraising is in the form of equity, if MACA Shareholders do not accept the Offer, MACA Shareholders' interest in MACA may be diluted in the future.

No decision has been made as to a potential future fundraising and no forecast is made of whether additional client contracts may be won or business acquisitions made.

REASON 5: The MACA Share price may fall following the end of the Offer Period if MACA Shareholders do not accept the Offer and the Offer Conditions are not satisfied or waived (and no Superior Proposal emerges).

REASON 6: MACA has been operating in an increasingly competitive market environment, which has created difficult business conditions for MACA.

REASON 7: If Thiess waives its minimum acceptance condition and attains a controlling or substantial shareholding interest in MACA without achieving minimum acceptances of 90% to move to compulsory acquisition, then MACA Shareholders who do not accept the Offer could be left as minority shareholders in MACA.

There are risks associated with being a minority shareholder in MACA in those circumstances, such as, potential reduced liquidity, potential dilution of equity interests in MACA, the risk of MACA being delisted in certain circumstances and the risk of adverse changes in MACA personnel or MACA's business.

Refer to Sections 6.7 and 6.8 for information in relation to the potential impact of the Offer on material contracts of MACA and refer also to the risks of not accepting the Offer listed in Section 5 and further risk factors in Section 8.

REASON 8: No Superior Proposal has emerged as at the date of this Target's Statement.

After the Offer was announced, MACA received (on 11 August 2022) a non-binding, conditional and indicative proposal from NRW Holdings Limited ACN 118 300 217 (**NRW**, an ASX listed competitor of MACA) proposing that NRW acquire all the shares in MACA by way of scheme of arrangement (**NRW Non-Binding Conditional Indicative Proposal**). After careful consideration of the NRW Non-Binding Conditional Indicative Proposal as a whole, and of each of its components, and after taking professional advice and liaising confidentially with NRW, the MACA Board unanimously concluded that the NRW Non-Binding Conditional Indicative Proposal is **NOT SUPERIOR** to the Offer (including for the reasons summarised in Section 11.6).² Since receipt of the NRW Non-Binding Conditional Indicative Proposal, MACA has not received any further proposal from NRW, or any other third party, to acquire MACA.

Refer to Section 2.1 for further details regarding these reasons to accept the Offer.

Reasons why you may decide not to accept the Offer

Refer to Section 2.2 for a non-exhaustive list of reasons as to why you may decide not to accept the Offer.

For example, you may disagree with the conclusions of the Directors of MACA and the determination of the Independent Expert. You may prefer to participate in the future financial performance of the MACA business, you may consider there is potential for a Superior Proposal to emerge, due to your personal tax or superannuation circumstances or you may prefer to sell your MACA Shares on-market.

Since the Announcement Date and until 23 August 2022 (being the latest practicable date prior to the date of this Target's Statement), MACA Shares have been trading on the ASX at prices between A\$0.98 and A\$1.075 (inclusive, with the last price per MACA Share being A\$1.075 on 23 August 2022). However this trading since the Announcement Date is coincidental with the announcement of the Offer (and the announcement of the NRW Non-Binding Conditional Indicative Proposal, which the Board determined is not superior to the Offer (refer to Section 11.6)) and should not be taken as indicative of the price at which MACA Shares would trade in the absence of the Offer, or if the Offer does not complete. If you sell your MACA Shares on-market, you will lose

² For further information, refer to MACA's ASX announcement of 19 August 2022 entitled 'MACA Determines that the NRW Indicative Non-Binding Conditional Proposal is Not Superior to the Thiess Cash Offer'.

the ability to accept the Offer, participate in any potential increase in the Offer Price (if any) or any other offer which may eventuate, and you may also incur a brokerage charge.

The MACA Directors' intentions in relation to their OWN SHARES

Each MACA Director who holds or controls MACA Shares intends to ACCEPT the Offer in respect to the MACA Shares they own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders, no later than 2 Business Days after the date that the FIRB and ACCC conditions detailed in Section 10.3 have been satisfied or waived (but noting that the FIRB Condition cannot be waived).

As a founding shareholder of MACA, and MACA's current Chairman, I intend to ACCEPT the Offer in the circumstances described above, in respect to the 13,613,816 MACA Shares I own or control.

The Directors also reserve the discretion to accept (or not accept) the Offer even if a Superior Proposal emerges and, or alternatively, if the Independent Expert ceases concluding that the Offer is Favourable to MACA Shareholders.

MACA Dividend

Thiess will be entitled to reduce the Offer Price by the amount (if any) of any dividend (or other Rights) attaching to MACA Shares to the extent that the issue or grant of the dividend or other Right is after the Announcement Date.

In light of this, and taking into account the uncertainties in relation to the business of MACA and the restrictions placed on it during the Offer Period, the MACA Board has resolved to defer its decision of whether or when any final dividend for the 2022 financial year will be declared or paid. No forecast is made of whether or when a future dividend may be paid. If the Offer does not complete (and assuming any potential third party offer to acquire MACA is not received), the MACA Board's decision as to whether to declare a dividend will be reviewed based on circumstances at the time (subject to the Board's discretion).

Next steps

You should have received a Bidder's Statement from Thiess containing its off-market cash takeover offer for your shares in MACA. The MACA Board encourages you to read this Target's Statement and the Bidder's Statement from Thiess and MACA's ASX announcements, having regard to your own circumstances, to assist you in making your decision.

MACA Shareholders should note that the Bidder's Statement contains the Acceptance Form for the Offer.

Timing

The Offer is scheduled to close at 7.00pm (Sydney, Australia time) on 12 September 2022, unless withdrawn or extended by Thiess. To ACCEPT the Offer, please refer to the acceptance instructions set out in section 9.4 of the Bidder's Statement and in the Acceptance Form that accompanies the Bidder's Statement.

Further information

You should continue to monitor MACA's ASX announcements. If you have any queries in relation to the Offer, please contact the MACA Shareholder information line on 1300 521 180 (within Australia) or +61 3 9415 4818 (outside Australia) between 8.30am and 5.00pm (Sydney, Australia time) on Business Days.

Yours sincerely



Geoff Baker
Chairman,
MACA Limited

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YOU SHOULD READ THIS DOCUMENT IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

IMPORTANT NOTICES

Nature of this document

This Target's Statement is dated 24 August 2022 and is given under section 633 of the Corporations Act by MACA Ltd ACN 144 745 782 in response to the Replacement Bidder's Statement lodged by Thiess Group Investments Pty Limited ACN 659 649 055 with ASIC and served on MACA on 8 August 2022.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are either defined in brackets when first used or are defined in the Glossary in Section 13. The Glossary also sets out some rules of interpretation which apply to this Target's Statement.

References Sections

References to Sections are to the named Sections in this Target's Statement.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their respective officers take responsibility for the content of this Target's Statement.

No account of personal circumstances

This Target's Statement does not constitute financial product advice and has been prepared without reference to the individual investment objectives, financial situation, taxation position or particular needs of any MACA Shareholder or any other person. It is important that you read this Target's Statement before making any decision, including a decision on whether or not to accept the Offer. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

MACA Shareholders should consult their taxation adviser as to the applicable tax consequences of the Offer. A non-exhaustive summary of the Australian taxation considerations is detailed in Section 9 of this Target's Statement.

Forward looking statements

Certain statements in this Target's Statement relate to the future, including forward looking statements and information ("forward looking statements"). The forward looking statements in this Target's Statement, are not based on historical facts, but rather reflect the current views and expectations of MACA concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets and future costs and financial performance of MACA are, or may be, forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of MACA, to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which MACA will operate in the future, such as future financial performance and position, contractual and other matters impacting on MACA's business, the price of commodities, anticipated costs and the ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, various risk factors detailed in Sections 5 and 8. Forward looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them. All forward looking statements should be read in light of such risks and uncertainties.

You should note that the historical performance of MACA is no assurance of its future financial performance. The forward looking statements in this Target's Statement reflect views and expectations held only at the date of this Target's Statement. MACA believes that all forward looking statements included in this Target's Statement have been made on a reasonable basis. However, none of MACA, its directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Target's Statement will actually occur. MACA Shareholders should therefore treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the Listing Rules, MACA and its directors disclaim any obligation to revise or update, after the date of this Target's Statement, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

Diagrams, charts, graphs and tables

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

Currency

All references in this Target's Statement to:

- "\$", "AUD", "A\$" "Australian dollars" are to Australian currency; and
- "US\$", "USD" and "US dollars" are to United States currency.

Notice to foreign MACA Shareholders

The distribution of this Target's Statement may, in some countries, be restricted by law or regulation. Persons who come into possession of this Target's Statement should inform themselves of and observe those restrictions.

Privacy and personal information

MACA has collected your information from the MACA Register for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and shareholdings of MACA Shareholders. Without this information, MACA would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Personal information of the type described above may be disclosed to MACA, Thiess and their registries, print and mail and other service providers, authorised securities brokers, related bodies corporate of MACA and Thiess, and may be required to be disclosed to regulators, such as ASIC. MACA Shareholders have certain rights to access personal information that has been collected. MACA Shareholders should contact the Share Registry in the first instance, if they wish to access their personal information.

1 DIRECTORS' RECOMMENDATION

1.1 Summary of the Offer

Thiess Group Investments Pty Limited (**Thiess**) is offering to acquire all of your MACA Shares for A\$1.025 cash per MACA Share.³

The Offer is subject only to various conditions, which are described in Section 10.3 of this Target's Statement and in section 9.9 of the Bidder's Statement.

Refer to the Bidder's Statement for full particulars of the Offer.

1.2 Recommendation of the Directors

This Target's Statement sets out the formal response of the Directors to the Offer, including the reasons why the Directors unanimously recommend that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders. The key reasons for the Directors' unanimous recommendation are set out in Section 2.1.

1.3 Intentions of the Directors

Each MACA Director who holds or controls MACA Shares intends to ACCEPT the Offer in respect to the MACA Shares they own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders, no later than 2 Business Days after the date that the FIRB and ACCC conditions detailed in Section 10.3 have been satisfied or waived (but noting that the FIRB Condition cannot be waived).

The Directors also reserve the discretion to accept (or not accept) the Offer even if a Superior Proposal emerges and, or alternatively, if the Independent Expert ceases concluding that the Offer is Favourable to MACA Shareholders.

As at the date of this Target's Statement, the Directors own or control approximately 4.01% of the issued and outstanding MACA Shares.⁴

Details of the Notifiable Interests of each Director in MACA Shares are set out in Section 11.2.

1.4 What to do next

To **ACCEPT** the Offer, you must follow the instructions provided in sections 9.4 of the Bidder's Statement. The Offer closes at 7.00pm (Sydney, Australia time) on 12 September 2022, unless the Offer Period is extended.

If you do not wish to accept the Offer, you do not need to do anything and can remain a MACA Shareholder (but noting that Thiess proposes to compulsorily acquire your MACA Shares if it becomes entitled to do so (e.g. if Thiess achieves its greater than 90% minimum acceptance condition in Section 10.3(a))).

³ Under the terms of the Offer, the amount of consideration you receive from Thiess will be reduced by the amount or value of any Rights (if any) attaching to the MACA Shares in respect of which the Offer is accepted, which arise or are paid on or after 26 July 2022, which Thiess does not receive (noting that a Right includes a dividend but does not include any attaching franking credit).

⁴ Geoff Baker owns or controls 13,613,816 MACA Shares and Robert Ryan owns or controls 73,256 MACA Shares.

2 REASONS TO ACCEPT OR NOT ACCEPT THE OFFER

Set out below are the key reasons why the Directors consider that you should accept the Offer. Also set out below is a summary of some of the reasons why you may decide not to accept the Offer. You should read the entire Bidder's Statement, this Target's Statement and MACA's ASX announcements before deciding whether or not to accept the Offer.

You should particularly consider the risk factors in Sections 5 and 8, which apply to the information in this Section 2.

While your Directors acknowledge that there are reasons not to accept the Offer, they believe the reasons to accept the Offer outweigh the reasons not to accept the Offer.

2.1 Reasons why MACA Shareholders should ACCEPT the Offer

The Directors have carefully considered the Offer in the context of the MACA business and its future prospects in the absence of the Offer.

The Directors unanimously recommend that you should ACCEPT the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to the MACA Shareholders) for the following key reasons:

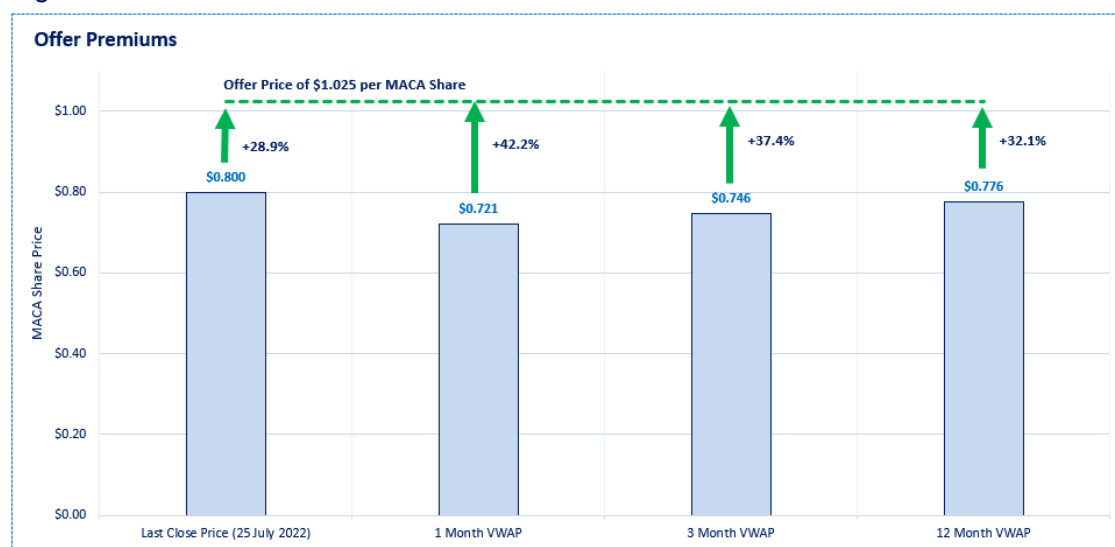
Reason 1: Thiess' Offer Price represents a substantial premium to trading prices for MACA Shares leading up to the announcement of the Offer

Thiess' Offer Price of A\$1.025 cash per MACA Share⁵ represents a substantial premium to the trading prices of MACA Shares leading up to the announcement of the Offer.

Thiess' Offer Price represents a:

- a 28.1% premium to MACA's closing share price of \$0.80 per MACA Share on 25 July 2022, being the day prior to the Announcement Date;
- a 42.2% premium to the one month volume weighted average MACA share price of \$0.721 per MACA Share as at the day prior to the Announcement Date;
- a 37.4% premium to the three month volume weighted average MACA share price of \$0.746 per MACA Share as at the day prior to the Announcement Date; and
- a 32.1% premium to the twelve month volume weighted average MACA share price of \$0.776 per MACA Share as at the day prior to the Announcement Date.

Figure 1. Offer Premium



Source: IRESS (25 July 2022). As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains ASX share price trading information sourced from IRESS without its consent.

⁵ Under the terms of the Offer, the amount of consideration you receive from Thiess will be reduced by the amount or value of any Rights (if any) attaching to the MACA Shares in respect of which the Offer is accepted, which arise or are paid on or after 26 July 2022, which Thiess does not receive (noting that a Right includes a dividend but does not include any attaching franking credit).

Reason 2: The Independent Expert has determined that the Offer is fair and reasonable to MACA Shareholders	<p>The Independent Expert has determined that the Offer, is fair and reasonable to MACA Shareholders.</p> <p>The Directors of MACA appointed the Independent Expert to prepare the Independent Expert's Report in relation to the Offer. A copy of the Independent Expert's Report is included as Annexure A to this Target's Statement, and you are encouraged to read that report in full, including as to the underlying reasoning for the Independent Expert's determination.</p>
Reason 3: The Offer provides certain cash value for your MACA Shares	<p>The Offer is for cash consideration and provides MACA Shareholders with the opportunity to receive certain value of \$1.025 per share in cash, which should be weighed against the risks associated with remaining a MACA Shareholder (refer to Sections 5 and 8).</p> <p>The price and value of MACA Shares has the potential to change over time as a result of a variety of operational, industry, economic, regulatory, financial and unforeseen factors. MACA operates in the cyclical mining services and civil construction and infrastructure industries, and its operating business is exposed to a number of factors that are outside its control which may negatively impact the volatility and value of MACA Shares in the future. The Offer removes these risks and uncertainties for MACA Shareholders and allows MACA Shareholders to exit their investment in MACA at a price that the Directors consider compelling and without incurring normal selling costs.</p> <p>Receiving cash consideration for your MACA Shares pursuant to the Offer (if it is completed) at a substantial premium provides value certainty and eliminates the potential downside risk of being exposed to the competitive and cyclical mining services and civil construction and infrastructure industries sector (albeit also eliminating any potential upside).</p> <p>The Offer is subject to the Offer Conditions, which include FIRB approval, no objection from the ACCC, no Prescribed Occurrences (as that term is defined in the Bidder's Statement), no issue of convertible securities, derivatives or other rights and a greater than 90% minimum acceptance condition.</p>
Reason 4: Avoidance of possible or potential future funding and associated dilution risk	<p>MACA's business is capital intensive. New contracts have varying capital requirements subject to the type and scale of the project and the nature of the contracts. Whilst MACA currently has some idle plant and equipment to support its current operations and contracts, depending on the nature and scope of potential new contract works, MACA may require additional growth capital. In the event that additional funding is required, there can be no guarantee that MACA will be able to complete an equity, debt or mix of debt and equity fundraising, or as to the terms of such fundraising. To the extent that some or all of a potential fundraising is in the form of equity, if MACA Shareholders do not accept the Offer, MACA Shareholders' interest in MACA may be diluted in the future.</p> <p>No decision has been made as to a potential future fundraising and no forecast is made of whether additional client contracts may be won or business acquisitions made.</p>
Reason 5: If MACA Shareholders do not accept the Offer and the Offer Conditions are not satisfied, then the MACA share price may fall	<p>The trading price of MACA Shares on the ASX may fall below current levels if the Offer does not complete and no Superior Proposal emerges.</p> <p>The price and value of MACA Shares fluctuate over time as a result of a variety of factors, including but not limited to MACA's future operational and financial performance, commodity prices and general economic conditions. The Directors are unable to predict the price at which MACA Shares will trade in the future but consider that in the absence of completion of the Offer or a Superior Proposal, the price of MACA Shares may fall below current levels.</p> <p>This is highlighted by the fact that the Offer Price represents a:</p> <ul style="list-style-type: none"> • a 28.1% premium to MACA's closing share price of \$0.80 per MACA Share on 25 July 2022, being the day prior to the Announcement Date; • a 42.2% premium to the one month volume weighted average MACA share price of \$0.721 per MACA Share as at the day prior to the Announcement Date; • a 37.4% premium to the three month volume weighted average MACA share price of \$0.746 per MACA Share as at the day prior to the Announcement Date; and

	<ul style="list-style-type: none"> a 32.1% premium to the twelve month volume weighted average MACA share price of \$0.776 per MACA Share as at the day prior to the Announcement Date. <p>Since the Announcement Date and until 23 August 2022 (being the latest practicable date prior to the date of this Target's Statement), MACA Shares have been trading on the ASX at prices between A\$0.98 and A\$1.075 (inclusive, with the last price per MACA Share being A\$1.075 on 23 August 2022). However, this trading since the Announcement Date is coincidental with the announcement of the Offer (and the announcement of the NRW Non-Binding Conditional Indicative Proposal, which the Board determined is not superior to the Offer (refer to Section 11.6)) and should not be taken as indicative of the price at which MACA Shares would trade in the absence of the Offer or if the Offer does not complete.</p>
Reason 6: MACA has been operating in an increasingly competitive market environment.	<p>MACA operates in a highly competitive industry where the ability to tender and win and operate new contracts depends on a wide range of factors. Operating margins and profitability can be cyclical and subject to numerous factors, such as those mentioned in Reasons 3 and 4 above.</p> <p>In addition to securing and servicing contracts predominately in Western Australia, MACA has previously grown its revenue base through acquisition and by servicing clients internationally and outside of its core commodity focus. Over recent years, MACA's financial performance has been impacted across a number of metrics. Operating and EBITDA margins have fallen in recent years which has impacted MACA's available cash flow for reinvestment and may impact MACA's ability to pay dividends in the future. See the Independent Expert's Report (in Annexure A of this Target's Statement) for detailed analysis. The recent escalation and potential for persistent inflationary pressures has the potential to compound these risks.</p> <p>There are ongoing risks that MACA is not able to replace contracts as they end or may lose existing contracts. Following the acquisition of Mining West in early 2021, one of the four contracts held by Mining West was lost (being the Karara contract, as announced to the ASX). There are ongoing risks that mining clients experience periods of operational difficulties resulting in MACA carrying increased receivables balances and increased working capital requirements similar to those experienced in the past by MACA clients. There are risks that, in order to seek to continue to grow or maintain revenue, MACA might have to further diversify internationally, service clients outside its core commodity focus or pursue other non-core opportunities, all of which may result in MACA being exposed to additional risks. MACA has pursued growth opportunities in the coal sector on the east coast which has resulted in material losses to MACA.</p>
Reason 7: Risks associated with being a minority shareholder in MACA.	<p>If the Offer becomes or is declared unconditional and you have not accepted the Offer or sold your MACA Shares on-market by the end of the Offer Period (and Thiess has not reached the threshold to compulsorily acquire your MACA Shares (i.e. if it waives the greater than 90% minimum acceptance condition)), you may become a minority shareholder in a company which has a large shareholder able to exert significant influence. This position may create a number of risks.</p> <p>Refer to Section 5 for details regarding specific risks of not accepting the Offer depending on the outcome of the Offer, and protections for minority shareholders (and refer to the further risk factors in Section 8).</p> <p>Refer also to Section 6.7 for information concerning the potential impact of the Offer on MACA's material contracts (other than financing arrangements) and to Section 6.8 for information on the potential impact of the Offer on MACA's financing arrangements. Those potential impacts present risks in the event you remain a minority shareholder in MACA.</p> <p>Thiess has stated in sections 4.2(b) and 4.2(c) of the Bidder's Statement that it reserves its right to waive the greater than 90% minimum acceptance condition (and any other Offer Condition, other than the FIRB Condition, unless permitted by FATA) to the Offer. However, as at 23 August 2022, Thiess had not waived the minimum acceptance condition (or any other Offer Condition).</p> <p>Sections 4.2(b) and 4.2(c) of the Bidder's Statement set out Thiess' intentions if MACA were to be a part-owned entity (i.e. where Thiess waives the greater than 90% minimum acceptance condition and acquires less than 90% of all MACA Shares).</p>

Reason 8: No Superior Proposal has emerged as at the date of this Target's Statement	<p>As at the date of this Target's Statement, no Superior Proposal has been forthcoming, and the Directors are not aware of any Superior Proposal for MACA Shareholders to consider.</p> <p>On 11 August 2022, MACA received the NRW Non-Binding Conditional Indicative Proposal.</p> <p>After careful consideration of the NRW Non-Binding Conditional Indicative Proposal as a whole, and of each of its components, and after taking professional advice and liaising confidentially with NRW, the MACA Board unanimously concluded that the NRW Non-Binding Conditional Indicative Proposal is NOT SUPERIOR to the Offer (including for the reasons summarised in Section 11.6).</p> <p>MACA Shareholders should refer to the announcement by MACA on ASX on 19 August 2022 entitled 'MACA Determines that the NRW Indicative Non-Binding Conditional Proposal is Not Superior to the Thiess Cash Offer' and Section 11.6 for further information.</p> <p>If another competing proposal to the Offer is received by MACA, the MACA Board will carefully consider the proposal and advise MACA Shareholders of their recommendation. No forecast is made of whether, or when, any such competing proposal may be received, nor whether it may be a Superior Proposal.</p>
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2.2 Reasons why you may decide not to accept the Offer.

Notwithstanding the reasons outlined above, the Directors recognise that some MACA Shareholders may consider rejecting the Offer. You may disagree with the recommendation of the Directors to accept the Offer or the Independent Expert's determination that the Offer is fair and reasonable. Some of the reasons why you may decide not to accept the Offer are provided below.

You may disagree with the conclusions of Directors of MACA and the Independent Expert	<p>In the Directors recommending the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Offer is Favourable to MACA Shareholders), the Directors are making judgements based on future events which are not predictable with certainty, and which may prove to be incorrect (either positively or negatively).</p> <p>You may believe that the Offer Price of \$1.025 per MACA Share is insufficient and you may hold a different view as to the value of MACA Shares to that of the Directors and the Independent Expert.</p>
You may prefer to participate in the future financial performance of the MACA business	<p>You may wish to keep your MACA Shares to maintain your exposure to the potential for future improvements in financial performance and dividends (if any). You may hold the view that the future prospects of MACA outweigh accepting the immediate cash consideration at a substantial premium to recent trading prices. The Directors have evaluated the risks and benefits and prospects of the current MACA business against the Offer Price and the other terms of the Offer. In deciding to recommend the Offer, the Directors have decided that the short term realisation of value and certainty provided by the cash Offer provides greater benefit to MACA Shareholders than the uncertainty of retaining their MACA Shares.</p>
You may consider that there is potential for a Superior Proposal to emerge	<p>You may believe that a Superior Proposal for all MACA Shares could emerge in the future. Once you accept the Offer in respect of all of your MACA Shares you will not be able to sell those MACA Shares or otherwise deal with the Rights attaching to those MACA Shares, subject to you being able to revoke your acceptance at any time while the FIRB Condition (summarised in the preliminary part of Section 10.3(b)) has not been fulfilled or waived and subject to your limited statutory rights to withdraw your acceptance in certain circumstances (see section 9.7(d) of the Bidder's Statement).</p> <p>Consequently, if a Superior Proposal is announced, MACA Shareholders who have accepted the Offer may not be able to withdraw their acceptance in order to accept a Superior Proposal. As at the date of this Target's Statement, no Superior Proposal has been forthcoming, and the Directors are not aware of any Superior Proposal for MACA Shareholders to consider. The MACA Board unanimously concluded that the NRW Non-Binding Conditional Indicative Proposal is not superior to the Offer (including for the reasons summarised in Section 11.6).</p>

The potential tax consequences of accepting cash consideration pursuant to the Offer may not be attractive to you

The tax consequences of the Offer will depend on your personal situation. You may consider that the tax consequences of the Offer are not attractive to you. A general guide to the taxation implications of the Offer is contained in Section 9 of this Target's Statement. However, Section 9 is expressed in general terms only, and MACA Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Offer applicable to their circumstances.

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

You may prefer to sell your MACA Shares on-market

You may wish to realise your investment in MACA through the sale of some or all of your MACA Shares on the ASX market.

Since the Announcement Date and until 23 August 2022 (being the latest practicable date prior to the date of this Target's Statement), MACA Shares have been trading on the ASX at prices between A\$0.98 and A\$1.075 (inclusive, with the last price per MACA Share being A\$1.075 on 23 August 2022). However this trading since the Announcement Date is coincidental with the announcement of the Offer (and the announcement of the NRW Non-Binding Conditional Indicative Proposal, which the Board determined is not superior to the Offer (refer to Section 11.6)) and should not be taken as indicative of the price at which MACA Shares would trade in the absence of the Offer or if the Offer does not complete.

If you sell your MACA Shares on-market, you will lose the ability to accept the Offer, participate in any potential increase in the Offer Price (if any) or any other offer which may eventuate, and you may also incur a brokerage charge.

3 FREQUENTLY ASKED QUESTIONS

The following table provides brief answers to questions you may have in relation to the Offer but must be read in conjunction with the more detailed information included in this Target's Statement, the Bidder's Statement and MACA's ASX announcements. You are urged to read the Bidder's Statement and this Target's Statement in their entirety, and to read MACA's ASX announcements.

Question	Answer
Who is the bidder?	<p>Thiess Group Investments Pty Limited ACN 659 649 055, a wholly owned subsidiary of Thiess Group Holdings Pty Ltd ACN 646 054 757.</p> <p>Refer to section 2 of the Bidder's Statement and Section 7 of this Target's Statement for information on Thiess (as derived from the Bidder's Statement).</p>
What is the Offer for my MACA Shares?	Thiess, has made an off-market cash offer of A\$1.025 for each of your MACA Shares. ⁶
What is the Bidder's Statement?	The Bidder's Statement is the document prepared by Thiess which sets out the terms of the Offer. Thiess lodged its Bidder's Statement with ASIC on 8 August 2022 and has announced on 11 August 2022 that the Bidder's Statement was sent to all persons registered as the holder of shares in MACA in the register of MACA Shareholders as at 8.00am (Sydney time) on 27 July 2022.
What is the Target's Statement?	This Target's Statement is the MACA Board's formal response to the Offer, as required by the Corporations Act. Accordingly, this document has been prepared by MACA and contains important information to help you decide whether to accept the Offer.
What is the opinion of the Independent Expert and the main reasons for that opinion?	The Independent Expert has concluded that the Offer is fair and reasonable to MACA Shareholders, for the reasons set out in the Independent Expert's Report contained in Annexure A of this Target's Statement.
What choices do I have as a MACA Shareholder?	<p>As a MACA Shareholder you can:</p> <ul style="list-style-type: none"> • ACCEPT the Offer. The Directors recommend that you accept the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders; • sell some or all of your MACA Shares on-market (which may be at a higher or lower price than the Offer Price) and accept or not accept the Offer in respect of your remaining MACA Shares (if any); or • not accept the Offer by doing nothing.
What are the Directors recommending?	<p>Your Directors unanimously recommend that you ACCEPT the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders.</p> <p>The reasons for the Directors' recommendation are set out in Section 2.1.</p> <p>If there is a change in this recommendation or any material development in relation to the Offer, MACA will keep you informed. You should continue to read MACA's ASX announcements as they are released.</p>

⁶ Under the terms of the Offer, the amount of consideration you receive from Thiess will be reduced by the amount or value of any Rights (if any) attaching to the MACA Shares in respect of which the Offer is accepted, which arise or are paid on or after 26 July 2022, which Thiess does not receive (noting that a Right includes a dividend but does not include any attaching franking credit).

Question	Answer
What do the Directors intend to do with their MACA Shares?	<p>The Directors collectively hold approximately 4.01% of all MACA Shares on an undiluted basis and approximately 3.94% of all MACA Shares on a fully diluted basis.</p> <p>Each of your Directors who own or control MACA Shares intend to accept the Offer (no later than 2 Business Days after the date that the FIRB and ACCC conditions detailed in Section 10.3 have been satisfied or waived (but noting that the FIRB Condition cannot be waived)) in respect to any MACA Shares they own or control except that each such Director reserves the right to choose not to accept the Offer (or to choose to still accept the Offer) in respect to those MACA Shares if:</p> <ul style="list-style-type: none"> all or the majority of the MACA Board determines that a Superior Proposal has emerged and the relevant Director determines in good faith, after receiving written advice from external legal counsel, that recommending or continuing to recommend the acceptance of the Offer would be likely to constitute a breach of any fiduciary or statutory duty owed by the Director; or the Independent Expert changes its opinion in relation to the Offer for any reason to conclude that the Offer is not fair and not reasonable to MACA Shareholders.
How do I accept the Offer?	<p>To accept the Offer, you should carefully follow the instructions in section 9.4 of the Bidder's Statement.</p>
How long will the Offer be open for acceptance?	<p>The Offer is scheduled to close at 7.00pm (Sydney time) on 12 September 2022 as specified in the Bidder's Statement, unless it is extended or withdrawn in accordance with the Corporations Act.</p>
Can the Offer be varied?	<p>Thiess may vary the Offer in any of the ways permitted by the Corporations Act, including by extending the Offer Period or by increasing the Offer Price, provided the varied terms and conditions are not less favourable to MACA Shareholders than the Offer. If Thiess varies the Offer in any of those ways, it must give written notice to ASIC and MACA and send you a copy of that notice (provided, however, that Thiess will not be required to send you a copy of the notice if, at the time of the variation, you have already accepted the Offer, the Offer is unconditional and the variation merely extends the Offer Period).</p>
How many MACA Shares does Thiess already have an interest in?	<p>On 24 August 2022, Thiess announced to the ASX that it had, as at 23 August 2022, a Relevant Interest in 19,903,123 MACA Shares, representing 5.82% of the Voting Power in MACA. Refer to the "Notice of change of interests of substantial holder" lodged by Thiess on 24 August 2022 in relation to MACA.</p>
What happens if a Superior Proposal is made by a third party?	<p>If a Superior Proposal is made by a third party, MACA Shareholders who have already accepted the Offer at such time will not receive the benefit of the Superior Proposal made by the third party unless the Offer lapses (as described in Section 10.6) in sufficient time for you to accept the Superior Proposal (or if you are entitled to withdraw your acceptance as detailed in the answer to the question below entitled "If I accept the Offer now, can I withdraw my acceptance?").</p> <p>As at the date of this Target's Statement, the Directors have not received a Superior Proposal.</p>
Is the Offer conditional?	<p>The Offer is subject to the Offer Conditions (as set out in section 9.9 of the Bidder's Statement). In summary, the Offer Conditions are:</p> <ul style="list-style-type: none"> FIRB approval; no objection by the ACCC; no Prescribed Occurrences;

Question	Answer
	<ul style="list-style-type: none"> • no issue of convertible securities, derivatives or other rights by MACA between the Announcement Date and the end of the Offer Period; and • a minimum acceptance condition which will be fulfilled if, at the end of the Offer Period, Thiess has a Relevant Interest in more than 90% (by number) of the MACA Shares on issue at that time. <p>None of the Offer Conditions have been satisfied or waived as at the date of this Target's Statement.</p> <p>Thiess has stated that it will make an announcement to ASX if any of the Offer Conditions are satisfied or waived during the Offer Period. If the Offer Conditions are not all satisfied or waived before the Offer closes, the Offer will lapse.</p> <p>Thiess has stated that applications to FIRB and the ACCC have already been submitted on behalf of Thiess, and that the ACCC has advised that it intends to conduct a targeted inquiries process to assist the ACCC in determining any potential competition impacts.</p> <p>Refer to section 9.9 of the Bidder's Statement and Section 10.3 for further details regarding the Offer Conditions.</p>
What are the consequences of accepting the Offer now, while it remains conditional?	<p>If you accept the Offer in respect of all of your MACA Shares, you will not be able to sell those MACA Shares or otherwise deal with the Rights attaching to those MACA Shares, subject to you being able to revoke your acceptance at any time while the FIRB Condition (in the preliminary part of Section 10.3(b)) has not been fulfilled or waived and subject to your limited statutory rights to withdraw your acceptance in certain circumstances (see section 9.7(d) of the Bidder's Statement).</p>
If I accept the Offer now, can I withdraw my acceptance?	<p>You cannot withdraw or revoke your acceptance unless the FIRB Condition at the time of revocation is not fulfilled or waived, or a withdrawal right arises under the Corporations Act. If, after you have accepted the Offer the Offer Period is extended for more than one month and, at the time, the Offer is subject to one or more of the Offer Conditions, you may be able to withdraw your acceptance in respect of your MACA Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.</p> <p>Additionally, if, by the relevant times,⁷ the Offer Conditions have not all been fulfilled or waived, the Offer will automatically terminate, and your MACA Shares will be returned to you.</p>
When will I receive the Offer Price if I accept the Offer?	<p>In summary, if you accept the Offer and the Offer is, or becomes, unconditional, Thiess will pay you on the earlier of:</p> <ul style="list-style-type: none"> • 15 business days after the later of (i) receipt of your valid acceptance or (ii) the date on which the Offer becomes unconditional; and • 21 days after the end of the Offer Period. <p>Full details of when you will be paid are set out in section 9.10 of the Bidder's Statement.</p>
Will I pay stamp duty or brokerage on accepting the Offer	<p>If your MACA Shares are registered to an Issuer Sponsored Holding in your name and you deliver them directly to Thiess, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your MACA Shares are registered in a CHESS Holding, or if you are a beneficial owner whose MACA Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it</p>

⁷ The relevant times are:

- (i) in relation to Prescribed Occurrences condition, the end of the third Business Day after the end of the Offer Period; and
- (ii) in relation to all other Offer Conditions, the end of the Offer Period.

Question	Answer
	will charge any transactional fees or service charges in connection with acceptance of the Offer.
What are the consequences of the Offer becoming unconditional?	If you accept the Offer and the Offer becomes unconditional, you will be entitled to receive the Offer Price in respect of your MACA Shares.
What happens if I do nothing?	<p>You will remain a MACA Shareholder and will not receive the Offer Price pursuant to the Offer.</p> <p>Thiess has indicated in the Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding MACA Shares. Thiess will be entitled to compulsorily acquire any outstanding MACA Shares for which it has not received acceptances if, during or at the end of the Offer Period, Thiess (taken together with its associates) has a Relevant Interest in at least 90% (by number) of MACA Shares and has acquired (taken together with its associates) at least 75% (by number) of the MACA Shares that Thiess offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise). If your MACA Shares are compulsorily acquired by Thiess, it will be on the same terms (including the same consideration for each MACA Share acquired) as the Offer.</p> <p>If Thiess acquires between 50% and 90% of MACA Shares and the Offer becomes unconditional, you will remain a minority shareholder and MACA will then be controlled by Thiess. If there is a limited number or spread of MACA Shareholders remaining at the end of the Offer Period, Thiess may seek to procure the removal of MACA from the official list of ASX. In such event, your subsequent ability to trade MACA Shares may be limited.</p> <p>Refer to section 4 of the Bidder's Statement for details in relation to Thiess' intentions in relation to MACA.</p>
What are the risks of not accepting the Offer?	Please refer to the risks of not accepting the Offer in Section 5 and further risk factors in Section 8.
What if I want to sell my MACA Shares on-market?	<p>During the Offer Period, you may sell some or all of your MACA Shares on-market for cash provided you have not accepted the Offer for those MACA Shares (you may also sell your MACA Shares on-market if you have withdrawn your acceptance before the FIRB Condition is fulfilled). Before doing so, you should consider the implications of this course of action, including that you would not receive the benefit of any increase in the Offer Price that may emerge. You will also forfeit the ability to accept any Superior Proposal that may emerge. No forecast is made of whether any such events may occur.</p> <p>Since the Announcement Date and until 23 August 2022 (being the latest practicable date prior to the date of this Target's Statement), MACA Shares have been trading on the ASX at prices between A\$0.98 and A\$1.075 (inclusive, with the last price per MACA Share being A\$1.075 on 23 August 2022). However this trading since the Announcement Date is coincidental with the announcement of the Offer (and the announcement of the NRW Non-Binding Conditional Indicative Proposal, which the Board determined is not superior to the Offer (refer to Section 11.6)) and should not be taken as indicative of the price at which MACA Shares would trade in the absence of the Offer or should the Offer not complete.</p> <p>If you sell your MACA Shares on-market, you may incur a brokerage charge.</p>

Question	Answer
	It is important to note that if you accept the Offer now, unless withdrawal rights are available (see above), you will give up your right to sell your MACA Shares or otherwise deal with your MACA Shares while the Offer remains open.
Can I be forced to sell my MACA Shares?	<p>You cannot be forced to sell your MACA Shares unless Thiess acquires a Relevant Interest in at least 90% of all the MACA Shares by the end of the Offer Period, and proceeds to compulsory acquisition of your MACA Shares. If Thiess proceeds to compulsory acquisition, you will be provided the last Offer Price offered by Thiess for the MACA Shares before the end of the Offer Period.</p> <p>At 23 August 2022, being the last practicable date prior to this Target's Statement, based on public announcements to the ASX there is no MACA Shareholder who controls more than 10% of the MACA Shares. Only one or more MACA Shareholders who control more than 10% of the MACA Shares (individually or in aggregate) are capable of blocking compulsory acquisition if they choose not to accept the Offer and do not otherwise dispose of their MACA Shares.</p>
When will the Offer close?	The Offer is presently scheduled to close at 7.00pm (Sydney time) on 12 September 2022, but the Offer Period can be extended in certain circumstances in accordance with the Corporations Act. Refer to Section 10.2 for details on extending the Offer Period.
What happens if the Offer Conditions are not satisfied or waived?	<p>If the Offer Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse.</p> <p>If the Offer lapses, you will then be free to deal with your MACA Shares even if you had accepted the Offer.</p>
What are the tax implications of accepting the Offer?	<p>A general outline of the Australian tax implications for Australian resident and Australian non-resident MACA Shareholders of accepting the Offer is set out in Section 9.</p> <p>You should not rely on that general outline as advice on your own affairs. It does not deal with the taxation position of particular MACA Shareholders. You should seek your own personal, independent financial and taxation advice before making a decision as to whether to accept or not accept the Offer.</p>
What will happen to the existing Performance Rights on issue in MACA?	<p>The MACA Board has resolved (in accordance with the terms of the MACA Performance Rights Plan approved by MACA Shareholders) that, in relation to the number of the 5,898,705 existing Performance Rights which remain on issue at the time when the Offer is declared unconditional and Thiess has acquired a Relevant Interest in at least 50.1% of all MACA Shares (Vesting Event), those Performance Rights will, subject to (if applicable) compliance with Chapter 2D.2 of the Corporations Act, automatically and immediately vest upon the Vesting Event occurring and be capable of being exercised by the holders of the Performance Rights into the same number of MACA Shares.</p> <p>The Offer extends to the MACA Shares which would be issued upon such vesting of the Performance Rights.</p> <p>The Board also reserves its discretion (as approved by MACA Shareholders) to determine that the Performance Rights vest at an earlier time in the event another change of control event occurs in relation to MACA (such as if a person obtains Voting Power in MACA which the Board determines is sufficient to control the composition of the Board).</p> <p>Refer to Section 6.15 for information on MACA's issued securities (including the Performance Rights).</p>

Question	Answer
Is there a number I can call if I have further queries in relation to the Offer?	<p>MACA has opened an information line to assist MACA Shareholders with queries about the Offer and this Target's Statement, which can be contacted on 1300 521 180 (within Australia) or +61 3 9415 4818 (outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.</p>
How do I get a printed copy of the Target's Statement?	<p>MACA Shareholders may request a printed copy of this Target's Statement be sent to them by mail by:</p> <ul style="list-style-type: none"> • contacting the MACA Shareholder Information Line on 1300 521 180 (within Australia) or +61 3 9415 4818 (outside Australia) • emailing: info@maca.net.au, or • posting a request to: MACA Limited, 45 Division Street, Welshpool, WA 6106 Australia.

4 YOUR CHOICES AS A MACA SHAREHOLDER

The Directors unanimously recommend that MACA Shareholders **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders.

However, as a MACA Shareholder you have the following choices available to you:

- (a) ACCEPT the Offer. The Directors recommend that you accept the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders;
- (b) sell some or all of your MACA Shares on-market (which may be at a higher or lower price than the Offer Price) and accept or not accept the Offer in respect of your remaining MACA Shares (if any); or
- (c) do nothing and retain all your MACA Shares.

Further information is provided below in relation to these alternatives.

4.1 Accept the Offer

To accept the Offer, follow the instructions set out in section 9.4 of the Bidder's Statement.

Details of the payment you will receive are set out in Section 10.1 of this Target's Statement and in section 9 of the Bidder's Statement. You will only receive that payment if the Offer Conditions are either satisfied or waived. The Offer is subject to a limited number of conditions including (among other conditions) a greater than 90% minimum acceptance condition and a no "Prescribed Occurrences" condition. Refer to section 9.9 of the Bidder's Statement for full details of the conditions of the Offer.

The consequences of accepting the Offer are discussed in Section 10.10 of this Target's Statement and in section 9 of the Bidder's Statement (refer particularly to section 9.7 of the Bidder's Statement). If you accept the Offer, you will not be able to sell your MACA Shares on-market unless you have the right to withdraw your acceptance and you have exercised that right. The circumstances in which acceptances of the Offer may be withdrawn are detailed in section 9.7(d) of the Bidder's Statement.

If you accept the Offer, (without limitation) you may be liable for capital gains tax or income taxes as a result of your acceptance. An overview of the taxation consequences for MACA Shareholders of accepting the Offer is provided in Section 9.

MACA encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your MACA Shares.

4.2 Sell some or all of your MACA Shares on-market

During the Offer Period, if you have not accepted the Offer, you can sell some or all of your MACA Shares on the ASX market. If you choose to sell, settlement will occur on a normal "T+2" basis and the purchaser of those MACA Shares may accept the Offer in respect of those MACA Shares. You should seek your own personal advice regarding selling your MACA Shares on-market.

You could alternatively sell some of your MACA Shares on-market and then accept (or not accept) the Offer for the balance of your MACA Shares.

Since the Announcement Date and until 23 August 2022 (being the latest practicable date prior to the date of this Target's Statement), MACA Shares have been trading on the ASX at prices between A\$0.98 and A\$1.075 (inclusive, with the last price per MACA Share being A\$1.075 on 23 August 2022). However, this trading since the Announcement Date is coincidental with the announcement of the Offer (and the announcement of the NRW Non-Binding Conditional Indicative Proposal, which the Board determined is not superior to the Offer (refer to Section 11.6)) and should not be taken as indicative of the price at which MACA Shares would trade in the absence of the Offer or should the Offer not complete.

There is no guarantee of the price at which the MACA Shares will trade from time to time on-market, whether before or after the end of the Offer Period (nor of the volume of trading). The latest price for the MACA Shares may be obtained from the ASX website <http://www.asx.com.au> (ASX: MLD).

If you sell your MACA Shares you:

- (a) will lose the ability to accept the Offer in relation to those MACA Shares (or any other offer for MACA Shares which may eventuate); and
- (b) may incur a brokerage charge.

MACA Shareholders who wish to sell their MACA Shares on-market should contact their broker for information on how to effect the sale.

You should seek your own personal advice regarding the taxation consequences for you of selling your MACA Shares on-market.

4.3 Do nothing and retain all your MACA Shares

You can choose to not accept the Offer by simply doing nothing. If you do not accept the Offer, you will retain all of your MACA Shares unless they are compulsorily acquired in accordance with the Corporations Act. However, you should note that the Directors' recommendation is that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is Favourable to MACA Shareholders.

You should note that if you choose not to accept the Offer by simply doing nothing, and retain all of your MACA Shares, you may be exposed to a number of risks which have been outlined non-exhaustively in Sections 5 and 8.

If during, or at the end of, the Offer Period Thiess acquires a Relevant Interest in 90% (by number) or more of MACA Shares and has acquired at least 75% (by number) of the MACA Shares that Thiess offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise), Thiess intends to compulsorily acquire the remaining MACA Shares. If your MACA Shares are compulsorily acquired by Thiess, it will be on the same terms (including the same consideration for each MACA Share acquired) as the Offer.

5 RISKS OF NOT ACCEPTING THE OFFER

The Directors consider that if the Offer does not become or is not declared unconditional, and no alternative proposal emerges, the MACA Share price may fall given the Offer Price is significantly above the closing price of MACA Shares prior to the announcement of the Offer. This is highlighted by the fact that the Offer Price represents a 28.1% premium to MACA's closing share price of \$0.80 per MACA Share on 25 July 2022, being the last day of trading in MACA Shares prior to the Announcement Date.

Thiess has stated in the Bidder's Statement that it reserves its right to waive the greater than 90% minimum acceptance Offer Condition (and any other Offer Condition, other than the FIRB Condition, unless permitted by FATA). However, as at 23 August 2022, Thiess has not yet decided whether it will waive the minimum acceptance Offer Condition (or any other Offer Condition).

Thiess' intentions for MACA are described in section 4 of the Bidder's Statement, but those intentions may change. Changes to the business which are implemented by Thiess (or proposed changes which Thiess may fail to implement) may mean that you subsequently choose to dispose of your MACA Shares at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.

If you do not accept the Offer, maintaining your investment in MACA may mean that you are exposed to the risks outlined below (and in Section 8), depending on the outcome of the Offer. The risks presented in this Section are not designed to be an exhaustive list, but are included to highlight some of the key potential risks of not accepting the Offer.

5.1 Risks if Thiess acquires a Relevant Interest in less than 50% of all MACA Shares and waives the greater than 90% minimum acceptance condition

(a) Potential changes to the MACA Board

The Bidder's Statement states that, if Thiess waives the greater than 90% minimum acceptance condition and it acquires less than 50% of the MACA Shares, Thiess intends to seek representation on the MACA Board commensurate to its shareholding with a view to gaining a more detailed understanding of the corporate structure, strategies, governance, assets, businesses, personnel and operations of MACA.

Any such implementation of Thiess' intentions would be subject to the Corporations Act and Thiess may rely on the cooperation of other MACA Shareholders or Directors who have not been appointed by Thiess (which is uncertain), and are subject to no alternative proposal emerging that Thiess considers is superior.

There is a risk that MACA Shareholders who do not accept the Offer may be dissatisfied with the altered composition of the Board, or that such alterations may impact adversely on MACA and its business (however, equally, positive impacts could occur).

(b) Potential changes to MACA's strategic direction

If Thiess acquires a less than 50% interest in MACA but still becomes a significant shareholder in MACA, it may be in a position to influence the strategic direction of the business of MACA, including by exercising its Voting Power at general meetings and to the extent of representation on the MACA Board (if any).

Following the Offer Period, Thiess has stated in section 4.2 of the Bidder's Statement that it intends to assess the value, performance and prospects of MACA's corporate structure, assets, businesses and employees, and to verify (or identify any deviation from) Thiess' understanding of those matters. It is expected that this assessment will take at least 3 months to complete. Thiess has stated in section 4.2 of the Bidder's Statement that while it does not have any predetermined intentions in relation to the outcomes of that assessment, it may result in changes to Thiess' intentions regarding MACA's business and assets as described in section 4.2 of the Bidder's Statement.

There is a risk that MACA Shareholders who do not accept the Offer may be dissatisfied with the altered strategic direction of MACA, or that such alterations may impact adversely on MACA and its business (however, equally, positive impacts could occur).

(c) **Potential dilution via MACA's potential equity raising in the future**

In the situation where Thiess acquires a Relevant Interest in less than 100% of all MACA Shares and if MACA undertakes an equity capital raising by way of a pro rata offer of MACA Shares to MACA Shareholders to raise additional funds, if the pro rata equity raising is supported only by Thiess, or Thiess and a small number of other MACA Shareholders, the pro rata equity raising will be dilutive to MACA Shareholders who do not participate in the offer. Thiess may increase its Relevant Interest in MACA Shares without MACA Shareholder approval or making a takeover bid, as a result of taking up its full entitlement (assuming any available shortfall is not fully allocated) or any agreed underwriting arrangements to which it is a party (subject to applicable law).

There is also a general risk that remaining MACA Shareholders' interests in MACA could be diluted as a result of other forms of capital raising in future (for example, pursuant to a placement of equity securities).

No decision has been made by MACA as to whether or when capital raising could be required, nor whether it could take the form of a pro rata equity offer or other form of capital raising.

If Thiess waives the greater than 90% minimum acceptance Offer Condition and it acquires less than 50% of the MACA Shares, subject to the following, Thiess has stated that it intends to continue to hold any stake in MACA with a view to maximising returns from its investment, and may seek, to acquire additional MACA Shares to the extent permitted by the law.

Thiess has stated that any such implementation of its intentions would be subject to the Corporations Act and may rely on the cooperation of other MACA Shareholders or Directors who have not been appointed by Thiess (which is uncertain) and are subject to no alternative proposal emerging that Thiess considers is superior.

5.2 Risks if Thiess acquires a Relevant Interest in 50% or more of all MACA Shares and waives the greater than 90% minimum acceptance condition

(a) **Potential changes to the MACA Board and management**

If Thiess acquires a Relevant Interest in 50% or more of all MACA Shares and waives the greater than 90% minimum acceptance condition, it will have the ability to make any changes to the MACA Board and management as it desires (subject to compliance with applicable law). Refer to section 4.2(b) of the Bidder's Statement for further information.

There is a risk that MACA Shareholders who do not accept the Offer may be dissatisfied with the altered composition of the Board and management, or that such alterations may impact adversely on MACA and its business (however, equally, positive impacts could occur).

(b) **Potential changes to MACA's strategic direction**

As the largest shareholder in MACA, Thiess would be in a position to influence the strategic direction of the business of MACA, including by exercising Voting Power at general meetings and to the extent of representation on the MACA Board.

Following the Offer Period, Thiess has stated in section 4.2 of the Bidder's Statement that it intends to assess the value, performance and prospects of MACA's corporate structure, assets, businesses and employees, and to verify (or identify any deviation from) Thiess' understanding of those matters. It is expected that this assessment will take at least 3 months to complete. Thiess has stated in section 4.2 of the Bidder's Statement that while it does not have any predetermined intentions in relation to the outcomes of that assessment, it may result in changes to Thiess' intentions regarding MACA's business and assets as described in section 4.2 of the Bidder's Statement. Refer to that section of the Bidder's Statement for further information.

There is a risk that by remaining a MACA Shareholder your investment in MACA is affected by alterations in MACA's strategic direction procured by Thiess.

(c) **Dividend and capital management policies**

Thiess has stated in section 4.2 of the Bidder's Statement that it intends to consider the dividend and capital management policies of MACA in order to identify the most effective and efficient capital structure for MACA.

Thiess has stated in section 4.2 of the Bidder's Statement that its view on the most efficient capital structure for MACA, including the dividend and capital management policies of MACA, may be different to those of the current

MACA Board. Thiess has also stated that no determination has been made by it at the date of its Bidder's Statement regarding MACA's dividend and capital management policies.

There is a risk that by remaining a MACA Shareholder your investment in MACA is affected by alterations in MACA's dividend or capital management policies procured by Thiess.

(d) **Potential reliance on one or a small number of MACA Shareholder(s) to support MACA's potential equity raising in the future**

The content of Section 5.1(c) applies equally in relation to the circumstance where Thiess acquires a Relevant Interest in 50% or more of all MACA Shares and waives the greater than 90% minimum acceptance condition.

In addition, in circumstances where Thiess controls greater than 50% of MACA Shares, this may result in MACA being more reliant on Thiess for potential equity raising in future, subject to the willingness of minority shareholders, or third parties, to invest in MACA notwithstanding it being a Subsidiary of Thiess.

(e) **Thiess will be able to determine the outcome of ordinary resolutions**

Thiess will be in a position to cast the votes required to determine alone the outcome of an ordinary resolution (in respect of which it is entitled to vote) and will be in a position to control the composition of the MACA Board.

For Thiess' entitlement to achieve the above intention, refer to the details regarding minority shareholder protections in Section 5.6.

(f) **MACA may be removed from the official list of ASX**

Following the Offer Period, Thiess has stated in section 4.2 of the Bidder's Statement that if there is a limited number or spread of MACA Shareholders remaining at the end of the Offer Period, Thiess may seek to procure the removal of MACA from the official list of ASX.

Refer to Section 5.3(a) for further information.

(g) **Further acquisition or disposal of MACA Shares**

Thiess has stated in section 4.2 of the Bidder's Statement that it may, at some later time, acquire further MACA Shares in any manner permitted by the Corporations Act, including by making creeping acquisitions (as permitted under section 611, item 9 of the Corporations Act), or it may divest of some or all of its shareholding in MACA, and that, if it does not obtain a relevant interest in 90% or more of the MACA Shares under the Offer, it may determine that its holding of MACA Shares is not a long term investment and accordingly may seek to explore options in relation to its holding including a divestment of some or all of its MACA Shares.

Thiess stated that no determination has been made by it at the date of the Bidder's Statement regarding any acquisition of any further MACA Shares or any divestment of any MACA Shares after the close of the Offer Period, and any decisions in relation to these matters will have regard to all relevant considerations at that time.

5.3 **Risk if Thiess acquires a Relevant Interest in 75% or more of all MACA Shares and waives the greater than 90% minimum acceptance condition**

(a) **MACA may be removed from the official list of ASX**

Thiess may wish to procure that MACA is removed from the official list of ASX (if it becomes entitled to do so). Please refer to section 4.2(b)(viii) of the Bidder's Statement. If MACA is removed from the official list of ASX it may adversely impact your ability to sell your MACA Shares, the price at which you can sell your MACA Shares, and the level of relevant MACA information you are able to access.

ASX guidance indicates that ASX would not usually require Thiess to obtain MACA Shareholder approval for MACA's removal from the official list of ASX in the context of a successful takeover where the usual conditions are satisfied, which include that:

- (i) Thiess and its Related Bodies Corporate own or control at least 75% of MACA Shares but have not met the conditions to proceed to compulsory acquisition of the remaining securities under the Corporations Act;

- (ii) there are fewer than 150 holders of MACA Shares having holdings with a value of at least A\$500, excluding Thiess and its Related Bodies Corporate;
- (iii) Thiess foreshadowed in its Bidder's Statement that it intended, if it secured control of MACA, to cause MACA to apply for removal from the official list;
- (iv) the Offer remains open for at least two weeks following Thiess and its Related Bodies Corporate having attained ownership or control of at least 75% of the MACA ordinary securities; and
- (v) MACA applies for removal from the official list no later than one month after the close of the Offer.

In the event the above conditions are not met, Thiess may still request ASX remove MACA from the official list of ASX. ASX's guidance indicates that ASX's decision to act on Thiess' request will usually be subject to the satisfaction of certain conditions (including the approval of MACA Shareholders to the removal by way of a special resolution) directed to ensuring that the interests of remaining MACA Shareholders are not unduly prejudiced by the removal and that trading in MACA Shares takes place in an orderly manner up to the date of its removal.

ASX guidance indicates that all holders of MACA Shares (including, for the avoidance of doubt, those with a 75%+ security holding who can secure the passage of a special resolution by their own vote), will generally be permitted to vote on the special resolution approving an entity's removal from the official list, except in the following five cases:

- (i) where ASX is concerned that the removal may be intended, in part, to avoid the application of the ASX Listing Rules to a particular transaction or situation that would otherwise require the approval of security holders and that would otherwise attract a voting exclusion – in which case, ASX may impose an equivalent voting exclusion on the removal resolution;
 - (ii) where ASX is concerned that the removal will have the effect that the entity will no longer be subject to the disclosure obligations the entity would otherwise have under the ASX Listing Rules and Corporations Act – in which case, ASX may impose a voting exclusion on any party whom ASX considers will have a material informational advantage over other security holders as a result of those disclosure obligations no longer applying to the entity, and their associates;
 - (iii) where ASX is concerned that a security holder or their associates are likely to obtain some other material advantage or benefit from the entity no longer being listed on ASX that is or may not be available to other security holders generally – in which case, ASX may impose a voting exclusion on that security holder and their associates;
 - (iv) where the entity has been the subject of a takeover bid in the preceding 12 months and, in ASX's opinion, the bidder and its associates have attained effective control of the entity without satisfying the conditions mentioned in the first five paragraphs (i) to (v) in this Section 5.3(a) for ASX to agree to its removal without the approval of security holders – in which case, ASX will require the removal to be approved by the entity's security holders and will also impose a voting exclusion on the bidder and its associates; or
 - (v) where ASX otherwise considers it appropriate in any specific case to impose a voting exclusion on a resolution approving an entity's removal from the official list.
- (b) **Thiess will be able to determine the outcome of special resolutions**

If Thiess waives the greater than 90% minimum acceptance condition and acquires a Relevant Interest in 75% or more of all MACA Shares, Thiess will be in a position to cast the votes required to determine alone the outcome of a special resolution (in respect of which it is entitled to vote) at a meeting of MACA Shareholders. This would enable it to pass resolutions, for example, to amend MACA's constitution, giving Thiess significant power to control the operations and strategy of MACA.

For Thiess' entitlement to achieve the above intention, refer to the details regarding minority shareholder protections in Section 5.6.

5.4 Risk if Thiess acquires a Relevant Interest in 90% or more of all MACA Shares

If, during, or at the end of, the Offer Period Thiess acquires (taken together with its associates) a Relevant Interest in 90% or more (by number) of all MACA Shares and Thiess has acquired (taken together with its associates) at least 75% (by number) of the MACA Shares that Thiess offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise), Thiess will be entitled to compulsorily acquire the MACA Shares that it does not already own.

As at 23 August 2022, being the last practicable date prior to this Target's Statement, based on the information available to MACA, there are no MACA Shareholders who control more than 10% of all MACA Shares. Only one or more MACA Shareholders who alone or together control more than 10% of the MACA Shares are capable of blocking compulsory acquisition if they choose not to accept the Offer and do not otherwise dispose of their MACA Shares.

In the Bidder's Statement, Thiess has stated that it intends to proceed with compulsory acquisition of all remaining MACA Shares, if it becomes entitled to do so. Thiess also stated that if it becomes entitled to exercise the general compulsory acquisition right under Part 6A.2 of the Corporations Act, it may exercise those rights to compulsorily acquire or cancel any outstanding MACA Performance Rights then on issue in accordance with the provisions of Part 6A.2 of the Corporations Act.

If you choose not to accept the Offer and Thiess subsequently exercises compulsory acquisition rights, you are likely to be paid later than other MACA Shareholders who accept the Offer.

5.5 Reduced liquidity of MACA Shares

As Thiess increases its MACA shareholding, it will reduce the number of MACA Shares that can be expected to be available for trading on-market. This is likely to significantly reduce the liquidity of MACA Shares and may adversely affect the price at which they might otherwise be expected to trade.

5.6 Minority shareholder protections

In the event that Thiess has a Relevant Interest in less than 100% of all MACA Shares, the implementation of Thiess' intentions as set out in section 4 of the Bidder's Statement will be subject to:

- (a) the Corporations Act (including, without limitation, those provisions intended for the protection of minority shareholders);
- (b) MACA's constitution and the statutory and fiduciary obligations of the MACA directors at that time, such as their duties to act in the best interests of MACA and all MACA Shareholders;
- (c) in some circumstances, minority shareholder approval, in respect of which Thiess may not be able to vote as an interested party;
- (d) statutory and ASX Listing Rules protection regulating minority shareholder rights; and
- (e) statutory protection against oppression.

As a result of these protections, Thiess and its associates may be excluded from voting on certain resolutions in general meeting, and should Thiess appoint any nominee directors to the MACA Board, these directors may potentially be precluded from voting at MACA Board meetings in certain circumstances. Where a minority shareholder maintains a "blocking stake" or substantial holding in MACA which provides them with a significant proportion of the MACA Shares which are not held by Thiess and its associates, that shareholder may have the ability to determine the outcome of any such resolutions put to MACA Shareholders in general meetings.

For example, to the extent that Thiess has waived the greater than 90% minimum acceptance condition and acquires a Relevant Interest in more than 50% but less than 100% of all MACA Shares and a transaction is proposed between Thiess and MACA, since Thiess is considered a 'related party' of MACA in this scenario, the transaction may be required to be subject to the prior approval of MACA Shareholders in general meeting (with Thiess precluded from voting on the relevant resolution, and other regulatory requirements to be complied with).

Please refer to Section 5.3 for information regarding minority protections arising from ASX's guidance regarding removal of MACA from ASX's official list, in the event that Thiess acquires a Relevant Interest in 75% or more of all MACA Shares and waives the greater than 90% minimum acceptance condition.

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6 INFORMATION ABOUT MACA

6.1 Overview of MACA

MACA is a publicly listed Australian contracting group providing services to the mining, infrastructure and construction industries. MACA has structured its business reporting into segments, Mining & Crushing, Civil Construction & Infrastructure Maintenance and MACA Interquip.

MACA is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the ASX Listing Rules. See Section 6.18 for further information.

6.2 Organisational structure

Controlled entities	Country of incorporation	Percentage owned
Parent Entity:		
MACA Limited (ASX:MLD)	Australia	
Subsidiaries:		
MACA Mining Pty Ltd	Australia	100%
MACA Civil Pty Ltd	Australia	100%
MACA Plant Pty Ltd	Australia	100%
MACA Crushing Pty Ltd	Australia	100%
Riverlea Corporation Pty Ltd	Australia	100%
Alliance Contracting Pty Ltd	Australia	100%
MACA Resources Pty Ltd	Australia	100%
MACA Infrastructure Pty Ltd	Australia	100%
MACA Mineração e Construção Civil Ltda	Brazil	100%
Interquip Pty Ltd *	Australia	60%
Interquip Construction Pty Ltd	Australia	60%
Marniyarra Mining and Civils Pty Ltd	Australia	50%
OPMS Cambodia Co Ltd	Cambodia	100%
Wealth Mining Pty Ltd **	Australia	100%

* MACA has a call option to purchase (and the 40% shareholder has a put option to sell) the remaining 40% of the MACA Interquip business, under a put/call agreement, which utilises an EBIT multiple and a three year lookback to calculate enterprise value. Each party can veto the put/call of the other party, with the veto rights expiring in FY2024. If exercised at today's date, and not vetoed, the purchase price for the remaining 40% of the MACA Interquip business is not expected to be material.

** Wealth Mining Pty Ltd is the owner of Grosvenor West Tenements (as detailed in section 3.8 of the Independent Expert's Report). MACA's management intends to seek to dispose of the royalty from the future coal sales and the Grosvenor West Tenements to seek to recover outstanding trade and loan amounts made to Carabella Resources Pty Ltd totalling \$31.7 million as at 30 June 2022.

6.3 Directors

At the date of this Target's Statement, the Directors are:

Non-Executive Directors	
Geoff Baker	Non-Executive Chairman
Robert Ryan ⁸	Independent Non-Executive Director
Nick Marinelli	Independent Non-Executive Director
David Flanagan	Independent Non-Executive Director
Rachel Rees	Independent Non-Executive Director

⁸ Mr Ryan has indicated his current intention not to stand for re-election at the 2022 MACA Annual General Meeting.

6.4 Key management of MACA

At the date of this Target's Statement, the key management of MACA are:

Key management	
David Greig	Chief Executive Officer
Peter Gilford	Chief Financial Officer and Company Secretary
Michael Hunt	Executive General Manager Mining

6.5 Overview of MACA's Key Business Segments

MACA currently operates in three business segments and two geographical segments. The business segments are for the provision of contract mining, civil & infrastructure, and structural, mechanical and piping (through Interquip, in which MACA has a 60% interest) services. The two geographical segments are Australia and Cambodia. MACA's work in hand is \$2.8 billion at August 2022. Work in hand is the estimated future value of revenue from work or services that is under contract at a given date. There can be no assurance that work in hand will be realised as revenue in any future period.

(a) Mining & crushing:

MACA's mining division delivers open cut mining projects across a range of commodities including gold, iron ore, nickel and lithium in Australia and gold in Cambodia.

MACA's crushing division provides crushing and screening services, which involve providing plant, equipment and personnel.

MACA undertakes contract mining operations in the gold sector for a range of counterparties in Australia and undertakes contract mining operations in the iron ore sector for a range of counterparties in the Pilbara and Mid-West regions of Western Australia. MACA also undertakes mining operations in the battery metals sector for counterparties in Southern and Pilbara regions of Western Australia.

Internationally, MACA provides contract mining services in the gold sector for one counterparty in Cambodia. MACA is winding down its presence in Brazil following the cessation of operations in January 2020.

MACA's crushing division provided crushing and screening works in iron ore in the Pilbara, and at other minor projects for gold producers.

(b) Civil construction and infrastructure maintenance:

MACA's civil & infrastructure division delivers 'construct only' or 'design and construct' civil infrastructure projects in both 'greenfield' and 'brownfield' environments and is engaged on long-term infrastructure works involving road maintenance.

In both Western Australia and Victoria MACA continues to be involved in smaller long-term infrastructure works involving road maintenance. MACA continues to provide road maintenance services in the Kimberley under a maintenance contract, which runs through to FY2026.

The Civil & Infrastructure business is a material part of MACA's business. The Civil & Infrastructure division provides services to existing mining clients of MACA. MACA's Civil division provides services to deliver the South West Gateway Alliance Bunbury Outer Ring Road (of which MACA is a 9.4% participant). MACA has been awarded a contract by the WA government for the construction of three bridges over Abba, Ludlow and Sabina rivers in the Busselton region of Western Australia.

Subsequent to 30 June 2022, MACA announced its Civil division was awarded two material civil contracts for work in the Pilbara region of Western Australia.

In Victoria, MACA has been delivering a material main roads project, and has recently been awarded a second main roads contract which is expected to contribute materially to MACA's revenue.

(c) Structural, mechanical and piping through Interquip (in which MACA has a 60% interest):

MACA's structural, mechanical and piping division is operated by Interquip, which is a subsidiary company in which MACA owns a 60% controlling interest. Interquip provides end to end mineral processing solutions catering for design, engineering, procurement, transportation, installation and construction of processing plants. It also provides associated maintenance and refurbishment services.

Interquip is a large scale EPC provider in the gold sector. In addition, MACA Interquip provides services to minor projects.

The Interquip business is currently being restructured and will refocus on the delivery of lower risk projects in the shorter term, following MACA's announcement during early 2022 of cost overruns at the King of the Hills project.

The material risks contemplated by MACA in operating its business are summarised in Section 8.

In terms of the tenure of MACA's current material client projects, refer to slides 14 and 15 of MACA's FY2022 Full Year Results investor presentation announced to the ASX on 22 August 2022, and to MACA's announcement regarding 'Contract Updates' on the same date. This supersedes the information regarding project tenure in section 3.4 of the Bidder's Statement.

On 26 October 2021, MACA entered into a binding agreement for the disposal of Bluff PCI Mine, one of the securities pledged for the loan facility to Carabella Resources Pty Ltd (**Carabella**), to Bowen Coking Coal Ltd (**Bowen**). This agreement provided to MACA a settlement through both cash and shares issued by Bowen totalling \$5 million and a royalty, based on the selling price and sales volume of coal, over the lifetime of the mine from Bowen. Further, on 24 June 2022 the court ordered the transfer of 100% of the existing fully paid shares in Wealth Mining Pty Ltd, the owner of Grosvenor West Tenements, to MACA. MACA's management intends to seek to dispose of the royalty from the future coal sales and the Grosvenor West Tenements to aim to recover the remaining outstanding trade and loan amounts made to Carabella totalling \$31.7 million as at 30 June 2022. However, MACA does not propose to agree or complete that potential sale during the Offer Period, given the Prescribed Occurrences Offer Condition detailed in Section 10.3(c)).

MACA makes no forecast as to the actual price which may be received in the event those assets are sold (nor the timing of that potentially occurring).

6.6 MACA intentions if the Offer does not complete

Should the Offer not complete, MACA would intend to continue its existing business activities, and continue to pursue growth opportunities.

6.7 Potential impact of the Offer on MACA Group material contracts (other than financing arrangements)

MACA has disclosed through ASX announcements under Order Book Risk that generally in the mining industry, most contracts can be terminated for convenience by the client at short notice and without penalty, with the client paying for all work completed to date, unused material and in most cases demobilisation from the site and redundancies. All material MACA contracts have similar termination for convenience clauses. As a result, there can be no assurance that work in hand will be realised as revenue in any future period.

All of MACA Group's material customer contracts entered into with third party customers have a change of control termination provision (or similar) (which change of control may occur pursuant to the Offer) and/or a termination for convenience provision (or termination on short notice), which can be exercised by the customer. Should a customer terminate a contract in any of those circumstances this would have the potential to have an adverse impact on the financial performance and financial position of MACA.

MACA estimates that approximately 55-60% or \$0.9 billion of operating revenue recognised in FY2022 was derived from material contracts which contain provisions regarding a change of control which enable counterparties other than MACA to terminate, or potentially claim other remedies, under such contracts if they

do not consent to a change of control of MACA (such as may occur pursuant to the Offer). If any of those termination rights are exercised, this would likely lead to adverse consequences for MACA.

MACA estimates that approximately 95% or \$1.6 billion of operating revenue recognised in FY2022 was derived from material contracts which contain termination for convenience provisions (either without notice or on short notice) exercisable by counterparties other than MACA. If any of those termination rights are exercised, this would likely lead to adverse consequences for MACA.

6.8 Potential impact of the Offer on MACA's financing arrangements

MACA is required to comply with a number of covenants contained in its banking and finance facilities. If MACA were to breach any of the covenants, it may constitute an event of default under the banking and finance facilities. The occurrence of an event of default may entitle MACA's financiers to exercise certain rights (unless waived), such as the acceleration of repayment of outstanding moneys on the facilities and the enforcement of their security interests. An action of this nature could have a material adverse effect on MACA's activities and financial condition.

All of MACA's banking and finance facilities contain assignment obligations which requires lender approval for the assignment of any banking and finance facility to another party. Thiess acquiring control of MACA may to be deemed as an assignment for some banking and finance facilities. Failure to obtain this approval could leave MACA exposed to a breach of banking and finance facilities agreements and potentially termination for default. At the date of this Target's Statement, MACA is unable to predict the outcome of the reviews by its banking and finance facility providers should there be a deemed assignment.

Lender approval is required prior to any change of control for some banking and finance facilities. Thiess acquiring control of MACA is likely to be deemed a change of control. Non-compliance with this obligation would result in MACA being in breach of the banking and finance facilities agreements, generally by way of a default event. Following announcement of the Offer, MACA has contacted material banking and finance facility counterparties. In relation to MACA's primary banking and finance facility (pursuant to which the Commonwealth Bank of Australia is the lender (**CBA**)), a change of control will trigger a review event and requires consent of CBA.

At the date of this Target's Statement, MACA is unable to predict the outcome of the reviews by its banking and finance facility providers should there be a change of control, nor whether they will consent to such a change of control.

If Thiess acquires control of MACA, but is unable to move to compulsory acquisition, MACA may not have access to Thiess' banking, finance and security structure. Thiess states in the Bidder's Statement that it intends that MACA would only be permitted to use cash available under Thiess' debt financing facilities, cash balance and working capital once MACA is 100% owned by Thiess and upon accession to Thiess' security structure. This can only occur after the Offer Period has concluded and Thiess completes compulsory acquisition of MACA Shares.

6.9 Historical financial information

(a) Basis of preparation

The selected historical financial information in this section has been extracted from MACA's audited consolidated financial statements for the financial years ended 30 June 2022, 30 June 2021 and 30 June 2020.

The audit reports for financial years ended 30 June 2022, 30 June 2021 and 30 June 2020 contained Key Audit Matters addressed by MACA's independent auditors, Moore Australia Audit (WA), drawing the attention of users of the financial reports to the key audit issues relevant to their audit of these financial reports.

On request, during the Offer Period, MACA will provide, within two Business Days of the request, a copy of MACA's audited consolidated financial statements for the financial year ended 30 June 2022 free of charge to any MACA Shareholder.

The information in this section is a summary only and has been prepared solely for inclusion in this Target's Statement. MACA's full financial accounts are available on its website, <https://maca.net.au> or by requesting a copy from MACA's Company Secretary on +61 8 6242 2600.

(b) **Consolidated Statements of Profit or Loss and Other Comprehensive Income**

Set out below is a summary of MACA's audited Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2022, 30 June 2021 and 30 June 2020:

		Restated *	
	30-Jun-22	30-Jun-21	30-Jun-20
	\$'000	\$'000	\$'000
Continuing Operations			
Revenue	1,650,522	1,173,920	795,755
Other Income	35,580	36,679	38,013
Direct Costs	(1,589,838)	(1,130,110)	(748,000)
Finance Costs	(10,563)	(8,521)	(6,468)
Impairment of Assets	(1,035)	(3,221)	(51,602)
Foreign Exchange Gains / (Losses)	2,547	(2,445)	1,415
Stamp Duty for Acquisition of Mining West	-	(9,392)	-
Other Expenses from Ordinary Activities	(35,231)	(24,997)	(23,044)
Profit Before Income Tax	51,982	31,913	6,069
Income Tax Expense	(14,405)	(11,246)	(2,486)
Profit After Tax from Continuing Operations	37,577	20,667	3,583
Discontinued Operations			
Profit / (Loss) After Tax from Discontinued Operations	(1,831)	(3,666)	(10,472)
Transfer of Foreign Exchange Reserve on Discontinued Operations	62	(806)	(10,567)
Profit / (Loss) for the Year	35,808	16,195	(17,456)
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations	1,299	-	(2,072)
Transfer of Foreign Exchange Reserve on Discontinued Operations	-	-	10,567
Total Comprehensive Income for the Year	37,107	16,195	(8,961)
Profit / (Loss) Attributable to:			
- Non-Controlling Interest	(6,957)	1,784	418
- Members of the Parent Entity	42,765	14,411	(17,874)
	35,808	16,195	(17,456)
Total Comprehensive Income Attributable to:			
- Non-Controlling Interest	(6,957)	1,784	418
- Members of the Parent Entity	44,064	14,411	(9,379)
	37,107	16,195	(8,961)
Earnings per Share			
From Continuing and Discontinued Operations:			
- Basic Earnings per Share (cents)	12.51	4.72	-6.67
- Diluted Earnings per Share (cents)	12.31	4.64	-6.57
From Continuing Operations:			
- Basic Earnings per Share (cents)	13.03	6.18	1.18
- Diluted Earnings per Share (cents)	12.82	6.08	1.16
From Discontinued Operations:			
- Basic Earnings per Share (cents)	-0.52	-1.46	-7.85
- Diluted Earnings per Share (cents)	-0.51	-1.44	-7.74

(c) **Consolidated Statement of Financial Position**

Below is a summary of MACA's audited Consolidated Statements of Financial Position as 30 June 2022, 30 June 2021 and 30 June 2020:

		Restated *	
	30-Jun-22	30-Jun-21	30-Jun-20
	\$'000	\$'000	\$'000
Current Assets			
Cash and Cash Equivalents	91,582	122,346	114,650
Trade and Other Receivables	278,607	279,789	154,329
Loans to Other Companies	-	-	-
Inventory and Work In Progress	81,207	49,914	9,477
Other Financial Assets	6,939	30	69
Investment in JV	31,694	-	-
Other Assets	1,327	8,418	5,550
Total Current Assets	491,356	460,497	284,075
Non-Current Assets			
Trade and Other Receivables	7,281	9,469	-
Property, Plant and Equipment #	439,935	478,779	293,318
Loans to Other Companies	-	26,841	26,841
Other Assets	852	1,175	-
Other Financial Assets	1,267	-	-
Intangible Assets	2,046	4,139	-
Deferred Tax Assets	29,661	23,406	23,559
Total Non-Current Assets	481,042	543,809	343,718
Total Assets	972,398	1,004,306	627,793
Current Liabilities			
Trade and Other Payables	242,106	246,622	111,916
Deferred Consideration Payable	-	38,500	-
Interest Bearing Liabilities	104,311	97,331	55,127
Current Tax Liabilities	6,151	10	2,169
Short-Term Provisions	34,953	32,431	15,976
Total Current Liabilities	387,521	414,894	185,188
Non-Current Liabilities			
Deferred Tax Liabilities	1,250	1,099	-
Interest Bearing Liabilities	181,333	205,240	132,945
Total Non-Current Liabilities	182,583	206,339	132,945
Total Liabilities	570,104	621,233	318,133
Net Assets	402,294	383,073	309,660
Equity			
Issued Capital	342,267	342,267	269,806
Reserves	(3,999)	(5,298)	(5,298)
Retained Profits	66,466	40,787	41,619
Parent Interest	404,734	377,756	306,127
Non-Controlling Interest	(2,440)	5,317	3,533
Total Equity	402,294	383,073	309,660

* The comparative Consolidated Statement of Financial Position as at 30 June 2021 has been restated for the change in fair value of Mining West Business according to AASB3 Business Combinations. Refer to Note 6.1 of FY2022 Annual Accounts for details.

Includes Right-Of-Use Assets

The accompanying Sections form part of these Financial Statements

(d) **Consolidated cash flow statement**

Set out below is a summary of MACA's audited consolidated statement of cash flows for the years ended 30 June 2022, 30 June 2021 and 30 June 2020.

	30-Jun-22	30-Jun-21	30-Jun-20
	\$'000	\$'000	\$'000
Cash Flows From Operating Activities			
Receipts from Customers	1,656,160	1,040,442	787,478
Payments to Suppliers and Employees	(1,498,923)	(901,306)	(652,119)
Interest Received	164	289	3,292
Interest Paid	(10,563)	(8,521)	(6,834)
Income Tax Paid	(14,368)	(12,154)	(15,187)
Net Cash Provided By / (Used In) Operating Activities	132,470	118,750	116,630
Cash Flow From Investing Activities			
Proceeds from Sale of Investments	-	-	19,836
Proceeds from Sale of Property, Plant and Equipment	20,409	2,838	7,735
Purchase of Property, Plant and Equipment*	(78,705)	(91,980)	(63,444)
Net Loans Repaid by / (Provided to) Customers	-	(100)	22,591
Purchase of Investments	(7,079)	-	(5,435)
Acquisition of Mining West	(38,500)	(136,500)	-
Net Cash Provided By / (Used In) Investing Activities	(103,875)	(225,742)	(18,717)
Cash Flow From Financing Activities			
Net Proceeds from Share Issue	-	72,461	-
Proceeds from Borrowings*	61,513	144,939	23,821
Repayment of Borrowings	(104,141)	(85,212)	(52,975)
Dividends Paid by the Parent	(17,886)	(15,243)	(13,400)
Net Cash Provided by / (Used In) Financing Activities	(60,514)	116,945	(42,554)
Net Increase / (Decrease) in Cash Held	(31,919)	9,953	55,359
Effect of Forex Rate Changes	1,155	(2,257)	(1)
Cash and Cash Equivalents at the Beginning of the Year	122,346	114,650	59,292
Cash and Equivalents at the End of the Year	91,582	122,346	114,650
During the period ended 30 June 2022 the Group acquired \$21.8 million (2021: \$50.9m) in plant and equipment by means of finance leases (included in right-of-use assets), directly from original equipment manufacturers. These acquisitions are not reflected above.			
* Non-Cash Financing and Investing Activities			
<i>The accompanying Sections form part of these Financial Statements</i>			

6.10 Material changes in MACA's financial position and financial performance

To the Directors' knowledge, and except as disclosed in this Section 6, in MACA's Audited Annual Financial Statements released to the ASX on 22 August 2022 or elsewhere in this Target's Statement or MACA's other ASX announcements, the financial position and financial performance of MACA has not materially changed since 30 June 2022.

MACA's key operating metrics, profit and cashflows are fully disclosed in MACA's Audited Annual Financial Statements released to the ASX on 22 August 2022. As noted in MACA's Audited Annual Financial Statements released to the ASX, the Group was profit making at an operating level. FY2022 was the first full year of operations following the acquisition of the Downer West business which saw MACA achieve record levels of revenue alongside a recovery in its EBITDA and NPAT margins. This was attributable to:

- (a) continued revenue growth in MACA's mining business, which provides open pit mining services across iron ore, gold, lithium and nickel commodities;
- (b) earnings recovery in MACA's civil and infrastructure segment; partially offset by
- (c) underperformance from the MACA Interquip business (60% owned by MACA) as a result of cost overruns on one EPC project (being the King of the Hills project, as announced by MACA during early 2022).

Cash and cash equivalents at 30 June 2022 was \$91.6 million.

MACA recorded an operating profit during the year ended 30 June 2022.

The carrying value of MACA's assets is sensitive to interest rates, exchange rates and also the realisable sale value of the asset and the future cash generating ability of the assets. Annual assessments are made on the cash generating ability of MACA's divisions, considering current contracted work in hand plus an allowance for estimated new work in hand.

MACA had a non-cash impairment charge in its FY2022 Financial Statements for the year ended 30 June 2022 of \$1.8 million (FY2021: \$3.2 million). An impairment charge does not affect MACA's cash flow.

6.11 Information about Joint Operations

MACA Civil Pty Ltd (**Civil**) holds a 9.4% interest in South West Gateway Alliance (**Joint Operation**), a joint arrangement structured as a strategic partnership between Civil, Acciona Construction Australia Pty Ltd, Aurecon Australasia Pty Ltd and NRW Contracting Pty Ltd. The principal place of business of the Joint Operation is Bunbury, Western Australia and the primary purpose of the joint arrangement is to facilitate the road design and construction services on behalf of the joint operators. The arrangement also enables the parties to source materials for their respective manufacturing processes that meet their individual specifications. Under the Joint Operation agreement, Civil has a 9.4% direct interest in all of the assets used, the revenue generated and the expenses incurred by the joint arrangement. Civil is also liable for 9.4% of any liabilities incurred by the joint arrangement. In addition, pursuant to the joint Operation agreement, Civil has 9.4% of the voting rights in relation to the Joint Operation.

Civil also holds a 50% interest in Bocol MACA Joint Venture, a joint arrangement structured as a strategic partnership between Civil and Bocol Constructions Pty Ltd. The principal place of business of the Bocol MACA Joint Venture is Perth, Western Australia and the primary purpose of the joint arrangement is to facilitate design and construction of public bridge and road structures on behalf of the joint operators.

The arrangement also enables the parties to source materials for their respective manufacturing processes that meet their individual specifications. Under the Bocol MACA Joint Venture agreement, Civil has a 50% direct interest in all of the assets used, the revenue generated and the expenses incurred by the joint arrangement. Civil is also liable for 50% of any liabilities incurred by the joint arrangement. In addition, pursuant to the Bocol MACA Joint Venture agreement, Civil has 50% of the voting rights in relation to the Bocol MACA Joint Venture.

South West Gateway Alliance and Bocol MACA Joint Venture are contractually established entities and are classified as joint operation. Accordingly, the Company's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangements have been included in the appropriate line items in the MACA consolidated financial statements. MACA's share of the assets employed in the joint operations that are included in the FY2022 consolidated financial statements are as follows:

			30 June 2022			30 June 2021		
			South West Gateway Alliance \$'000	Bocol MACA \$'000	Total \$'000	South West Gateway Alliance \$'000	Bocol MACA \$'000	Total \$'000
Current Assets								
Trade and Other Receivables			22,662	-	22,662	6,667	447	7,114
Work In Progress			(1,782)	-	(1,782)	(1,451)	282	(1,169)
TOTAL CURRENT ASSETS			20,880	-	20,880	5,216	729	5,945
Current Liabilities								
Trade and Other Payables			19,167	-	19,167	4,764	99	4,863
Net interest in Joint Operations			1,713	-	1,713	452	630	1,082

6.12 Performance Guarantees

MACA has indemnified its bankers and insurance bond providers in respect of bank guarantees, insurance bonds and letters of credit to various customers and suppliers for satisfactory contract performance and warranty security, in the following amounts:

- 30 Jun 2022: \$34.2 million
- 30 Jun 2021: \$29.1 million
- 30 Jun 2020: \$23.6 million

6.13 Forecasts

In the normal course of business MACA does not provide cashflow or profit & loss forecasts to the market. However, MACA does provide revenue guidance for the new financial year on annual basis normally in its annual general meeting presentation released to ASX, which allows market participants to view estimated forecast revenues for the next financial year.

On 22 August 2022, MACA's FY2022 Full Year Results investor presentation released to ASX provided MACA's revenue guidance for FY2023 of \$1.45 billion to \$1.5 billion (of which ~\$1.3 billion is contracted as at the date of that announcement). None of MACA, its Directors nor any other person gives any assurance or guarantee that the revenue guidance will actually be achieved.

The revenue guidance is based on various assumptions, such as assumptions regarding the business and operating conditions, and performance, of MACA and its clients and the economic environment, the assumption that material client contracts will not be terminated (see Section 6.7 - or if they are terminated, the assumption they can be replaced), the assumption that MACA can enter into contracts for the uncontracted portion of the guidance and assumptions that other material risk factors will not adversely impact on MACA's operations. There are risks that one or more of these, or other, assumptions may prove to be incorrect.

MACA Shareholders should therefore treat this revenue guidance with caution. Certain important factors that could cause actual revenues to differ materially from the revenue guidance include, among others, various risk factors detailed in Sections 5 and 8. The revenue guidance should, therefore, be construed in light of such risk factors and undue reliance should not be placed on it.

6.14 Recent MACA Share price history

Figure 2 depicts the trading history of MACA over the 12 months up to 23 August 2022, being the last practicable date prior to the date of this Target's Statement.

MACA Share Price Over the Past 12 Months

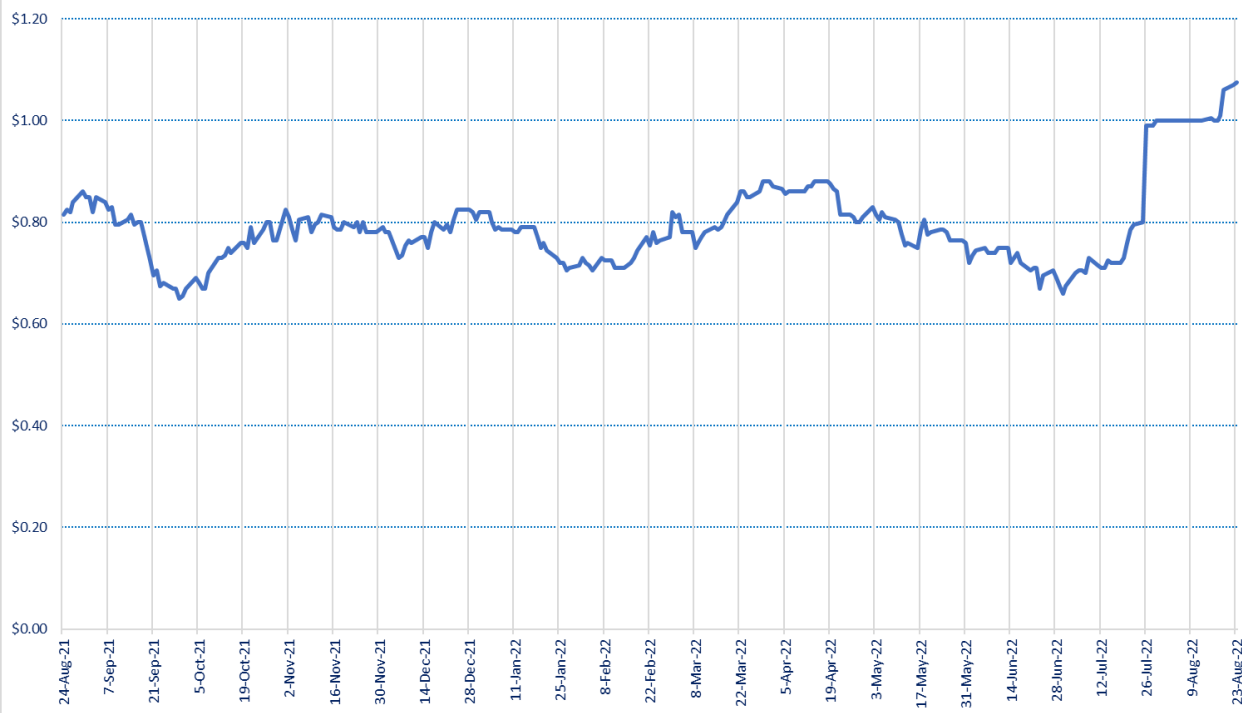


Figure 2: Trading history of MACA Shares (Source: IRESS 23 August 2022. As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this chart contains ASX share price trading information sourced from IRESS without its consent.)

At 23 August 2022, being the last practicable date prior to the date of this Target's Statement:

- (a) the last recorded traded price of MACA Shares was \$1.075 per MACA Share;
- (b) the one month VWAP of MACA Shares was \$1.021 per MACA Share;
- (c) the 3 month VWAP of MACA Shares was \$0.949 per MACA Share;
- (d) the 12 month VWAP of MACA Shares was \$0.837 per MACA Share;
- (e) the highest recorded traded price of MACA Shares in the previous 3 months was \$1.075 per MACA Share on 23 August 2022; and
- (f) the lowest recorded traded price of MACA Shares in the previous 3 months was \$0.655 per MACA Share on 1 July 2022.

The current price of MACA Shares on ASX can be obtained from the ASX website (www.asx.com.au) or www.maca.net.au.

6.15 MACA issued securities

At the date of this Target's Statement, there are 341,710,846 MACA Shares and 5,898,705 MACA Performance Rights on issue.

At the date of this Target's Statement, the following MACA Performance Rights are on issue:

Number	Class
5,898,705	Unlisted Performance Rights with nil exercise price and varying expiry dates

The vesting of Performance Rights and the number of Performance Rights that can vest is generally subject to the relative performance of the Company's share price compared to the S&P/ASX Small Ordinaries

Accumulation Index over the relevant performance period approved by the Board (usually three years) and is subject to minimum performance criteria.

MACA's recently appointed Chief Executive Officer, Mr David Greig, holds 1,704,942 of the existing MACA Performance Rights (in addition to holding interests in 67,580 MACA Shares). Further, former Chief Executive Officer and Managing Director of MACA, Mr Mike Sutton, holds 1,606,512 of the existing Performance Rights.

The Offer extends to MACA Shares that are issued during the Offer Period due to the vesting of MACA Performance Rights.

The MACA Board has resolved (in accordance with the terms of the MACA Performance Rights Plan approved by MACA Shareholders) that, in relation to the number of the 5,898,705 existing Performance Rights which remain on issue at the time when the Offer is declared unconditional and Thiess has acquired a Relevant Interest in at least 50.1% of all MACA Shares (**Vesting Event**), those Performance Rights will, subject to (if applicable) compliance with Chapter 2D.2 of the Corporations Act, automatically and immediately vest upon the Vesting Event occurring and be capable of being exercised by the holders of the Performance Rights into the same number of MACA Shares.

The Offer extends to the MACA Shares which would be issued upon such vesting of the Performance Rights.

The Board also reserves its discretion (as approved by MACA Shareholders) to determine that the Performance Rights vest at an earlier time in the event another change of control event occurs in relation to MACA (such as if a person obtains Voting Power in MACA which the Board determines is sufficient to control the composition of the Board).

6.16 Dividend Policy

MACA's Dividend Policy states that it intends to pay total dividends for each financial year in the range of 30% to 60% of the full year Net Profit After Tax. The declaration and amount of dividends are at the sole discretion of the MACA Board. In making a decision concerning the dividend, the MACA Board will take into account MACA's earnings for the period, future capital requirements and other relevant factors, such as the outlook for the business.

Thiess will be entitled to reduce the Offer Price by the amount (if any) of any dividend (or other Rights) attaching to MACA Shares to the extent that the issue or grant of the dividend or other Right is after the Announcement Date.

In light of this, and taking into account the uncertainties in relation to the business of MACA and the restrictions placed on it during the Offer Period, the MACA Board has resolved to defer its decision of whether or when any final dividend for the 2022 financial year will be declared or paid. No forecast is made of whether or when a future dividend may be paid. If the Offer does not complete (and assuming any potential third party offer to acquire MACA is not received), the MACA Board's decision as to whether to declare a dividend will be reviewed based on circumstances at the time (subject to the Board's discretion).

The MACA Board is not able to indicate if and when dividends will be paid in the future, as payment of any dividend will depend on the future profitability, financial position and cash requirements of MACA and the Board's overriding discretion.

6.17 Litigation

MACA Group is involved in various dispute resolution processes, such as pursuant to arbitration and litigation proceedings, which are not individually considered to be material to the overall Group. The Company believes that appropriate provisions and accruals have been made in MACA Group's financial statements announced to the ASX.

6.18 Publicly available information

As an ASX listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act, MACA is subject to regular reporting and disclosure obligations. Broadly, these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information.

MACA's most recent announcements are available from MACA's website at <https://maca.net.au>.

ASX maintains files containing publicly available information about entities listed on their exchange. MACA's files are available for inspection at MACA's registered office during normal business hours and are available on the ASX website (www.asx.com.au).

Additionally, copies of documents lodged with ASIC in relation to MACA may be obtained from or inspected at an ASIC service centre. Please note, ASIC may charge a fee in respect of such services.

The following documents are available for inspection during normal business hours at the registered office of MACA:

- (a) MACA's constitution;
- (b) MACA's audited financial statements for the financial years ended 30 June 2022 and 30 June 2021; and
- (c) MACA's public announcements.

The Annual Report and public announcements are available at MACA's website at <https://www.maca.net.au/> or may be requested to be provided free of charge by contacting MACA.

6.19 Transaction expenses

The Offer will result in MACA incurring fees and expenses that would not otherwise have arisen. The estimated costs and expenses to MACA associated with the Offer (including, without limitation, fees of external professional advisers to MACA and costs associated with this Target's Statement) are currently not expected to exceed A\$8 million in aggregate.

7 INFORMATION ABOUT THIESS

7.1 Disclaimer

The information in this Section and all information concerning Thiess contained in other sections of this Target's Statement has been prepared using the information contained in the Bidder's Statement and publicly available information, and has not been independently verified by MACA. Accordingly, subject to the Corporations Act, MACA does not make any representation (express or implied) as to the accuracy or completeness of such information.

7.2 Corporate information

The Bidder, Thiess Group Investments Pty Limited ACN 659 649 055, is a wholly owned subsidiary of Thiess Group Holdings Pty Ltd ACN 646 054 757 (**TGH**) a company incorporated in Australia and is headquartered in Queensland, Australia.

TGH, founded in 1934, is one of the world's largest contract miners. TGH provides a range of contract mining services across a diverse mix of commodities including iron ore, copper, gold, lithium, coal and nickel.

Refer to the Bidder's Statement for further information, including in relation to Thiess' description of its ownership structure.

7.3 Thiess directors

According to the Bidder's Statement, as at the date of the Bidder's Statement, Thiess' directors were Michael Wright and Craig Morton.

7.4 Funding of the Offer Price

The Offer is a 100% cash offer. The maximum amount of cash that will be payable by Thiess if acceptances are received for all MACA Shares on issue at the date of the Bidder's Statement is approximately A\$350.3 million.

If the:

- (a) MACA Performance Rights on issue at 26 July 2022 vest;
- (b) the holders of those Performance Rights exercise their Performance Rights; and
- (c) the holders accept the Offer in respect to the MACA Shares issued to them,

then the maximum additional amount payable by Thiess in relation to the MACA Shares to be issued upon exercise of those Performance Rights will be approximately A\$6 million.

Section 6 of the Bidder's Statement outlines the funding arrangements which Thiess stated in the Bidder's Statement will enable it to satisfy its obligations to settle acceptances under the Offer, as well as any associated transaction costs incurred by Thiess in connection with the Offer.

7.5 Further information about Thiess

Section 2 of the Bidder's Statement provides further information relating to Thiess and TGH.

8 RISK FACTORS

8.1 Introduction

In considering the Offer, MACA Shareholders should be aware of the risks related to MACA and its business. MACA is subject to a number of investment risk factors which may affect the operating and financial performance of MACA and the value of MACA Shares. Many of the risks are outside the control of MACA and the Directors, and there can be no certainty that MACA's objectives or anticipated outcomes will be achieved.

The risk factors presented in this Section are not an exhaustive list of all risks and risk factors related to MACA or the Offer. Additional risks and uncertainties not currently known to MACA may also have an adverse impact on the MACA Group. These risks (and other risks) will continue to be relevant to MACA Shareholders who do not accept the Offer and retain their investment in MACA. These risks will also continue to be relevant to all MACA Shareholders if the Offer does not proceed. Refer also to Section 5 and to MACA's ASX announcements for further information.

This Section does not take into account the investment objectives, financial situation, position or particular needs of MACA Shareholders. Each MACA Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

8.2 Risks of holding MACA Shares

(a) Reliance on the mining and civil construction and infrastructure industries⁹

MACA's financial performance is sensitive to the level of demand within the resources and mining and civil construction and infrastructure industries. The level of activity in those industries can be cyclical and sensitive to a number of factors beyond the control of MACA. In addition, MACA may not be able to predict the timing, extent or duration of the activity cycles in those industries.

Any reduction in demand from those industries, or a reduction in their reliance on contractors where clients decide to perform the services in-house, may negatively affect the growth prospects, operating results and financial performance of MACA.

(b) Reliance on project contracts

MACA derives a large proportion of its revenue from key mining services contracts and civil construction and infrastructure contracts. If any of MACA's key clients were to reduce the scope of the relevant contracts, terminate the contract, amend the pricing structure, default, or fail to renew the contract with MACA, this may have an adverse impact on the financial performance and financial position of MACA.

(c) Term and termination of project contracts or material variation of contracts

The nature of MACA's and its Subsidiaries' terms of trade is (in line with MACA's previous announcements, including in recent Annual Reports) that all of MACA's material contracts with customers are at risk of termination, either at the election of the customer without cause (i.e. termination for convenience or on short notice without penalty) or triggering a right for the customer to terminate in the event of a change of control of MACA (such as may occur pursuant to the Offer).

Consequently, if you remain a MACA Shareholder, there is a risk of one or more customers of MACA terminating their respective contracts with MACA, with adverse impacts on MACA's business, financial performance and financial position and the value of MACA Shares.

Further there are various rights for the counterparties to require a material variation or descoping of works under project contracts. The early termination or material descoping or variation of a project contract, or multiple contracts, by MACA's clients may have an adverse impact on MACA's financial performance and financial position. The quantum of this adverse impact will vary based on a number of factors, including the value of the terminated or varied contract.

If there were to be a downturn in the mining industry or civil construction and infrastructure industry, it may result in a loss of expected revenues and a limited pipeline of work once the contracts expire (or are terminated), and this would have an adverse effect on MACA's financial performance and financial position. MACA maintains a

⁹ References to these industries encompasses all of MACA's business operations, including as summarised in Section 6.

strict project monitoring regime, proactive management and decision-making to seek to mitigate project delivery risks.

There is also a risk of the Offer impacting on tenders for new client contracts and efforts to extend existing contracts.

(d) Reliance on key personnel and the need to attract qualified staff

MACA's success depends on the core competencies of its Directors and management team to operate in the resource and mining civil construction and infrastructure industries. The loss of one or more of these persons could adversely affect the growth prospects, operating results and financial performance of MACA.

Refer to the Bidder's Statement for information in relation to Thiess' intentions with respect to MACA personnel.

There can be no assurance that MACA will be able to attract or retain sufficiently qualified personnel in a timely basis or retain its key management personnel.

(e) Reliance on key client relationships

MACA has established and will continue to seek to establish important client relationships within the mining and resource industry. The loss of one or more key clients could adversely affect the growth prospects, operating results and financial performance of MACA.

Further, any reduction in operations or contractual default by a key client could adversely affect the operating results and the financial performance of MACA.

(f) Ability to win new projects and tendering risks

MACA's performance is influenced by its ability to win new projects and complete these projects in a timely and proficient manner.

There can be no assurance of whether or when MACA may be awarded new projects. In addition, even if it is awarded projects, there are further consequential risks, such as the possibility of incorrect tender pricing, incorrect productivity assumptions and other errors being made in the process of tendering for projects or the inability of MACA to carry out contractual obligations, any of which may adversely impact on MACA's financial performance and financial position.

(g) Demand risk

MACA is a contractor operating predominantly in the mining and resources and civil construction and infrastructure sectors. The future prospects of MACA are dependent on the amount of outsourcing of mining operations and civil construction and infrastructure operations. As a result, failure to obtain contracts, delays in awards of contracts, cancellations or terminations of contracts, delays in completion, changes in economic conditions and the volatile and cyclical nature of commodity prices means that the demand for MACA's services can vary markedly over relatively short periods. Accordingly, changes in market conditions could impact MACA's financial performance. The Group seeks to manage demand risk as best it can by maintaining a diversified client base and commodity mix and having a proportion of equipment and labour on hire.

(h) Contract pricing risk

MACA has a mixed exposure to contract types with different profit margins. If MACA materially underestimates the cost of providing services, equipment, or plant, there is a risk of a negative impact on MACA's financial performance. MACA follows an established tender review process to reduce the risk of under-pricing contracts.

(i) Cost increases

Increases in operating costs for labour and equipment has the potential to reduce margins. Cost over-runs or unfavourable contract outcomes could have an adverse impact on MACA's financial performance or position.

MACA follows a tender review process to reduce the risk of under-pricing contracts. However, that process cannot eliminate the risks of cost increases. For example, the Interquip business (in which MACA owns a 60% interest) experienced cost overruns at King of the Hills project, as announced by MACA during early 2022.

This risk is mitigated in part by the rise and fall provisions in the majority of contracts for fuel, labour, parts and explosives.

(j) **Industrial accidents**

The services provided by MACA involve risk both to property and persons. A serious accident may occur, causing damage, injury or death, which may have reputational, operational and financial implications for MACA.

(k) **Liability risk**

The provision of services by MACA carries with it a risk of liability for (among other things) losses arising from the provision of defective services, environmental damage, personal injury or property damage and indirect or consequential losses suffered by third parties. MACA also has material equipment finance agreements with a range of equipment financiers. MACA's insurance and contractual arrangements may not adequately protect it against such potential liabilities and any loss falling outside the scope of insurance may adversely affect its financial performance and financial position.

(l) **Compliance with banking and finance facilities**

MACA is required to comply with a number of covenants contained in its banking and finance facilities. If MACA were to breach any of the covenants, it may constitute an event of default under the banking and finance facilities. The occurrence of an event of default may entitle MACA's financiers to exercise certain rights (unless waived), such as the acceleration of repayment of outstanding moneys on the facilities and the enforcement of their security interests. An action of this nature could have a material adverse effect on MACA's activities and financial condition.

All of MACA's banking and finance facilities contain assignment obligations which requires lender approval for the assignment of any banking and finance facility to another party. Thiess acquiring control of MACA may to be deemed as an assignment for some banking and finance facilities. Failure to obtain this approval could leave MACA exposed to a breach of banking and finance facilities agreements and potentially termination for default. At the date of this Target's Statement, MACA is unable to predict the outcome of the reviews by its banking and finance facility providers should there be a deemed assignment.

Lender approval is required prior to any change of control for some banking and finance facilities. Thiess acquiring control of MACA is likely to be deemed a change of control. Non-compliance with this obligation would result in MACA being in breach of the banking and finance facilities agreements, generally by way of a default event. Following announcement of the Offer, MACA has contacted material banking and finance facility counterparties. In relation to MACA's primary banking and finance facility (pursuant to which the Commonwealth Bank of Australia is the lender (**CBA**)), a change of control will trigger a review event and requires consent of CBA.

At the date of this Target's Statement, MACA is unable to predict the outcome of the reviews by its banking and finance facility providers should there be a change of control, nor whether they will consent to such a change of control.

(m) **Insurance risks**

The key mining services contracts and civil construction and infrastructure contracts of MACA have a number of stringent insurance requirements which results in MACA maintaining a significant number of insurance policies. There is no guarantee that such insurance or any future necessary policies will be available to MACA at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by MACA now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect MACA's business. There is also the risk that any insurance claim may be rejected by the relevant insurer.

MACA's insurance may not be of a nature or level necessary to provide adequate insurance cover. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect

on the business, financial condition and results of MACA. Insurance against all risks associated with MACA's business is not always available and where available the costs can be prohibitive.

(n) **Contract management risk**

There are risks of failures by MACA in relation to its key contract management (such as breaches, non-performance or other defaults by MACA or its Subsidiaries pursuant to relevant contracts). Such failures may cause adverse outcomes such as termination, specific performance, injunctions, damages and other remedies, any of which may adversely impact on MACA's financial performance and financial position.

MACA may be impacted by insufficient access to equipment, personnel and infrastructure required to perform its obligations under its customer contracts.

(o) **Subcontracting risk**

On certain project sites, MACA utilises, and expects to continue to utilise, third party subcontractors to deliver various services. If third party subcontractors do not perform their obligations under the contracts, MACA may be subject to liability for the non-performance of third parties. There is also a risk that the loss of one or more contracts with subcontractors may lead to an increase in MACA's costs of operating or prevent MACA's normal operations.

(p) **Counterparty risks**

MACA derives its revenue from a number of customers. In the event that any of these customers fails to pay, reduces minerals production or scales back operations, terminates the relationship, defaults on a contract or fails to renew their contract with MACA (or if there are disputes with MACA customers), this may have an adverse impact on the financial performance and financial position of MACA. MACA seeks to manage this risk by regularly monitoring material counterparties and its exposures and seeks additional security when appropriate.

There are also risks that changes in relation to key MACA clients may adversely impact on MACA, such as any changes to the shareholders, directors or management of clients potentially impacting on MACA's relationships with those clients, or impacts arising from client insolvency events.

(q) **Capital and cash flow requirements**

MACA's business operations rely on the purchase or hire of new equipment as well as ongoing maintenance requirements of its existing fleet. Given the capital intensive nature of the business, if MACA is unable to obtain capital at the levels required, or on favourable terms, its ability to expand and maintain its fleet may be limited which may in turn reduce its competitiveness in the mining services industry.

In the absence of the Offer, MACA anticipates that further fundraising may be required if MACA seeks to capitalise on any potential opportunities to take on significant additional client contracts (or to seek to make business acquisitions). Depending on the nature and scope of new contract works or business acquisitions, MACA may require additional growth capital. In the event that additional funding is required, there can be no guarantee that MACA will be able to complete an equity, debt or mix of debt and equity fundraising, or as to the terms of such fundraising. To the extent that some or all of this potential fundraising is in the form of equity, if MACA Shareholders do not accept the Offer, MACA Shareholders' interest in MACA may be diluted.

The Board has not yet determined whether or when such capital raising may be required or occur, nor the form it could take.

The risk of MACA not being able to meet its financial obligations as they fall due is managed by maintaining adequate cash reserves and available borrowing facilities, as required. Errors or unforeseen changes in actual and forecast cash flows that then create a mismatch against the maturity profiles of financial assets and liabilities could have a detrimental effect on the Group's liquidity. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

There is a risk that difficult conditions in the equity and debt markets may exist in future, making it more difficult and costly for MACA to obtain funding (or potentially making it not possible to obtain funding). If MACA is unable

to obtain additional funding as and when needed, it may have a material adverse effect on MACA's financial condition, results of operations or prospects.

(r) **Equipment and availability**

The services provided by MACA are dependent on access to adequate and appropriate mining and construction equipment (and other plant and infrastructure). If MACA has difficulty in securing adequate equipment (or other plant and infrastructure) at appropriate prices and in a timely manner, or if the quality of the equipment is not acceptable or suitable, its ability to perform or commence work under new contracts may be adversely affected. This may have an adverse impact on the financial performance and financial position of MACA.

(s) **Management of growth**

There is a risk that management of MACA will not be able to implement MACA's growth strategy in the future. If MACA's management is unable to adapt to any changes required by MACA's business, it may affect MACA's financial performance.

(t) **Acquisitions**

MACA has pursued, and may in the future continue to pursue, strategic acquisitions in the course of its business. Growth through acquisition entails numerous operational, integration and financial risks. These risks include, but are not limited to, adverse matters which are not identified during due diligence on the new business, poor integration of the acquired businesses, entry into market segments with more risk than existing operations, and loss of managerial focus on existing businesses.

Additionally in relation to the acquisitions made by MACA, the goodwill represents the amounts paid for the business, less the fair value of the net assets acquired. MACA, at least annually, reviews the carrying value of goodwill and may incur impairment charges related to goodwill if the businesses or markets they serve deteriorate. Businesses that MACA acquires may have liabilities that MACA was unaware of in the course of performing due diligence investigations. Any such liabilities may have material adverse impact on MACA's business and financial position.

These risks may have an adverse impact on MACA's financial performance and financial position.

(u) **Labour costs and availability**

MACA's operations are and will continue to be reliant on suitably skilled and qualified labour. Labour represents a significant portion of operating expenses. In order to compete for work and to service clients, MACA needs to be able to continue to attract and retain skilled employees. Consequently, MACA is exposed to increased labour costs in markets where the demand for labour is strong. In addition, the labour shortage in the resource and mining industry and civil construction and infrastructure industry has created cost increases for the supply of labour and management services. A continued shortage of labour may adversely affect MACA's ability to continue with or expand its operations and may limit earnings and profitability.

There is no guarantee that MACA will be able to consistently source appropriate labour. Also, labour costs may increase further at a rate that is not contractually recoverable. Such events may have an adverse effect on MACA's financial performance and financial position.

The ability of MACA to achieve its objectives also depends upon the retention of certain key management and key external contractors. The loss of any of these key personnel and contractors may affect MACA's ability to undertake its services in a proficient and cost effective manner.

(v) **Partner risk**

MACA, in some cases, may undertake services through and participate in, joint ventures or partnering/alliance arrangements. The success of these partnering activities can be dependent on the satisfactory performance by MACA's partners. The failure of partners to meet performance obligations could impose additional financial and performance obligations that could cause significant impacts on MACA's reputation and financial results. MACA completes due diligence on potential partners prior to forming any business relationship and regularly monitors these relationships.

(w) **Operating risks**

MACA's (and its clients') operating activities are subject to certain conditions and unforeseen circumstances which may be beyond MACA's control and which have the potential to reduce revenue or increase costs or have other adverse outcomes. These conditions include, but are not limited to: (i) changes in legislative requirements (including those made in relation to COVID-19); (ii) market conditions; (iii) supply constraints and disruptions; (iv) government policies; (v) abnormal or severe weather or climatic conditions; (vi) natural disasters; (vii) unexpected maintenance, equipment or other technical problems; (viii) key equipment losses, failures or breakdowns; (ix) industrial action; (x) variations in geological conditions; (xi) human error; (xii) accidents; (xiii) information system failure; (xiv) external services failure; (xv) industrial action or disputes; (xvi) poor weather; (xvii) natural disasters and (xviii) other unforeseen events.

MACA may not be able to control the operating risks its clients are exposed to, and is unable to remove all possible operating risks relating to its own business. A disruption, or other adverse event, in relation to the operations of MACA or its customers may have an adverse impact on financial performance and financial position of MACA.

(x) **Licenses and permits**

MACA's mining services and civil construction and infrastructure activities are dependent upon the maintenance of appropriate licences, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There is no assurance renewals of the relevant licenses, leases, permits and regulatory consents will be given and there is no assurance that new conditions will not be imposed.

(y) **Project delivery risk**

The execution and delivery of projects involves judgment regarding the planning, development and operation of complex operating facilities and equipment. Some parts of MACA's business are involved in large-scale projects that may occur over extended time periods. As a result, MACA's operations, cash flows and liquidity could be affected if MACA miscalculates the resources, costs or time needed to complete a project, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions. MACA maintains a strict project monitoring regime, proactive management and decision making to mitigate project delivery risks.

(z) **Environmental**

The mining services and civil construction and infrastructure industries and in particular MACA's operations in those industries are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials.

Whilst MACA has policies and procedures in place to seek to ensure its operations are conducted in an environmentally responsible manner, any accidents or other unforeseen events may compromise MACA's environmental performance and may have an adverse impact on the reputation, financial performance and financial position of MACA.

MACA's current and proposed activities are subject to state and federal laws and regulations concerning the environment. Mining and civil construction and infrastructure operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products. Events such as unpredictable rainfall or bushfires may impact MACA's compliance with environmental legislation, regulations and licences.

Significant liabilities could be imposed on MACA for damages, clean-up costs or penalties in the event of certain breaches or other non-compliance with environmental laws or regulations. There is a risk that environmental laws and regulations become more onerous making MACA's operations more expensive resulting in MACA being subject to higher costs and compliance risks.

(aa) **Health, safety, sustainability and environment**

MACA is committed to providing a safe workplace and environment for its personnel, contractors and visitors and adheres to stringent occupational health and safety management systems. However, mining services and civil construction and infrastructure activities have inherent risks and hazards and a serious site safety incident may expose MACA to significant penalties and could have a material adverse impact on MACA's financial

performance and financial position. There can be no assurance that MACA will avoid significant costs, liability and penalties or criminal prosecution.

Additionally, current and future operations are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

(bb) Crisis Management

There is a risk of poor handling of any crisis, or other major incident, which arises in relation to MACA's business, which could result in financial and reputational harm to MACA.

For example, there may be a failure to identify and respond to a potential crisis in a timely and appropriate manner.

(cc) Competition risk

The markets in which MACA operates are subject to domestic and global competition and are also highly competitive, which may result in downward pressure on prices and margins. MACA may not always be able to match its competitors in service levels and prices which may have an adverse impact on MACA's ability to secure new contracts. MACA also has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect MACA's operation and financial performance.

(dd) Government and legal risk

Changes in government, monetary policies, taxation levels and legislation and other laws can have a significant impact on MACA's assets, operations and ultimately the financial performance of MACA and the price of MACA Shares. Such changes are likely to be beyond the control of MACA and may affect industry profitability as well as MACA's capacity to conduct its business operations. There is a risk that changes to legal and regulatory requirements may affect MACA's existing or proposed operations or its grant of, and rights and obligations in respect of, its licences, leases, permits and regulatory consents. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations of MACA.

(ee) Industrial action

MACA is subject to the risk of industrial action and work stoppages by employees and contractors who provide services which are necessary for the continued operation of MACA's businesses.

(ff) Litigation and legal proceedings

The nature of MACA's business means that it has exposure to litigation, regulatory actions or similar dispute resolution processes arising from a wide range of possible matters, including (among others) disputes with suppliers, joint venture partners, contractors, employees, subcontractors, customers, governments and regulators.

MACA may also be involved in investigations, inquiries or disputes, debt recoveries, competition disputes, public liability claims, contractual claims, land tenure and access disputes, environmental claims or occupational health and safety claims (among other claims). Any of these claims or actions could result in delays, increase costs or otherwise adversely impact the MACA Group's assets, operations, prospects, profitability or ability to operate or pursue opportunities.

(gg) Economic risk

General economic conditions (including demand for, and the prices obtained for, commodities), movements in interest and inflation rates, and currency exchange rates may have an adverse effect on MACA's activities, as well as on its ability to fund those activities.

The MACA Group's interest rate risk would increase if it enters into additional debt finance arrangements. Additional borrowings issued at variable rates will expose the MACA Group to cash flow interest rate risk. Additional borrowings issued at fixed rates will expose the MACA Group to fair value interest rate risk. Increases in interest rates, either through increases in base rates or borrowing margins, may adversely impact the MACA Group's financial position and financial performance.

Additionally, as a Group with international operations, MACA is exposed to fluctuations in the value of the Australian dollar versus other currencies. As MACA's consolidated financial results are reported in Australian dollars, if MACA generates sales or earnings or has assets and liabilities in other currencies, fluctuations in the value of the Australian dollar can result in a significant increase or decrease in the amount of those sales or earnings and net assets. MACA uses cash backed deposits to mitigate some of the US dollar currency risk. Currently MACA has unhedged exposure to the Brazilian Real, in addition to United States Dollars (pursuant to MACA's Cambodian Mining Contract).

(hh) **Cyber security**

MACA may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in MACA's software and infrastructure (some of which may be provided or managed by third parties) or impact third party providers to MACA, such as providers of cloud services. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a client's or MACA's computer systems (including any private or confidential information of clients collected or held by MACA).

While MACA does undertake measures to prevent and detect the occurrence of such disruptions and failures and continues to progress its information and communications technology (ICT) strategy, of which one initiative includes the continual review of its cyber security and ICT maturity, there is a risk that such measures may not be adequate. MACA is also exposed to the prevention measures of its clients, its information technology (IT) vendors and third parties and these may not be adequate or updated. If MACA's efforts to combat these malicious applications are unsuccessful, or if its software or infrastructure has actual or perceived vulnerabilities, MACA's business reputation and brand name may be harmed, which may result in an adverse effect on its operations and financial position.

Breaches of security, such as cyber-attacks by hackers, could also render MACA's IT infrastructure and software platforms unavailable through a disrupted denial of service or other disruptive attacks. Furthermore, any privacy or data security breaches or MACA's failure to protect private or confidential client information could also result in breaches of MACA's obligations under its contractual arrangements and applicable laws and breaches of obligations under privacy laws to notify individuals and the Australian Information Commission (or other regulatory authority).

Further, it could hinder MACA's ability to retain existing clients and attract new clients, which would have an adverse impact on MACA's future prospects. MACA's software and hardware technology infrastructure may also be exposed to damage or interruption from system failures, power loss, telecommunications failures, inadequate system maintenance, damage to the physical infrastructure, disasters from natural or human causes, misuse, human error or other unforeseen events which may cause the systems to be unavailable from time to time.

There is additionally the risk of rogue employees of MACA, or its service providers, exposing MACA to the impacts of a malicious act intended to cause harm to MACA.

MACA is also reliant on certain third party IT providers in operating its business, including cloud storage solution providers, and IT support and maintenance providers of critical IT infrastructure and software. Any failure or inadequacies or deficiencies of, or downtime in the availability of, these third party IT providers may have an impact on the availability, security and integrity of MACA's internal systems and services.

Breaches of security and disruption to MACA's services or clients could adversely impact on MACA's revenue and profitability.

(ii) **Force majeure**

MACA's contracts contain force majeure rights in favour of its clients. The occurrence of events which may lead to a declaration of force majeure, such as (but not limited to) severe weather events and civil unrest, may adversely affect MACA's financial performance and financial position, the value and price of MACA Shares and MACA's ability to operate.

(jj) **COVID-19**

Like many businesses in Australia and around the world, MACA has closely monitored – and continues to monitor – the business risks presented by the Coronavirus (COVID-19) pandemic. The long-term effect of COVID-19 on economies and MACA's business is not known, nor is the time-period in which COVID-19 will

continue to have a global impact. The impact of the COVID-19 pandemic on the Group may change over time and affect different parts of the Group in different ways. This could include impacting some of MACA's supply chain, operations, people and customers. There is also a risk that government or industry measures taken in response to COVID-19 (or deemed necessary by MACA to protect the health of its workforce), such as lockdowns and other restrictions on movements, may restrict MACA's undertaking of ordinary business operations. There is also a risk that persons whom MACA is reliant on to conduct its business may be unable to work for a period of time when they contract COVID-19 or are required to isolate or quarantine. These business interruptions may have an adverse impact on MACA's operations and affect its financial performance and financial position.

The price of MACA Shares may be adversely affected by the economic uncertainty or specific requirements for the operations triggered by the response to COVID-19.

(kk) Climate change

MACA recognises the impacts of climate change, which can include an increased incidence of extreme weather events and changes to the legal, regulatory, policy, financing and investor landscapes. MACA remains committed to understanding the impact of climate change on our business and people, and continues to seek opportunities to improve its performance in this area.

The activities and operations of MACA are subject to laws and regulations (and any changes to them) related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on the mining and civil construction and infrastructure industries that may adversely impact MACA, its financial performance and the value of MACA Shares. There can be no guarantee that MACA will not be materially impacted by these matters.

Climate change may in the future also cause certain physical or environmental risks that cannot be predicted by MACA, including events such as increased severity of weather patterns, incidence of extreme weather events and longer term physical risks such as shifts in climate patterns. Additionally, climate change may in the future result in shortages in certain consumables and other products required to sustain MACA's operations, and any such shortage could impact its operations and ability to meet its obligations to clients and regulatory requirements.

All of the risks associated with climate change may significantly and negatively affect MACA's financial performance and financial position, the value and price of MACA Shares and MACA's ability to operate.

(ll) Ukraine conflict

The current evolving conflict between Ukraine and Russia (**Ukraine Conflict**) is creating and is likely to continue to create unpredictable impacts on the global economy and financial markets. The nature and extent of the effect of the Ukraine Conflict on the performance of MACA in future remains uncertain. The trading price of MACA Shares may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict and the wider effect the conflict has on the global economy and financial markets.

The secondary and tertiary macroeconomic impacts of the Ukraine Conflict have impacted, and may continue to impact, on MACA's business, including the fluctuations in commodity and energy prices. There are also potential risks of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, may potentially adversely impact MACA's operations and are likely to be beyond the control of MACA.

While MACA has not assumed any ongoing direct business with Ukrainian, Belarusian or Russian companies, the indirect impacts of the conflict may continue to have unpredictable consequences for MACA's future business. It is expected that the situation will continually evolve, and the consequences are therefore inevitably uncertain.

(mm) Negative publicity impact on Share price

Any negative publicity or announcement relating to any of MACA, its Subsidiaries, substantial shareholders or key personnel may adversely affect the price of MACA Shares. The negative publicity may be a result of (among other things) legal proceedings, failed acquisitions, industrial accidents, COVID-19 or any other event which reflects negatively on MACA.

(nn) Tax risk

MACA is subject to taxation and other imposts. Changes in taxation laws (such as transfer pricing), or changes in the interpretation or application of existing laws by courts or applicable revenue authorities, may affect the taxation of MACA's business activities and adversely affect the financial performance and financial position of MACA.

(oo) **Financial Disclosure and guidance**

There are risks of material misstatements of reported results or forecasts, such as the revenue guidance which MACA announces from time to time, in MACA's financial statements and other ASX announcements.

MACA may provide forecasts and predictions about its future performance on the basis of assumptions, which may subsequently prove to be incorrect. Such forecasts and predictions are not a guarantee of future performance, and are subject to risks beyond the control of MACA.

(pp) **International Jurisdiction risk**

While the large majority of MACA's operations are in Australia, MACA has one project in Cambodia. The sovereign risk in Cambodia is higher than in Australia.

Operating in international jurisdictions outside of Australia could expose MACA to (among other things) additional adverse economic conditions, unfavourable financial, political, legislative, and safety regimes, conflicts, civil unrest, terrorism, security breaches, and bribery and corrupt practices.

(qq) **Other risks**

Other risks that could affect MACA include (without limitation):

- (i) public liability risk (such as those incurred in maintaining road assets requiring identified defects to be closed out within a specified timeframe);
- (ii) a major operational failure or disruption at key facilities or to communication systems which interrupt MACA's business;
- (iii) changing government regulation including tax, occupational health and safety, and changes in policy and spending;
- (iv) loss of reputation through poor project outcomes, unsafe work practices, unethical business practices, and not meeting the market's expectation of its financial performance;
- (v) the impact of rising interest rates on future cash flows and discount rates used in valuing assets and liabilities;
- (vi) increases in key commodity prices (such as oil) and inflationary pressures;
- (vii) equipment and consumables availability;
- (viii) commitments and policies on climate and carbon emissions by governments;
- (ix) technological changes and innovation; and
- (x) fraud or corruption.

Please also refer to the forward looking statements disclaimer in the Important Notices section above.

8.3 **General investment risks**

(a) **Global economic conditions**

MACA's funding position, financial performance and ability to execute its strategy is impacted by a variety of general global economic, political, social and business conditions. In addition to commodity prices and currency fluctuations, factors that have the potential to impact MACA's business include matters such as inflation, interest

rates and other general economic factors. Deterioration in any of these conditions could have an adverse impact on MACA.

Domestic and global conditions may affect the value of MACA Shares. General worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of MACA's services and variations in the operating costs and development and sustaining capital expenditure which MACA will require in the future will all impact the value of the shares, some outside of the control of MACA.

(b) Share market risks

Share market conditions may affect the value of MACA Shares regardless of MACA's operating performance. The market price of securities may be subject to varied and unpredictable influences on the market. Neither MACA nor the Directors warrant the future performance of MACA or any return to security holders.

There can be no guarantee that there will continue to be an active market for MACA Shares or that the price of MACA Shares will increase. There may be relatively few buyers or sellers of MACA Shares on-market at any given time. This may affect the volatility of the trading price of MACA Shares on-market. It may also affect the prevailing trading price at which MACA Shareholders are able to sell their MACA Shares on-market.

In addition MACA may be removed from ASX's Official List as a result of the Offer, in certain circumstances, as summarised in Section 5.3(a).

(c) Tax risks in relation to MACA Shares

Future changes in tax laws in Australia and other jurisdictions in which MACA has activities and investment interests, including changes in interpretation or application of existing laws by the courts or taxation authorities, may affect taxation treatment of MACA securities or the holding or disposal of those securities. The tax consequences for individual investors in MACA will depend on the individual tax profile and circumstances of the investor and all investors should obtain independent taxation advice with respect to their personal position.

(d) Liquidity of MACA Shares

There may be relatively few potential buyers or sellers of MACA Shares on-market at any time. This may increase the volatility of the price of MACA Shares. It may also affect the prevailing market price at which MACA Shareholders are able to sell their MACA Shares (if at all). This may result in a market price being received which is less than the price that MACA Shareholders paid to acquire their MACA Shares.

(e) Adverse changes to government policy and laws

Changes in relevant laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the financial position and operations of MACA and ultimately MACA's financial performance. These factors may ultimately affect the market price of MACA Shares.

8.4 Risks related to the outcome of the Offer

If you do not accept the Offer, maintaining your investment in MACA may also involve the following risks (among others), depending on the outcome of the Offer:

- (a) The MACA Shares acquired by Thiess under the Offer will reduce the number of MACA Shares that can be expected to be available for trading on-market. This is likely to reduce the liquidity of MACA Shares and may adversely affect the price at which they might otherwise be expected to trade.
- (b) If Thiess acquires control of MACA, it will have the power to replace the Directors with nominees of Thiess and will have enhanced capacity to influence the manner in which MACA's business is conducted. Thiess' intentions for MACA are detailed in section 4 of the Bidder's Statement, but those intentions may change, particularly as a result of the strategic review that Thiess intends to undertake. Changes to the business which are implemented by Thiess may mean that you may subsequently choose to dispose of your MACA Shares at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.

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- (c) If Thiess acquires control of MACA, but is unable to move to compulsory acquisition, MACA may not have access to Thiess' banking, finance and security structure. Thiess states in the Bidder's Statement that it intends that MACA would only be permitted to use cash available under Thiess' debt financing facilities, cash balance and working capital once MACA is 100% owned by Thiess and upon accession to Thiess' security structure. This can only occur after the Offer Period has concluded and Thiess completes compulsory acquisition of MACA Shares.

- (d) Further risks detailed in Section 5.

If Thiess acquires 90% or more of all MACA Shares and the compulsory acquisition provisions of the Corporations Act are satisfied, Thiess intends to compulsorily acquire the MACA Shares that it does not already own. If Thiess subsequently exercises compulsory acquisition rights, you will cease to be a MACA Shareholder and will not be exposed to any risk associated with MACA Shares.

In the Bidder's Statement, Thiess has stated that it intends to proceed with compulsory acquisition of all remaining MACA Shares, if it becomes entitled to do so. If you choose not to accept the Offer and Thiess subsequently exercises compulsory acquisition rights, you are likely to be paid later than other MACA Shareholders who accept the Offer.

For further details in relation to compulsory acquisition refer to Section 10.12.

If Thiess acquires a Relevant Interest in 75% or more of all MACA Shares, it may be in a position to cast the votes required to determine the outcome of a special resolution at a meeting of MACA Shareholders. This would enable it to pass resolutions, for example, to amend MACA's constitution, giving Thiess significant power to control the operations and strategy of MACA.

9 AUSTRALIAN TAXATION CONSIDERATIONS

The following is intended only as a general guide to the Australian income tax position, and other indirect tax implications, under current Australian (federal and state/territory) tax law and administrative practice as at the date of this Target's Statement. Australian tax is a complex, and ever changing, area of law and the tax implications for you may differ from those detailed below, depending on your particular circumstances. As these statements are of a general nature only, it is imperative that you obtain your own independent professional advice in respect of the tax implications of the Offer.

The following is an overview of the likely Australian tax considerations for an Australian tax resident or non-Australian tax resident MACA Shareholder who holds their MACA Shares on capital account and disposes of their shares under the Offer. This overview should be read in conjunction with section 7 of the Bidder's Statement entitled Taxation implications.

The following may not apply to certain other MACA Shareholders and do not cover MACA Shareholders who:

- (a) hold their MACA Shares as a revenue asset (i.e. trading entities or entities who acquired their MACA Shares for the purposes of resale at a profit) or as trading stock;
- (b) are partnerships or individuals who are partners of such partnerships;
- (c) hold their shares as an asset in a business that is carried on through a permanent establishment in Australia;
- (d) acquired their MACA Shares pursuant to an employee share plan;
- (e) are under a legal disability;
- (f) are exempt from Australian income tax;
- (g) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) in relation to gains and losses on their MACA Shares; or
- (h) are subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in respect of their MACA Shares.

The Australian income tax implications for non-Australian tax resident Shareholders are also complex and will depend upon their own specific circumstances. Non-Australian tax resident MACA Shareholders may also have tax implications in their country of residence.

These comments should not be a substitute for advice from an appropriate professional advisor having regard to each MACA Shareholder's individual circumstances. All MACA Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

9.1 Australian tax resident Shareholders

This Section applies to MACA Shareholders who are residents of Australia for income tax purposes. Under the Offer (if accepted), MACA Shareholders will dispose of their MACA Shares to Thiess in exchange for the Offer Price.

(a) CGT Event on the disposal of MACA Shares to Thiess

The transfer of MACA Shares to Thiess pursuant to the Offer will give rise to a capital gains tax (**CGT**) event for MACA Shareholders. The timing of the CGT event should be the date the contract to dispose of the MACA Shares is formed.

If a MACA Shareholder does not dispose of their MACA Shares under the Offer but their MACA Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those MACA Shareholders will also be treated as having disposed of their MACA Shares for CGT purposes. In this case, the CGT event will be the date when the MACA Shareholder ceases to be the owner of the MACA Shares.

(b) **Calculation of capital gain or capital loss**

MACA Shareholders will make a capital gain on the disposal of MACA Shares to the extent that the capital proceeds received (the cash consideration received from Thiess) are more than the cost base of those MACA Shares, all generally expressed in Australian dollars. Conversely, MACA Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those MACA Shares.

Capital losses can only be offset against capital gains derived in the same income year or later income years but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years.

Specific loss recoupment rules apply to companies which must be satisfied if those carry forward tax losses are to be used in future years. MACA Shareholders (as relevant) should seek their own tax advice in relation to the operation of these rules.

(c) **Cost base and reduced cost base of a MACA Share**

The cost base of a MACA Share is generally the AUD cost of their acquisition, plus any incidental costs of acquisition and disposal (such as brokerage, legal costs or duty). The reduced cost base of a MACA Share is determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the MACA Shareholder's individual circumstances. The cost base and reduced cost base of each MACA Share will depend on the individual circumstances of each MACA Shareholder.

(d) **CGT discount**

The CGT discount may apply to MACA Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their MACA Shares at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their MACA Shares to Thiess.

The CGT discount is:

- (i) one-half if the MACA Shareholder is an individual or trustee: meaning only 50% of the capital gain will be included in its assessable income; and
- (ii) one-third if the MACA Shareholder is a trustee of a complying superannuation entity: meaning only two-thirds of the capital gain will be included in its assessable income.

The CGT discount is not available to MACA Shareholders that are companies.

If the MACA Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the MACA Shareholder's net capital gain for the income year and included in assessable income.

The CGT discount rules relating to trusts are complex. Subject to certain requirements being satisfied, the capital may flow through to the beneficiaries in that trust, who will assess eligibility for the CGT discount in their own right. Accordingly, we recommend trustees seek their own independent advice on how the CGT discount applies to them and the trust's beneficiaries, if at all.

9.2 **Non-Australian tax resident Shareholders**

For any MACA Shareholder who:

- (a) is not a resident of Australia for Australian income tax purposes; and
- (b) does not hold their MACA Shares in carrying on a business through a permanent establishment (as defined) in Australia;

the disposal of their MACA Shares should generally only result in Australian CGT implications if the MACA Shares constitute an "indirect Australian real property interest".

MACA Shares will constitute an "indirect Australian real property interest" if:

- For personal use only
- (a) the non-Australian tax resident MACA Shareholder, together with its associates (as defined for Australian tax purposes), holds 10 per cent or more of MACA's issued shares at the time of the CGT event or for any 12 month period in the 24 months prior to disposal (referred to as a "non-portfolio interest"); and
 - (b) more than 50 per cent of the market value of the assets of MACA is attributable (directly or indirectly) to interests in "taxable Australian real property" (as defined in the income tax legislation).

Non-Australian tax resident MACA Shareholders should seek independent advice on determining whether the disposal of their MACA Shares will be subject to Australian CGT implications.

If a MACA Shareholder's MACA Shares do not constitute an indirect Australian real property interest, any capital gain or loss realised on the disposal of those MACA Shares should be disregarded for Australian income tax purposes.

If a MACA Shareholder's MACA Shares do constitute an indirect Australian real property interest, the transfer of MACA Shares to Thiess pursuant to the Offer will trigger a CGT event for that shareholder.

Non-Australian tax resident Shareholders may make a capital gain or a capital loss in relation to the sale of shares on capital account (again generally calculated in AUD).

The capital gain (or capital loss) should be calculated in a similar manner as described above for Australian tax resident Shareholders. However, non-Australian tax resident Shareholders should not be eligible to apply any CGT discount.

Non-Australian tax resident MACA Shareholders should seek advice from their tax advisor as to the taxation implications in their country of residence and in Australia.

9.3 Foreign resident capital gains tax withholding

A foreign resident CGT withholding applies in Australia to any transaction involving the acquisition of the legal ownership of an asset that is an "indirect Australian real property interest" (refer above) from a "relevant foreign resident". The withholding tax rate is currently 12.5%.

Under these rules, a "relevant foreign resident" is any entity that, at the time the transaction is entered into:

- (a) is known by the purchaser to be a foreign resident;
- (b) is reasonably believed by the purchaser to be a foreign resident;
- (c) is not reasonably believed by the purchaser to be an Australian resident, and either has an address outside Australia or the purchaser is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or
- (d) has a connection outside Australia of a kind specified in the regulations.

Under these rules, Thiess will be required to withhold 12.5% of the cash consideration payable under the Offer where it considers a MACA Shareholder to be a "relevant foreign resident" and the MACA Shares of the shareholder to be an "indirect Australian real property interest". However, Thiess will not be required to withhold any amounts from the cash consideration payable to a MACA Shareholder under these rules if Thiess is provided with one of the following declarations by a MACA Shareholder (unless Thiess considers the declaration to be false):

- (a) the MACA Shareholder is an Australian tax resident (residency declaration); or
- (b) the MACA Shares held by the MACA Shareholder are not "indirect Australian real property interests" (interest declaration).

Any MACA Shareholder who believes they may be impacted by the foreign resident CGT withholding rules or is unsure about whether they are able to make, and how to make, a residency declaration or an interest declaration, should seek their own professional tax advice prior to accepting the Offer.

Any MACA Shareholders who receive their cash proceeds net of foreign resident CGT withholding may be entitled to a credit in Australia for the amount paid, upon lodging an Australian income tax return. If you are unsure about whether a credit for the withholding tax may be claimed, MACA recommends you seek your own tax advice in this regard. Relevant MACA Shareholders are also recommended to seek tax advice on the treatment of such withholding in their country of residence.

9.4 Duty

Under the respective transfer / stamp duty and landholder duty provisions of each of the Australian states and territories, no duty should be payable by the MACA Shareholders on their sale of the MACA Shares.

9.5 GST

Under current GST legislation, no GST should be payable by MACA Shareholders in respect of the disposal of their shares in MACA, regardless of whether or not the MACA Shareholder is registered for GST.

MACA Shareholders may incur Australian GST on costs (such as third party brokerage and adviser fees) that relate to the Offer. MACA Shareholders that are registered for Australian GST may be entitled to recover the Australian GST payable on the costs. However, in some circumstances, recovery of the Australian GST payable on the costs, or a portion thereof, may be restricted. This will depend on each MACA Shareholder's individual circumstances, and it is recommended that professional tax advice be sought.

10 KEY FEATURES OF THE OFFER

10.1 Offer Price

The price being offered by Thiess is A\$1.025 cash per MACA Share.¹⁰

10.2 Offer Period

The Offer is currently open for acceptance and will close at 7.00pm (Sydney time) on 12 September 2022, unless extended or withdrawn in accordance with the Corporations Act.

The circumstances in which Thiess may extend or withdraw the Offer are set out in Sections 10.8 and 10.9.

10.3 Offer Conditions

Subject to Section 10.4, the completion of the Offer and any contract that results from an acceptance of the Offer, are subject to the fulfilment (or waiver) of the conditions set out below in this Section 10.3 and in the Bidder's Statement.

If any of the Offer Conditions are not satisfied or have not been waived by Thiess (noting that the FIRB Condition detailed below cannot be waived), it will have an option as to whether to proceed with the Offer or allow the Offer to lapse (except that failure to satisfy the FIRB Condition will cause the Offer to lapse). If the Offer lapses, all acceptances of the Offer will be void and of no effect.

(a) Minimum acceptance

At the end of the Offer Period, the Bidder has a Relevant Interest in more than 90% (by number) of the MACA Shares on issue at that time.

(b) Regulatory approvals

FIRB Condition

Before the end of the Offer Period, the occurrence of either of the following:

- A. the Treasurer (or his delegate) has provided a notice in writing (without any terms or conditions or with standard tax compliance conditions imposed by FIRB consistent with those set out in a publication issued by FIRB dated 3 May 2016 entitled 'Taxation Conditions of Certain No Objection Decisions' (Version 3)) stating or to the effect that the Australian Government does not object to Thiess acquiring MACA Shares under the Offer; or
- B. by reason of the elapse of time, the Treasurer (and each of his delegates) is no longer empowered under the FATA to make an order prohibiting the acquisition of MACA Shares by Thiess under the Offer.

If the FIRB Condition is not satisfied, the Offer will not become unconditional, and the MACA Shares will not be acquired by Thiess pursuant to the Offer.

No objection from ACCC

Before the end of the Offer Period, the ACCC has provided a statement in writing that it does not object to, or does not intend to intervene with respect to, Thiess acquiring MACA Shares under the Offer for the purposes of section 50 of the *Competition and Consumer Act 2010* (Cth) on an unconditional basis.

¹⁰ Under the terms of the Offer, the amount of consideration you receive from Thiess will be reduced by the amount or value of any Rights (if any) attaching to the MACA Shares in respect of which the Offer is accepted, which arise or are paid on or after 26 July 2022, which Thiess does not receive (noting that a Right includes a dividend but does not include any attaching franking credit).

(c) **No Prescribed Occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrences occur (as defined in Section 13 below).

(d) **No issue of convertible securities, derivatives or other rights**

Between the Announcement Date and the end of the Offer Period (each inclusive), MACA does not issue or grant, or agree to issue or grant, any securities, derivatives or other rights (including performance rights) convertible into or that may result in the issue of MACA Shares, or any other incentives which are convertible into or may result in the issue of, MACA Shares, under the MACA Incentive Plan or otherwise, and does not alter its capital structure or the rights attached to any of the MACA Shares (other than pursuant to the issue of MACA Shares that come to be in the bid class between the Register Date and the end of the Offer Period in accordance with the terms of, or otherwise in connection with, Performance Rights, securities, derivatives or other rights that are on issue as at the Register Date).

10.4 **Nature and benefit of Offer Conditions**

The FIRB Condition is a condition precedent to the acquisition by Thiess of any interest in MACA Shares of a kind which would cause a breach of the FATA.

Notwithstanding your acceptance of the Offer, unless and until the FIRB Condition is satisfied:

- (a) no contract for the sale of your MACA Shares will come into force or be binding on you or on Thiess;
- (b) Thiess will have no rights (conditional or otherwise) in relation to your MACA Shares;
- (c) if any of your MACA Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those MACA Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the MACA Shares to be released from sub position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules, at any time prior to satisfaction of the FIRB Condition; and
- (d) if any of your MACA Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those MACA Shares by ending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the satisfaction of the FIRB Condition.

Each of the Offer Conditions other than the FIRB Condition is a condition subsequent. The non-fulfilment of any of those conditions subsequent does not, until the end of the Offer Period, or in the case of the prescribed occurrences Offer Condition, until the third Business Day after the Offer Period, prevent a contract to sell your MACA Shares resulting from your acceptance of the Offer. If this occurs, Thiess will return by post the Acceptance Form (if any) together with all documents forwarded by you to the address shown in the Acceptance Form or destroy those documents and notify ASX of this.

Each Offer Condition is a separate, several and distinct condition. No Offer Condition will be taken to limit the meaning or effect of any other Offer Condition.

The Offer Conditions, subject to the Corporations Act, operate only for the benefit of Thiess and any breach or non-fulfilment of any of the Offer Conditions may be relied upon only by Thiess.

10.5 **Status of Offer Conditions**

Section 9.9(e) of the Bidder's Statement indicates that Thiess will give the notice on the status of the Offer Conditions on 2 September 2022 (subject to extension in accordance with the Corporations Act if the Offer Period is extended). Thiess is required to set out in this notice:

- (a) whether the Offer is free of the Offer Conditions;
- (b) whether, so far as Thiess knows, the Offer Conditions have been fulfilled; and

- (c) Thiess' Voting Power in MACA at that time.

10.6 Lapse of Offer

The Offer will lapse if the Offer Conditions are not waived or satisfied by the end of the Offer Period (or, in the case of the Prescribed Occurrences Offer Condition in Section 10.3(c), it has not been satisfied by the end of the Offer Period and is not waived by Thiess by the end of the third Business Day after the end of the Offer Period). If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances that have not yet resolved in binding contracts are void and you will retain ownership of your MACA Shares.

10.7 Variation of the Offer

Thiess may vary the Offer in any of the ways permitted by the Corporations Act, including by extending the Offer Period or by increasing the Offer Price, provided the varied terms and conditions are not less favourable to MACA Shareholders than the Offer. If Thiess varies the Offer in any of those ways, it must give written notice to ASIC and MACA and send you a copy of that notice (provided, however, that Thiess will not be required to send you a copy of the notice if, at the time of the variation, you have already accepted the Offer, the Offer is unconditional and the variation merely extends the Offer Period).

10.8 Extension of Offer Period

Thiess may extend the Offer Period at any time before giving the notice on the status of the Offer Conditions (refer to Section 10.5 above) while the Offer is subject to the Offer Conditions (and can also extend the Offer Period after giving that notice in certain narrow circumstances involving a competing bid). However, if the Offer is unconditional, Thiess may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, Thiess' Voting Power in MACA increases to more than 50% or the Offer is varied to improve the Offer Price. In this case the Offer Period will be automatically extended so that it ends 14 days after Thiess' Voting Power in MACA increases to more than 50% or the improvement in the Offer Price (as applicable).

10.9 Withdrawal of Offer

Thiess may not withdraw the Offer if you have already accepted it. However, if the Offer Conditions have not been satisfied or waived at the end of the Offer Period (or, in the case of the Prescribed Occurrences Offer Condition in Section 10.3(c), it has not been satisfied by the end of the Offer Period and is not waived by Thiess by the end of the third Business Day after the end of the Offer Period), then all acceptances will be void. Before you accept the Offer, Thiess may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

10.10 Effect of acceptance

Once you have accepted the Offer, except if the FIRB Condition has not yet been fulfilled as detailed in Section 10.4, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of your MACA Shares, except as follows:

- (a) if, at the end of the Offer Period, an Offer Condition has not been satisfied or waived (or in the case of the Prescribed Occurrences Offer Condition in Section 10.3(c), it has not been satisfied by the end of the Offer Period and is not waived by three Business Days after the end of the Offer Period), the Offer will automatically terminate, and your MACA Shares will be returned to you; or
- (b) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Thiess has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more Offer Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

If Thiess improves the Offer Price, all MACA Shareholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved price.

The effect of acceptance of the Offer is further detailed in section 9.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your MACA Shares and the representations and warranties that you are deemed to give to Thiess by accepting the Offer.

10.11 When you will receive the Offer Price

In summary, subject to section 9.10 of the Bidder's Statement, the Corporations Act and ASIC Class Order 13/521, if you accept the Offer and the Offer is, or becomes, unconditional, you will be paid on the earlier of:

- (a) 15 business days after the later of (i) receipt of your valid acceptance or (ii) the date on which the Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

Full details of when you will be paid the Offer Price by Thiess are set out in section 9.10 of the Bidder's Statement.

10.12 Compulsory acquisition

Thiess has indicated in the Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding MACA Shares. Thiess will be entitled to compulsorily acquire any outstanding MACA Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, Thiess (taken together with its associates) has a Relevant Interest in at least 90% (by number) of MACA Shares and has acquired (taken together with its associates) at least 75% (by number) of the MACA Shares that Thiess offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise).

If the compulsory acquisition thresholds are met, Thiess will have one month from the end of the Offer Period within which to give compulsory acquisition notices to MACA Shareholders who have not accepted the Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied. A MACA Shareholder has statutory rights to challenge compulsory acquisition, however this will require the relevant MACA Shareholder to establish that the terms of the Offer do not represent fair value for the MACA Shares. MACA Shareholders should be aware that, if their MACA Shares are acquired compulsorily, they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

It is also possible that Thiess will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the MACA Shares. Thiess would then have rights to compulsorily acquire MACA Shares not owned by it within six months of becoming the holder of 90%. Thiess' price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

11 ADDITIONAL INFORMATION

11.1 Implementation Deed

On 26 July 2022, Thiess and MACA entered into the Bid Implementation Deed (**Implementation Deed**) pursuant to which Thiess agreed to make a conditional off-market Offer for all MACA Shares. A full copy of the Implementation Deed was released to ASX on 26 July 2022.

Under the terms of the Implementation Deed, MACA agreed that it will, amongst other things:

- (a) provide on a timely basis all reasonable assistance to Thiess, and provide all information reasonably requested by Thiess, in order to assist Thiess to achieve the satisfaction of the FIRB Condition and ACCC no objection Offer Condition;
- (b) not do (or omit to do) anything which will, or is likely to, result in either the Offer Condition relating to 'no Prescribed Occurrences' or the Offer Condition relating to 'no issue of convertible securities, derivatives or other rights' being breached; and
- (c) provide on a timely basis all reasonable assistance to Thiess, and provide all information reasonably requested by Thiess, in order to assist Thiess to achieve the satisfaction of the Offer Condition relating to 'minimum acceptances', provided that doing so will not cause a breach, or likely breach, of any fiduciary or statutory duty owed by the Directors.

The Implementation Deed does not obligate MACA to pay a break fee to Thiess.

The Implementation Deed can be terminated by MACA or Thiess at any time by notice to the other party in the following circumstances:

- (a) if:
 - (i) the other party is in material breach of any provision of the Implementation Deed (including any representation or warranty);
 - (ii) the other party has been given notice in writing setting out details of the material breach and stating an intention to terminate the Implementation Deed; and
 - (iii) the material breach has not been remedied by the other party within 5 Business Days from the time such notice is given;
- (b) if the Directors are permitted (as detailed below) under the Implementation Deed to change, withdraw, qualify or modify their recommendation in relation the Offer and a majority, or all, of the Directors do so; or
- (c) upon, or after, the end of the Offer Period.

The Implementation Deed permits a Director to change, withdraw, qualify or modify their recommendation in relation the Offer (so that it deviates from the Directors' recommendation to MACA Shareholders as set out in this Target's Statement) if:

- (a) a majority or all of the Board determines that a Competing Proposal constitutes a Superior Proposal and the Director determines in good faith, after receiving written advice from external legal counsel, that recommending or continuing to recommend the acceptance of the Offer would be likely to constitute a breach of any fiduciary or statutory duty owed by the Director; or
- (b) the Independent Expert either:
 - (i) does not conclude that the Offer is Favourable; or
 - (ii) having concluded that the Offer is Favourable, changes that opinion for any reason to conclude that the Offer is not Favourable.

A full copy of the Implementation Deed was included in the announcement made by MACA to ASX on the Announcement Date.

11.2 Interests of Directors

(a) MACA securities

The number, description and amount of MACA securities in which each Director has a Notifiable Interest as at the date of this Target's Statement are:

Director		MACA Shares	Performance Rights
Geoff Baker ¹	Non-Executive Chairman	13,613,816	NIL
Robert Ryan ²	Independent Non-Executive Director	73,256	NIL
Nick Marinelli	Independent Non-Executive Director	NIL	NIL
David Flanagan	Independent Non-Executive Director	NIL	NIL
Rachel Rees	Independent Non-Executive Director	NIL	NIL

Notes:

1. See Appendix 3Y released to ASX on 24 December 2020 for details.

2. See Appendix 3Y released to ASX on 18 January 2021 for details

Other than disclosed to ASX, no Director acquired or disposed of a Relevant Interest in any MACA securities in the 12 month period ending on the date immediately before the date of this Target's Statement.

However, Directors may indirectly, and without their knowledge, hold MACA Shares through memberships of professional superannuation or investment funds where such funds hold MACA Shares for investment purposes.

None of the Directors hold any of the 5,898,705 MACA Performance Rights on issue at the date of this Target's Statement.

Former Managing Director and Chief Executive Officer of MACA, Mr Mike Sutton, who remains a related party of the Company at the date of this Target's Statement (due to him having recently ceased to be a Director), holds 1,606,512 MACA Performance Rights at the date of this Target's Statement. Mr Sutton resigned as a Director and CEO effective 22 July 2022.

(b) Other transactions with related parties of MACA

Related Party	Transaction	2022 \$	2021 \$
Partnership of which current director Mr Geoff Baker is a 25% partner.	Rent on Division St business premises.	1,623,640	1,578,801
Gateway Equipment Parts & Services Pty Ltd - a company of which current director Mr Geoff Baker's Family Trust is a 20% beneficial shareholder.	Hire of equipment and purchase of equipment, parts and services.	4,823,700	5,851,769
Gateway Equipment Parts & Services Pty Ltd - a company of which current director Mr Geoff Baker's Family Trust is a 20% beneficial shareholder.	Sale of equipment (Revenue)	150,000	-
Amounts payable at year end arising from above transactions	n/a		
Gateway Equipment Parts & Services Pty Ltd - a company of which current director Mr Geoff Baker's Family Trust is a 20% beneficial shareholder.		202,287	919,751

(c) Thiess securities

There are no securities of Thiess controlled or held by, or on behalf of, any Directors as at the date of this Target's Statement.

No Director acquired or disposed of a Relevant Interest in any Thiess securities in the 12 month period ending on the date immediately before the date of this Target's Statement.

(d) **Participation in the Offer**

All Directors will be treated in the same way under the Offer as all other MACA Shareholders.

(e) **Interests of Directors in contracts entered into by Thiess**

None of the Directors have any interests in contracts entered into by Thiess.

(f) **Other agreements or arrangements with Directors in connection with the Offer**

There are no other agreements or arrangements between any Director and any other person in connection with or conditional upon the outcome of the Offer, other than in their capacity as a MACA Shareholder (as applicable).

No Director has a material interest in relation to the Offer other than in their capacity as a MACA Shareholder (as applicable).

11.3 Deeds of indemnity, access and insurance

In addition to their respective contracts of engagement, MACA has entered into Deeds of Indemnity, Insurance and Access with its Directors and various executive officers, on customary terms.

MACA pays premiums in respect of a directors and officers insurance policy for the benefit of the Directors and executive officers. MACA proposes to enter into arrangements to secure directors and officers run-off insurance for any and all directors and executive officers of each member of the MACA Group for up to a 7 year period from their respective retirement dates.

11.4 Substantial holders

At 24 August 2022 the following persons had notified MACA that they had Voting Power in 5% or more of MACA Shares:

Shareholder Name	Number of MACA Shares	% of MACA Shares
Mr Kenneth Rudy Kamon	21,856,681	6.40% ¹
Dimensional Entities, being various entities and persons associated with Dimensional Fund Advisors	20,568,160	6.01% ²
Thiess and its related bodies corporate	19,903,123	5.82% ³
Samuel Terry Asset Management Pty Ltd	17,413,222	5.10% ⁴

Note:

1. The interest was first disclosed in the initial substantial holder notice in relation to a Relevant Interest held by Kenneth Rudy Kamon on 27 August 2015. Current holding based on Top 20 shareholding provided from the MACA share register and released on 22 August 2022 in MACA's Audited Annual Accounts for the year ended 30 June 2022.
2. The interest disclosed in the change of substantial holder notice announced to the ASX on 26 May 2021.
3. The interest disclosed in the change of substantial holder notice announced to ASX on 24 August 2022.
4. The interest disclosed in the initial substantial holder notice announced to ASX on 20 July 2022.

11.5 ASX announcements

The following announcements have been lodged on MACA's ASX platform between 1 July 2021 and 23 August 2022 (inclusive of both dates):

Date	Description of Announcement	Date	Description of Announcement
23/08/2022	Change in substantial holding	17/01/2022	Financial close of Mining West acquisition and Bluff sale
22/08/2022	FY22 Results Presentation	14/12/2021	Contract Award - Roy Hill
22/08/2022	Full Year Statutory Accounts	30/11/2021	Change of Director's Interest Notice
22/08/2022	Contract Updates	30/11/2021	Notification regarding unquoted securities - MLD
19/08/2022	Update on MACA's Target's Statement	19/11/2021	Final Director's Interest Notice
19/08/2022	Change in substantial holding	19/11/2021	Results of Meeting
19/08/2022	MACA response to NRW Indicative Proposal	18/11/2021	Chairman and MD AGM Address to Shareholders
18/08/2022	NWH: NRW confirms MACA (MLD) approach	15/11/2021	Jobkeeper Payments Notice
18/08/2022	Trading Halt	8/11/2021	Initial Director's Interest Notice
18/08/2022	Pause in Trading	8/11/2021	Director Appointment
18/08/2022	Change in substantial holding	5/11/2021	Change of Director's Interest Notice
17/08/2022	Change in substantial holding	3/11/2021	Notification regarding unquoted securities - MLD
11/08/2022	Completion of Dispatch of Bidder's Statement	1/11/2021	Response to media speculation
10/08/2022	Dispatch of Thiess' Bidder's Statement	1/11/2021	Pause in Trading
9/08/2022	Commencement of Dispatch of Bidder's Statement	26/10/2021	Bluff Sales Process Update
8/08/2022	Supplementary Bidder's Statement	15/10/2021	Notice of Annual General Meeting/Proxy Form
26/07/2022	Becoming a substantial holder	30/09/2021	Change of Director's Interest Notice
26/07/2022	MACA Takeover Offer From Thiess	30/09/2021	Initial Director's Interest Notice
26/07/2022	Thiess Bidder's Statement	30/09/2021	Final Director's Interest Notice
26/07/2022	Thiess Announces Cash Offer for MACA	30/09/2021	Director Appointment and Retirement
25/07/2022	Notification of cessation of securities - MLD	24/09/2021	Change of Director's Interest Notice
22/07/2022	Notification regarding unquoted securities - MLD	24/09/2021	Appendix 4G and Corporate Governance Statement
22/07/2022	Final Director's Interest Notice	24/09/2021	Annual Report to shareholders
20/07/2022	Becoming a substantial holder	17/09/2021	Date of AGM and closing date for director nominations
20/07/2022	Contract Awards	16/09/2021	Contract extension
11/07/2022	MACA Announces CEO Transition	14/09/2021	Ceasing to be a substantial holder
11/05/2022	Notification of cessation of securities - MLD	9/09/2021	MLD Euroz Hartleys Presentation
2/05/2022	Contract extension	3/09/2021	S&P DJI Announces September 2021 Quarterly Rebalance
22/04/2022	Operational and Market Update	23/08/2021	FY21 Results Presentation
9/03/2022	Euroz Hartleys Conference Presentation	23/08/2021	Dividend/Distribution - MLD
9/03/2022	MACA signs autonomy MoU	23/08/2021	Preliminary Final Report
21/02/2022	Half Year Results Presentation	9/08/2021	Director Resignation

Date	Description of Announcement	Date	Description of Announcement
21/02/2022	Dividend/Distribution - MLD	30/07/2021	BCB: Bowen Announced Preferred Bidder in Bluff Sale Process
21/02/2022	Half Yearly Report and Accounts	9/07/2021	Results of Meeting
17/02/2022	MACA Half Year Results Call		

11.6 NRW Non-Binding Conditional Indicative Proposal

On 11 August 2022, MACA received a non-binding, conditional and indicative proposal from NRW proposing that NRW acquire all the shares in MACA by way of scheme of arrangement (being the NRW Non-Binding Conditional Indicative Proposal referred to in the letter from the Chairman of MACA at the beginning of this Target's Statement).

After careful consideration of the NRW Non-Binding Conditional Indicative Proposal as a whole, and of each of its components, and after taking professional advice and liaising confidentially with NRW, the MACA Board unanimously concluded that the NRW Non-Binding Conditional Indicative Proposal is **NOT SUPERIOR** to the Offer.

Key reasons for the MACA Board's conclusion are summarised as follows:

- (a) **Consideration:** The NRW Non-Binding Conditional Indicative Proposal contemplated that only 50% of the aggregate consideration payable to MACA Shareholders as a whole would be in cash. Consequently, the value ultimately to be delivered to MACA Shareholders was uncertain given that the NRW Non-Binding Conditional Indicative Proposal did not lock in the scrip component at a certain price, but rather it would fluctuate with changes in the NRW share price from time to time.¹¹

The total consideration contemplated in the NRW Non-Binding Conditional Indicative Proposal based on what NRW referred to as the Default Option,¹² being consideration comprising of 50% cash and 50% scrip consideration, was as follows, based on historical pricing analysis:

- (i) \$1.085 per MACA Share based on the NRW closing price on 11 August 2022 which was \$2.26 per NRW share. This was 5.9% higher than the Offer.
- (ii) \$1.016 per MACA Share at the 30 day VWAP up to and including 11 August 2022 of \$1.972 per NRW share which was 0.9% lower than the Offer.
- (iii) \$1.004 per MACA Share at the 60 day VWAP up to and including 11 August 2022 of \$1.922 per NRW share which was 2.1% lower than the Offer.
- (iv) \$0.984 per MACA Share at the VWAP of \$1.841 per NRW share for the period from 11 August 2021 up to and including 11 August 2022 which was 4% lower than the Offer.

The value ultimately to be delivered to MACA Shareholders was uncertain given that 50% of the aggregate consideration¹³ would be NRW shares which may be delivered to MACA Shareholders 3 to 4 months after any potential scheme of arrangement is announced.¹⁴ In the 12 months preceding the NRW Non-Binding Conditional Indicative Proposal the closing price of NRW shares varied from a low of \$1.51 on 27 January 2022, to a high of \$2.28 on 11 March 2022.

- (b) **Uncertainty of funding:** The NRW Non-Binding Conditional Indicative Proposal indicated that the cash component of the consideration for MACA Shares was not funded. NRW had provided a financier's

¹¹ Refer to footnote 1 on page 1 of NRW's announcement to the ASX of 18 August 2022 entitled 'NRW Confirms Non-Binding Indicative Proposal To Acquire MACA Limited' (**NRW Announcement**).

¹² Refer to page 2 of the NRW Announcement.

¹³ At an NRW share price of \$2.26.

¹⁴ Refer to Annexure A of the NRW Announcement.

"letter of interest", specifying that debt funding commitments are subject to due diligence and formal credit and underwriting approvals.

NRW's (and its financier's) due diligence requests of MACA included requests for commercially sensitive and contractually confidential information. NRW is a competitor of MACA.

- (c) **Conditionality:** The NRW Non-Binding Conditional Indicative Proposal was a non-binding indicative proposal, was subject to conditions and there was no certainty that giving NRW (and its financier's) access to MACA to do due diligence would result in a binding offer or the execution of a scheme of arrangement implementation agreement. The NRW Announcement omitted some of the conditions of the NRW Non-Binding Conditional Indicative Proposal.¹⁵

The NRW Non-Binding Conditional Indicative Proposal would require MACA Shareholders to assume a number of risks that are not common to the Offer, which were taken into account by the MACA Board when assessing the NRW Non-Binding Conditional Indicative Proposal.

- (d) **MACA welcomed further discussions:** Notwithstanding the concerns in relation to the NRW Non-Binding Conditional Indicative Proposal, MACA informed NRW that if NRW could remove or reduce the risks that the NRW Non-Binding Conditional Indicative Proposal asked MACA Shareholders to assume and increase the total consideration offered, then MACA considered that there was a basis for further discussion, and would have welcomed such discussion. The MACA Board did not state (as alleged in the NRW Announcement) that MACA "does not propose to engage in further discussions in respect of the Merger Proposal in the form presented".

Since receipt of the NRW Non-Binding Conditional Indicative Proposal, MACA has not received any further proposal from NRW, or any other third party, to acquire MACA.

If another competing proposal to the Offer is received by MACA, the MACA Board will carefully consider the proposal and advise MACA Shareholders of their recommendation. No forecast is made as to whether, or when, any such competing proposal may be received, nor whether it may be a Superior Proposal.

For further information, refer to MACA's ASX announcement of 19 August 2022 entitled 'MACA Determines that the NRW Non-Binding Conditional Indicative Proposal is Not Superior to the Thiess Cash Offer'.

11.7 Consents

(a) Consents

The following parties have given and have not withdrawn, before the date of issue of this Target's Statement, their written consent to be named in this Target's Statement in the form and context in which they are named:

- (i) Thomson Geer as Australian legal advisers to MACA;
- (ii) Moore Australia Audit (WA) as auditor of MACA and its consolidated group and Moore Australia Audit (WA) has also consented to the inclusion in this Target's Statement of its audit opinions and reports for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022 in relation to MACA and its consolidated group, in the form and context in which they appear;

¹⁵ In addition to the conditions mentioned in the NRW Announcement, entry into a binding implementation agreement was stated, in the NRW Non-Binding Conditional Indicative Proposal, to be subject to no further dividends or distributions being paid and no further equity being issued by MACA. Further, the NRW Non-Binding Conditional Indicative Proposal stated that completion of the proposed acquisition of MACA would be subject to conditions, which were anticipated to be:

- ACCC providing written confirmation that it does not object to the NRW Non-Binding Conditional Indicative Proposal;
- No prescribed occurrences;
- No issue of convertible securities, derivatives or other rights; and
- Approval of MACA's shareholders by the requisite majority and the Court.

- (iii) Salient Corporate Pty Ltd as corporate adviser to MACA;
- (iv) Euroz Hartleys Limited as corporate broker to MACA; and
- (v) Computershare Investor Services Pty Ltd as MACA's Share Registry.

Grant Thornton has given and has not withdrawn, before the date of issue of this Target's Statement, its written consent to be named in this Target's Statement as the Independent Expert, in the form and context in which Grant Thornton is named, and to the inclusion of the Independent Expert's Report in this Target's Statement, and the references to it, and to Grant Thornton, in this Target's Statement, all in the form and context in which they appear.

(b) **Disclaimer**

Each person referred to in Section 11.7(a):

- (i) has not authorised or caused the issue of this Target's Statement;
- (ii) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than as specified in Section 11.7(a); and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Target's Statement other than a reference to its name and any statement or report which has been included in this Target's Statement with the consent of that person referred to in Section 11.7(a).

(c) **Directors**

Each of the Directors has given and not withdrawn their consent to be named in this Target's Statement in the form and context in which they are named; and statements attributable to them being included in this Target's Statement in the form and context in which they appear.

(d) **Other**

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement. Refer to Section 6.18.

In accordance with ASIC Class Order 13/521, MACA, on request during the Offer Period, will provide, within two Business Days of the request, a copy of such documents (or relevant extracts from those documents) free of charge to any MACA Shareholder.

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or published book, journal or comparable publication.

Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement also contains trading data obtained from IRESS and S&P Global without their consent.

11.8 ASIC declaration

On 19 August 2022, ASIC granted MACA a modification of section 648C of the Corporations Act in connection with the Offer. The effect of this modification was to allow MACA to:

- For personal use only
- (a) send an email, in lieu of this Target's Statement, to the nominated email address of those MACA Shareholders who have elected to receive communications electronically from MACA, which email contains a link to this Target's Statement and details of how to request a hard copy of this Target's Statement; and
 - (b) send a letter or postcard, in lieu of this Target's Statement, to those MACA Shareholders who have not elected to receive communications electronically from MACA, providing details of where MACA Shareholders can access an electronic copy of this Target's Statement or how to request a hard copy of this Target's Statement.

11.9 Other material information

There is no other information that MACA Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for MACA Shareholders and their professional advisers to expect to find in this Target's Statement; and
- (b) is known to any of the Directors.

In deciding what information should be included in this Target's Statement, the Directors have had regard to, amongst other things, the matters which MACA Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to MACA Shareholders and information available from public sources such as the ASX, ASIC and MACA's website at <https://maca.net.au/>.

12 AUTHORISATION

This Target's Statement is dated 24 August 2022 and was approved pursuant to a unanimous resolution passed at a meeting of the Directors.

Signed for and on behalf of

MACA Ltd

A handwritten signature in black ink, appearing to read 'G Baker', followed by a small horizontal line.

Geoff Baker, Chairman

In this Target's Statement, unless the context requires otherwise:

A\$, \$ or AUD means the lawful currency of Australia.

ACCC means the Australian Competition & Consumer Commission.

Acceptance Form has the meaning given to that term in the Bidder's Statement.

Announcement Date means 26 July 2022, the date on which the Implementation Deed was announced and released on the ASX announcements platform.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

Bid means the off-market takeover bid by Thiess for all MACA Shares (including any MACA Shares to be issued upon exercise of Performance Rights) pursuant to the Offer, under Chapter 6 of the Corporations Act.

Bidder's Statement means the replacement bidder's statement dated 8 August 2022 issued by Thiess, under Part 6.5 of the Corporations Act, in relation to the Offer.

Board means the board of directors of MACA.

Business Day means a day that is not a Saturday, Sunday or a public holiday on which banks are open for general banking business in Sydney, New South Wales.

CGT means capital gains tax.

CHESS Holding means a holding of MACA Shares on the CHESS subregister of MACA (being a register administered by ASX Settlement and which records uncertificated holdings of shares).

Competing Proposal means any offer, proposal, transaction or arrangement by a third party that, if entered into or completed, would mean a person or two or more persons (other than one or more of Thiess or its related bodies corporate or associates) would acquire all of the MACA Shares by way of takeover bid or scheme of arrangement.

Computershare means Computershare Investor Services Pty Ltd, MACA's Share Registry provider.

Control has the meaning given to that term in section 50AA of the Corporations Act and Controlled has the corresponding meaning.

Controlling Participant has the same meaning (in relation to your MACA Shares) as in the ASX Settlement Operating Rules (normally your broker).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of MACA.

EBITDA means earnings before interest, taxes, depreciation and amortisation.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Favourable means fair and reasonable, or not fair but reasonable, to MACA Shareholders.

FIRB means the foreign investment review board, administered by the FATA.

FIRB Condition has the meaning given to that term in the Bidder's Statement.

FY means financial year.

Grant Thornton means Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.

GST means the tax levied under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation Deed has the meaning given in Section 11.1.

Independent Expert means Grant Thornton.

Independent Expert's Report means the report produced by the Independent Expert set out in Annexure A of this Target's Statement.

Issuer Sponsored Holding means a holding of MACA Shares on MACA's issuer sponsored subregister.

Listing Rules or **ASX Listing Rules** means the official listing rules of ASX.

MACA or **the Company** means MACA Limited ACN 144 745 782.

MACA Board means the board of directors of MACA.

MACA Group or **the Group** means MACA and its Subsidiaries, and a **member of the MACA Group** means any one of them.

MACA Group Member any member of the MACA Group.

MACA Register means the share register of MACA Shareholders kept pursuant to the Corporations Act.

MACA Share means a fully paid ordinary share in the capital of MACA.

MACA Shareholder means a person registered in the MACA Register as the holder of one or more MACA Shares.

Moore Australia Audit (WA) means Moore Australia Audit (WA), a Western Australian partnership and a member firm of the Moore network of independent member firms affiliated with Moore International.

Notifiable Interest has same meaning given as the term "notifiable interest of a director" as defined in the ASX Listing Rules.

NPAT means net profit after tax.

NRW means NRW Holdings Limited ACN 118 300 217.

NRW Announcement means NRW's announcement to the ASX of 18 August 2022 entitled 'NRW Confirms Non-Binding Indicative Proposal To Acquire MACA Limited'.

NRW Non-Binding Conditional Indicative Proposal has the meaning given to that term in the letter from the Chairman of MACA at the beginning of this Target's Statement.

Offer means the offer by Thiess under Chapter 6 of the Corporations Act contained in the Bidder's Statement.

Offer Conditions has the meaning given in the letter from the Chairman of MACA at the beginning of this Target's Statement.

Offer Period means the period during which the Offer will remain open for acceptance.

Offer Price means A\$1.025 cash per MACA Share.

PCI means pulverised coal injection.

Performance Rights means performance rights issued by MACA prior to the Announcement Date being 5,898,705 unlisted performance rights with nil exercise price and varying expiry dates.

Prescribed Occurrences means the occurrence between the period from the Announcement Date and at the end of the Offer Period (each inclusive) of any of the following:

- (a) MACA converts all or any of its shares into a larger or smaller number of shares;
- (b) MACA or a Subsidiary of MACA resolves to reduce its share capital in any way;
- (c) MACA or a Subsidiary of MACA:
- (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) MACA or a Subsidiary of MACA issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option, other than the issue of any securities that come to be in the bid class during the period from the Register Date to the end of the Offer Period in accordance with the terms of, or otherwise in connection with, Performance Rights that are on issue on the Register Date;
- (e) MACA or a Subsidiary of MACA issues or agrees to issue convertible notes;
- (f) MACA or a Subsidiary of MACA disposes or agrees to dispose, of the whole, or a substantial part of its business or property;
- (g) MACA or a Subsidiary of MACA grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) MACA or a Subsidiary of MACA resolves to be wound up;
- (i) a liquidator or provisional liquidator of MACA or a Subsidiary of MACA is appointed;
 - (j) a court makes an order for the winding up of MACA or a Subsidiary of MACA;
- (k) an administrator of MACA or a Subsidiary of MACA is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) MACA or a Subsidiary of MACA executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of MACA or a Subsidiary of MACA.

Register Date means 8.00am Sydney, Australia time on 27 July 2022.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the MACA Shares, whether directly or indirectly, including without limitation all rights to receive dividends (but not including any attaching franking credit), to receive or subscribe for shares, units, notes, options or other securities and to receive all other distributions or entitlements declared, paid, made or issued by MACA or any subsidiary of MACA after 26 July 2022.

Section means a section of this Target's Statement.

Share Registry means Computershare Investor Services Pty Ltd.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal which in the determination of all or the majority of the Directors, acting in good faith in order to satisfy what those Directors consider to be their fiduciary or statutory

obligations (after written advice from external legal counsel and from financial advisers in relation to the financial aspects of the Competing Proposal):

- (a) is capable of being valued and capable of being completed in accordance with its terms, taking into account all legal, financial, regulatory and other aspects of such proposal, including its conditionality and the ability of the proposing party to consummate the transactions contemplated by the Competing Proposal; and
- (b) would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction more favourable to MACA Shareholders as a whole than the terms of the Offer, taking into account all of the terms and conditions of the Competing Proposal, including consideration, conditionality, funding, certainty, timing and the identity of the proponent.

Target's Statement means this target's statement, being the statement issued by MACA under Part 6.5 of the Corporations Act relating to the Offer.

TGH means Thiess Group Holdings Pty Ltd ACN 646 054 757.

Thiess means Thiess Group Investments Pty Limited ACN 659 649 055, a wholly owned subsidiary of TGH.

Vesting Event has the meaning given in Section 6.15.

Voting Power has the meaning given to it in the Corporations Act.

VWAP means the volume weighted average market price.

In this Target's Statement:

- (a) all dates and times are Sydney, New South Wales, Australia times unless otherwise indicated;
- (b) words and phrases not otherwise defined in this Target's Statement have the same meaning (if any) as is given to them by the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a reference to a person includes a reference to a corporation;
- (e) headings are for ease of reference only and do not affect the interpretation of this Target's Statement; and
- (f) a reference to a Section is to a Section in this Target's Statement unless stated otherwise.

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MACA Limited

Independent Expert's Report and Financial Services Guide

24 August 2022

Directors
MACA Limited
45 Division St
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24 August 2022

Dear Directors

Independent Expert's Report and Financial Services Guide

Introduction

MACA Limited ("MACA" or the "Company") is a leading contracting group providing services to the mining and construction industries with a specialisation in contract mining, crushing, civil construction and infrastructure maintenance and mineral processing solutions. The Company is listed on the Australian Securities Exchange ("ASX") with a market capitalisation of c. A\$273.3 million as at 25 July 2022¹.

Thiess Group Investments Pty Ltd ("Thiess" or "the Bidder") is a large mining services business and one of the largest contract mining companies globally, with operations in Asia-Pacific, the Americas and Southern Africa. The key focus of the business is contract mining and other services mainly for surface mining operations across the various stages of the mining lifecycle, with Australia and Indonesia being the key markets.

On 26 July 2022, MACA and Thiess entered into a Bid Implementation Deed ("BID") under which Thiess has agreed to make an offer to MACA shareholders ("Shareholders") to acquire all shares on issue ("MACA Shares") by way of a conditional off-market takeover offer² for A\$1.025 cash per share ("Offer Price"). Pursuant to the BID, MACA is permitted to declare and pay a dividend of up to 2.5 cents per Share ("Permitted Dividend"), however under these circumstances, Thiess is entitled to reduce the Offer Price by

¹ Based on a closing share price of A\$0.795 per share as at 25 July 2022. We have adopted the closing price on 25 July 2022 as it represents the date prior to the Takeover Offer.

² In the remainder of this document we will refer to the takeover offer as "Takeover" or "Offer" or "Takeover Offer".

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the same amount. Given the current Takeover Offer, the MACA Board has resolved to defer any decision around payment of a dividend.

The Takeover Offer is subject to the conditions precedent set out in Section 1 of this Independent Expert's Report ("IER") including that at the end of the Offer period, the Bidder has a relevant interest in more than 90% (by number) of the MACA Shares on issue at that time.

Subject to no superior proposal emerging and an Independent Expert concluding and continuing to conclude that the Offer is fair and reasonable or not fair but reasonable, the Directors unanimously recommend that MACA Shareholders accept the Offer and subject to the same qualifications, the Directors intend to accept, or procure the acceptance of the Offer for all MACA Shares held or controlled by them.

On 18 August 2022, NRW Holdings Limited ("NRW") indicated that it had submitted a non-binding indicative proposal ("NRW NBIO") to acquire MACA by way of Scheme of Arrangement for an implied estimated consideration of A\$1.085 per share (based on NRW's closing price of A\$2.26 on 11 August 2022). The consideration under the NRW NBIO is effectively a cash and scrip consideration with a maximum total cash consideration not exceeding c. A\$188.6 million (50% of the total consideration) and a total maximum scrip consideration not exceeding 83.4 million NRW shares (50% of the total consideration). Effectively, the value of the consideration will depend on the performance of the trading prices of NRW.

MACA announced on 19 August 2022 that it does not consider the current NRW NBIO a superior proposal to the Takeover Offer but indicated that it remains open to further discussion if the NRW NBIO is improved. The NRW NBIO is not capable of being executed in its current form and accordingly, we have not further commented on it for the purpose of this report. If the situation changes, Grant Thornton may be required to issue a supplementary Independent Expert's Report.

Purpose of the report and approach

The Directors have requested Grant Thornton Corporate Finance to prepare an IER stating whether or not the Offer is fair and reasonable to the security holders of the Company for the purposes of section 640 of the Corporations Act 2001 (Cth) ("Corporations Act").

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Takeover Offer is FAIR AND REASONABLE to MACA Shareholders.

Fairness assessment

In forming our opinion in relation to the fairness of the Takeover Offer, Grant Thornton Corporate Finance has compared the fair market value per share of MACA on a controlling and 100% basis to the Offer Price of A\$1.025 per MACA Share. If MACA decides to pay the Permitted Dividend, the Offer Price of A\$1.025 per share will be reduced on a A\$ for A\$ basis as regulated in the BID. We have assessed the fairness of

the Takeover Offer assuming no Permitted Dividend payment. However, the outcome for MACA shareholders and our opinion will not change if the Board of MACA decides to declare or pay the Permitted Dividend. Given the current Takeover Offer, the MACA Board has resolved to defer any decision around payment of a dividend.

The following table summarises our fairness assessment:

Fairness assessment	Section		
A\$ per MLD Share	Reference	Low	High
Fair market value of MLD Shares before the Offer	Section 6	0.969	1.209
Offer Price		1.025	1.025
Premium/(discount)		0.056	(0.184)
Premium/(discount) (%)		5.8%	(15.2%)
FAIRNESS ASSESSMENT		FAIR	

Source: GTCF analysis

The Offer Price is within our assessed valuation range of a MACA Share on a 100% basis. Accordingly, we conclude that the Takeover Offer is **FAIR** to MACA Shareholders.

MACA Shareholders should be aware that our assessment of the value per MACA Share does not reflect the price at which MACA Shares will trade if the Takeover Offer lapses. The price at which MACA Shares will ultimately trade depends on a range of factors including the future performance of the business, the liquidity of MACA Shares, macro-economic conditions and other factors.

We have assessed the fair market value of MACA Shares based on the EBIT³ multiple method ("EBIT Multiple")⁴ which we have cross-checked based on the Quoted Security Price method.

EBIT Multiple

We have summarised below our valuation assessment based on the FY23 EBIT Multiple approach.

EBIT Multiple Method - valuation summary	Section		
A\$ '000 (except where stated otherwise)	Reference	Low	High
Assessed FY23 EBIT	Section 6.1.2	75,000	80,000
Assessed EBIT Multiple	Section 6.2.3	7.25x	7.75x
Enterprise value of MACA Limited		543,750	620,000
Less: Adjusted net debt as at 30 June 2022 (post-AASB 16 basis) ²	Section 6.2.4	(254,062)	(254,062)
Add: Fair market value of surplus assets (net of taxes and realisation costs)	Section 6.2.5	47,019	54,215
Equity value of MACA Limited		336,707	420,153
Number of outstanding shares ('000s) (fully diluted)	Section 6.2.6	347,610	347,610
Value per share (A\$ per MACA Share)		0.969	1.209

Sources: S&P Global, Management⁵, GTCF analysis

Note (1): EBIT multiples are prepared on a post-AASB 16 basis and having regard to the trading prices as 11 August 2022; (2) In the calculation of net debt, we have considered only c. A\$31 million of cash as surplus. Refer to section 6 for the discussion around the surplus cash. The same approach has been adopted in the calculation of the EBIT multiple of the listed peers which have the effect of increasing it, all other things being the same.

³ Earnings before interest tax.

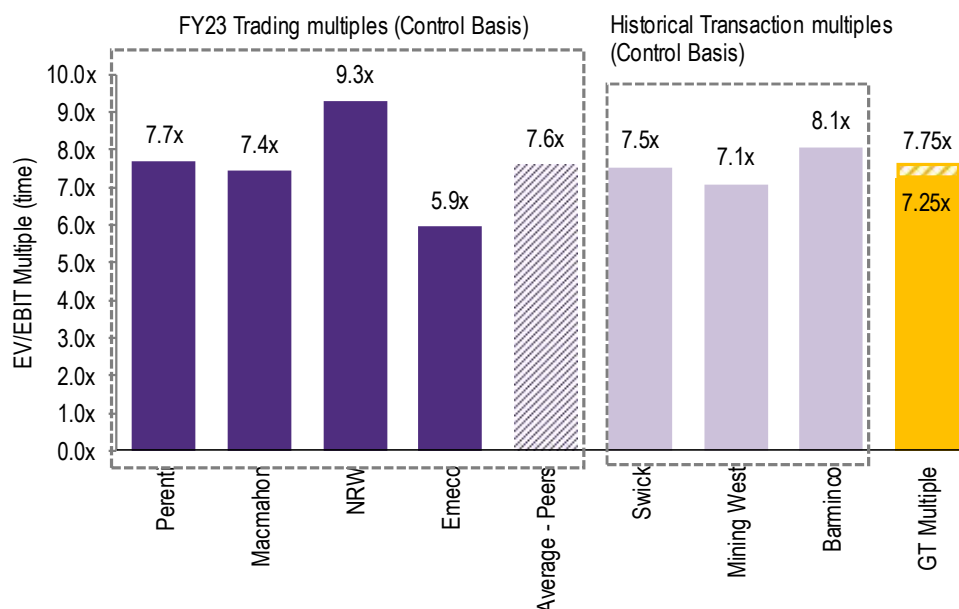
⁴ Calculated as enterprise value divided by EBIT.

⁵ As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this report contains ASX share price trading information and Brokers Reports sourced from S&P Global without its consent.

- **FY23 EBIT** – We have assessed the FY23 EBIT between A\$75 million and A\$80 million on a post-AASB 16 basis. In selecting this range, we have primarily relied on the investments' analysts consensus estimates for FY23 ("Consensus Estimates"), FY23 Budget and YTD financial performance.
- **EBIT Multiple** – The selected FY23 EBIT multiple ranges between 7.25x and 7.75x and it is based on the trading multiples of comparable companies and comparable transactions. Specifically, we note the following:
 - The average and median EBIT multiples of the listed comparable company set are 7.8x and 7.7x respectively on a control basis⁶.
 - The historical EBIT multiples of the three most comparable transactions ranged between 7.1x and 8.1x on a control basis.
 - Among the listed peers, we consider Macmahon Holdings Limited ("Macmahon"), NRW, Perenti Global Limited ("Perenti Global" or "Perenti") and Emeco Holdings Limited ("Emeco") as the relatively most comparable businesses. Among them, FY23 EBIT multiple of Perenti Global on a control basis is 7.7x and Macmahon is 7.4x.

A graphical representation of the selected multiple is outlined below:

EBIT Multiple Comparison



Source: GTCF analysis, S&P Global, Mergemarket, Company Filings.

Notes: (1) Average – Peers refers only to the peers in the graph above. Notes (2): We have applied 30% control premium to the trading multiples

- **Net debt** – Based on a review of the monthly working capital requirements, payment terms of suppliers/workforce and discussions with Management, we have assumed that only c. A\$31.6 million of the cash balance as at 30 June 2022 of c. A\$91 million can be considered surplus and accordingly

⁶ In our assessment, we have applied a control premium of 30% to the trading prices on 16 August 2022.

deducted this amount to calculate the net debt. We have adopted the same approach for the listed peers which have the effect of increasing the EBIT multiple, all other things being the same. If we would consider all the cash as surplus and deduct it from the net debt of MACA and the listed peers, the valuation assessment of MACA would not change as the EBIT multiple reduction will offset the decrease in the net debt.

- *Fair market value of the surplus assets* – They include the fair market value of the following:
 - Fair market value of the 27 million shares in Bowen Coking Coal Limited (“BCC” or “Bowen Coking Coal”) issued to MACA following the sale of the Bluff Coal project⁷ (“BCC Shares”). Our valuation assessment is based on the 30 days VWAP up to 15 August 2022 and it takes into account tax payable on disposal and sale restrictions⁸.
 - Fair market value of the 40% Interest in MACA Interquip⁹ not held by MACA¹⁰ given that the FY23 EBIT adopted in our valuation includes 100% contribution from MACA Interquip. MACA has an option to purchase the remaining 40% at a price equivalent to 5x the average EBIT over the three years before the exercise of the option. Given that in FY22, MACA Interquip generated an EBIT loss of c. A\$23 million, we have valued the minority interest at A\$nil as it is unlikely that the average three year EBIT will be a positive number at the time the call option is exercised.
 - Fair market value of the Grosvenor West Tenements. On 24 June 2022, the Queensland Registry of the Federal Court of Australia ordered a transfer of 100% of the existing fully paid ordinary shares in Wealth Mining Pty Ltd, which owns the Grosvenor West Tenements, to MACA, as it was one of the securities pledged to the Company by Carabella Resources Pty Ltd (“Carabella Resources” or “Carabella”). MACA’s legal counsel commissioned an independent valuation of the Grosvenor West Tenements (“Independent Valuation”) in November 2021 to assist in the settlement of the dispute. We have reviewed the Independent Valuation approach and conclusions and they seem reasonable. However, since completion of the Independent Valuation, metallurgical coal prices have increased significantly in the wake of the Russian invasion of Ukraine. Further, most of the listed ASX companies operating in the sector have benefited from a significant uplift in their market capitalisation with a median increase of 30% between 31 October 2021 and 12 August 2022 (refer to Appendix D for details). In order to take the above into account, in our valuation assessment of the Grosvenor West Tenements, we have adopted at the low-end of the range, the mid-point of the Independent Valuation whereas the high-end has remained unchanged.
 - Fair market value of the BCC Royalty: On 26 October 2021, MACA announced the sale of the Bluff Coal project to Bowen Coking Coal. As part of the consideration, MACA is entitled to receive a tiered royalty between US\$2/t (coal prices > US\$120/t) and US\$12/t (coal prices > US\$200/t) (“BCC Royalty”). We have assessed the BCC Royalty based on the net present value of the estimated royalty payments having regard to the mine schedule released by BCC and the current and forecast PCI prices.
 - 0.45% interest in SafeAI which is based on the capital raising completed in July 2022.

⁷ The Bluff Coal project was one of the securities pledged for the loan facility to Carabella Resources which went into receivership at the end of 2020. Refer to section 3.7 for details.

⁸ The BCC Shares are escrowed until December 2022.

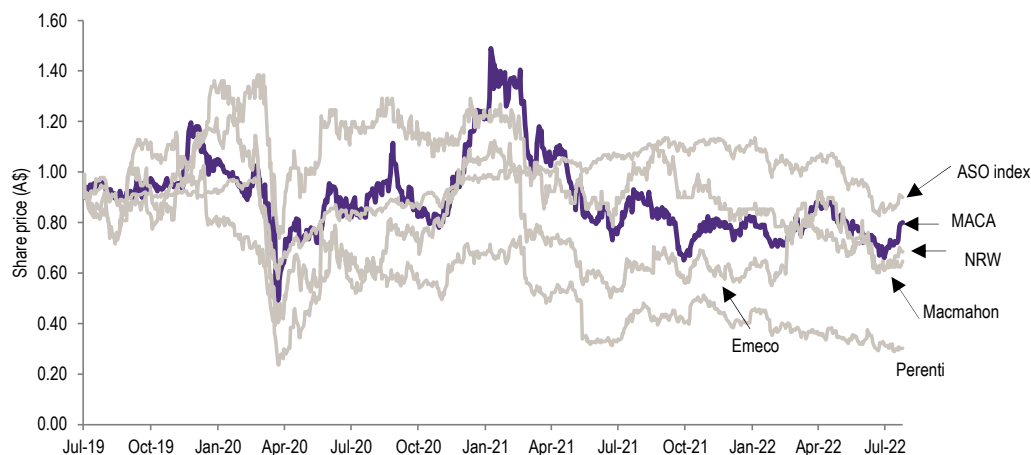
⁹ This is one of the three divisions of MACA based on its segment reporting in the annual report.

¹⁰ MACA owns a 60% interest in MACA Interquip which is consolidated in the financial accounts.

Trading price

Whilst the Offer Price is at a premium to the trading price before the announcement, MACA's trading price was low compared to historical levels at the time the Takeover was announced, and it was significantly below the price achieved before the outbreak of COVID-19. Accordingly, we are of the opinion that it is important to provide some insights into the share price movements before concluding on the fairness of the Takeover. The following graph sets out the trading price of MACA compared with the ASX Small Ordinaries Index ("ASO") NRW, Perenti, Macmahon and Emeco, considered the most comparable listed peers, since 1 July 2019 (rebased to MACA's trading price).

Trading price of MACA and peers (rebased to MACA's trading price)



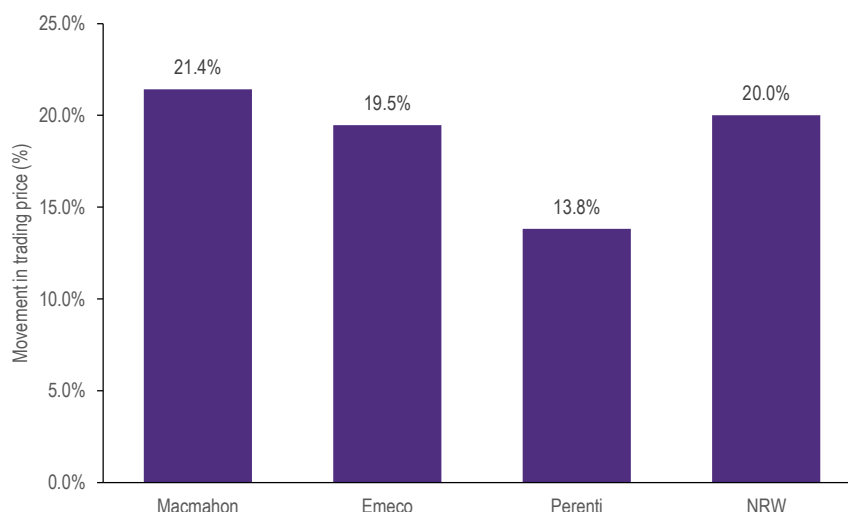
Source: S&P Global

As set out in the graph above, MACA's trading prices have outperformed all the listed peers, and they have largely followed general market trends which seems to indicate that the trading prices before the Offer were not the subject of short-term weakness and they can be relied on for the purpose of our valuation assessment.

In our cross-check valuation assessment based on the trading prices, we have considered the following:

- **Historical premiums paid:** Evidence from studies indicates that the premium for control on successful takeovers have frequently been in the range of 20% to 40% in Australia, with a median premium for control of c. 30%. In addition, we have considered the premium for control paid by acquirers in the engineering and mining services sector in the last few years which was 38% (see Appendix E).
- **Listed peers performance:** Since the announcement of the Offer, the trading prices of the listed peers have increased materially as set out in the graph below:

Trading price performance between 25 July 2022 and 22 August 2022



Source: S&P Global

It is reasonable to expect that, the trading prices of MACA would have followed the same pattern in the absence of the Takeover, all other things being the same. However, in the context of a change of control transaction, it is difficult to predict if the recent rally in the market and in the trading prices of the listed peers will be consolidated in the short term or if volatility will prevail. Some of the price appreciation may have also indirectly been triggered by the Offer and the implied multiple.

- FY23 guidance:** In conjunction with the release of the FY22 accounts, the Company provided revenue guidance for FY23 which was lower than FY22 revenue and this is expected to flow into FY23 EBIT given that operational margins across the business are anticipated to remain flat. Further, after the announcement of the Takeover, one of the investment analysts covering the stock updated its estimate for FY23 revenue and EBIT, which reduced materially. Whilst the trading prices did not react to the new information as they were supported by the Takeover Offer, if the latter lapses, the FY23 guidance may have an adverse impact on the trading prices.

Based on the above analysis, we are of the opinion that it is not unreasonable to adopt a premium for control at the high-end of the range for the purpose of our cross-check valuation assessment¹¹ which is summarised below.

Valuation summary - Quoted Security Price Method	Section		
A\$ per MACA Share unless stated otherwise	Reference	Low	High
Value per MACA share on a minority basis	6.3.2	0.72	0.80
Control premium	6.3.4	40%	45%
Value per share on a control basis		1.008	1.160

Source: CapitalIQ and GT analysis

The cross-check above supports our valuation assessment based on the EBIT multiple.

¹¹ In our valuation assessment, we have considered the 1-month VWAP to support the low-end of the range and trading price on the day prior to the Offer to support the high-end of the range.

Reasonable assessment

In accordance with ASIC RG111, if a takeover is fair it is also reasonable. Notwithstanding that we have concluded that the Takeover is fair, we have also considered the following likely advantages, disadvantages and other factors associated with the Takeover Offer.

Advantages

Premium for control

A premium for control is applicable when the acquisition of a company would give rise to benefits such as the ability to realise synergies, access technology, access tax benefits and control the Board of Directors of the Company. The Offer Price represents a premium of:

- 28.1% to the closing share price immediately before the announcement of the Offer.
- 42.2% to the 1-month VWAP¹² up to and including 25 July 2022 before the announcement of the Offer; and
- 37.4% to the 3-month VWAP up to and including 25 July 2022 before the announcement of the Offer.

This premium for control will not be available to MACA Shareholders in the absence of the Offer or a superior proposal. As set out in Appendix E, we have observed that the premiums for control for successful takeovers in Australia have usually ranged between 20% and 40% with a median of around 35%. The premium for control implied in the Offer is consistent with the median premium for control paid in Australia.

Certainty of the cash consideration

MACA Shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of MACA before the announcement of the Offer, and at a premium to the price that MACA Shares may trade in the short term in the absence of the Offer or an alternative transaction. If the Offer becomes unconditional, MACA Shareholders will no longer be exposed to some key risks associated with holding an investment in MACA which are summarised below in a non-exhaustive manner:

- *Declining margin and EPS* – As set out below, MACA's revenue significantly increased over the past decade from A\$476 million in FY13 to c. A\$1.6 billion in FY22, however over the same period, the earnings per share ("EPS") reduced from 31.5 cents to 12.7 cents. The underlying EBIT has been volatile, but it remained substantially unchanged given that the FY23 EBIT consensus estimate from investment analysts is c. A\$77 million vs an underlying EBIT of A\$75 million in FY13.

¹² Volume weighted average price.

Historical Revenue, EBIT and EPS										
A\$million unless otherwise stated	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Revenue	475.9	595.4	601.4	431.4	497.9	562.6	639.9	795.8	1,173.9	1,649.9
Revenue growth rate (%)	38.4%	25.1%	1.0%	(28.3%)	15.4%	13.0%	13.7%	24.4%	47.5%	40.6%
Underlying EBIT	74.6	85.5	79.1	34.3	46.4	29.4	28.1	45.2	61.6	60.6
Underlying EBIT margin (%)	15.7%	14.4%	13.2%	8.0%	9.3%	5.2%	4.4%	5.6%	5.6%	3.6%
Reported EBIT	74.6	85.5	79.1	34.3	46.4	29.4	28.1	(15.8)	35.7	61.4
EBIT margin (%)	15.7%	14.4%	13.2%	8.0%	9.3%	5.2%	4.4%	(2.0%)	3.4%	3.7%
Reported EPS (cents per share)	31.5	30.3	24.0	10.4	13.7	9.1	7.7	(6.7)	4.7	12.5

Source: S&P Global; GTCF analysis

We note that MACA adopted the AASB 16 accounting standard on 1 July 2019 (FY20 first full year), which all other things being the same, results in a slight increase of the EBIT.

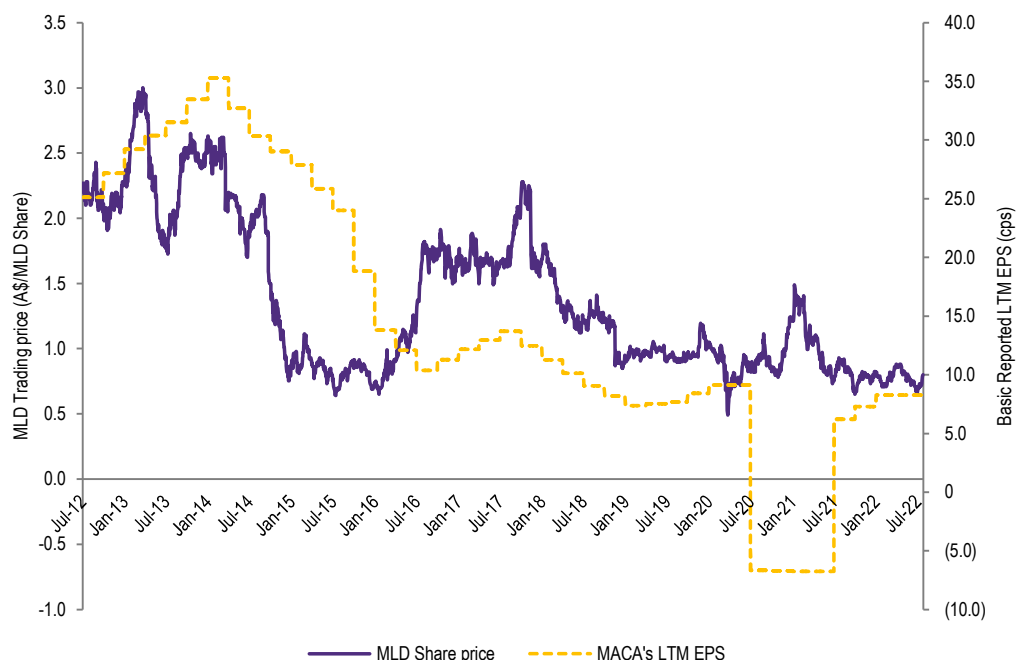
The financial performance of MACA over this period has been affected by greater level of competition, higher labour and input costs and more recently tighter labour market conditions which caused productivity challenges. These issues, which are largely outside the control of MACA, are expected to continue to impact the business going forward. For example, recently the mining contract at Karara (annual revenue of c. A\$140 million) was not renewed due to competitive pressure and this is a recurring theme in the industry. Further, the sector is prone to volatile returns as the structure of the contracts provide limited protection to the contractors in a rising costs environment or if customers face financial difficulties. We note that in August 2020, the Company recorded a A\$48 million impairment in relation to the Carabella Resources receivables and in FY22, cost overruns at the King of the Hills project (MACA Interquip Division) caused a loss of A\$23 million.

Over the period above, the financial position of MACA moved from a net cash position of A\$28.8 million on 30 June 2013 to a net debt position of A\$194 million on 30 June 2022. Further, the number of shares on issue raised from 172 million in FY13 to 342 million in FY22. Whilst significant top-line growth has been achieved over the years, the increasing competitive environment and cost of doing business have caused the return for the Shareholders to be adversely impacted.

The challenges are further exacerbated by the capital-intensive nature of the business which requires significant upfront investment in order to grow the top line. Upon the award of a new large contract, in the absence of spare fleet, MACA is required to incur significant upfront capital expenditure which, as a rule of thumb, is estimated at c. 90% of the first year's revenue. Further, the maintenance capital expenditure is a function of the age of the fleet and the complexity of the equipment with MACA incurring annual capital expenditure outlay incurred between FY20 and FY22.

- **Share price and EPS** – The trading price of MACA has trended downward over the last ten years and it has substantially followed the reduction in EPS as set out in the graph below:

MACA trading price and MACA LTM EPS since 1 July 2012



Source: S&P Global

Note (1): The EPS is calculated on an LTM basis and therefore the numbers may not agree with the annual reported EPS set out in the table earlier in this section.

Whilst the timing of the Offer may be viewed as opportunistic (see discussion in the disadvantages), it provides certainty against this earnings volatility and downward trend which lately has been caused by changes in the competitive environment and increase in the input and labour costs which were largely outside the control of MACA.

- **FY23 Guidance** – As discussed earlier, in conjunction with the announcement of the FY22 results, the Company provided revenue guidance for FY23 which is c. 12%¹³ lower than FY22 revenue. Whilst the Offer Price has provided support to the trading prices, the FY23 guidance may have an adverse impact on the value of MACA in the absence of the Takeover.
- **Risk of global recession and impact on metal prices:** Mining services demand is indirectly affected by metal prices which are intrinsically linked to the performance of the global economy. According to the International Monetary Fund (“IMF”), the growth in the global economy is forecast to decrease from 6.1% in 2021 to 3.2% in 2022. Global inflation is expected to reach 6.6% across advanced economies and 9.5% in emerging markets and developing economies. The IMF has acknowledged downside risks to these projections on account of the war in Ukraine, persistent inflation over the near-term, rising interest rates and renewed outbreaks of COVID-19. Historically, global recessions have been associated with weak commodity demand and disruptions in supply, which in turn depresses commodity prices. This may have the impact of reducing demand for mining services, adversely affecting the financial performance of MACA.

¹³ Calculated as the movement between FY22 revenue of A\$1.65 billion and the mid-point of the FY23 revenue guidance of A\$1.475 billion.

No brokerage costs

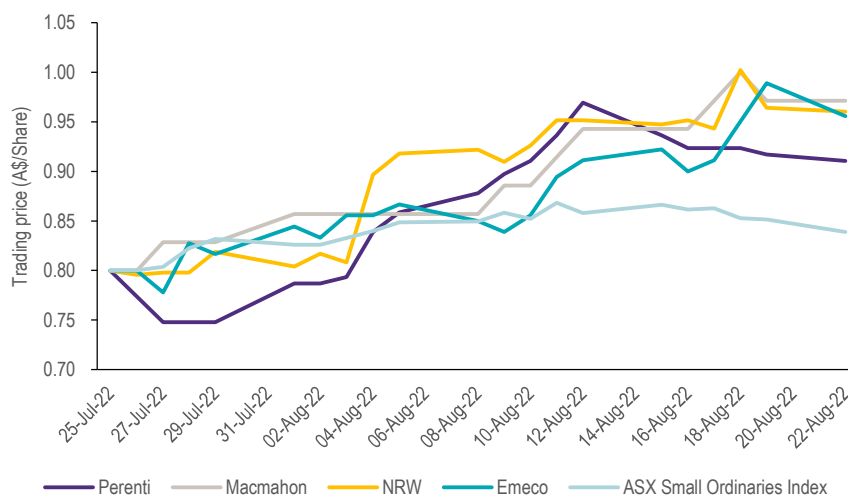
MACA Shareholders will be able to realise their investment in the Company without incurring any brokerage or stamp duty costs.

Disadvantages

The timing of the Takeover may be seen as opportunistic

Based on a review of the trading price leading up to the Takeover Offer and the trading prices of the peers after the Takeover Offer was announced, it appears that the timing of the Takeover Offer may be considered opportunistic. As set out in the graph below, the trading prices of the peers have increased materially after the announcement of the Takeover and they have followed a general market uplift.

Movement in the trading prices from the date of the Offer to 22 August 2022 (Rebased to MACA's trading price before the Offer)



Source: S&P Global

In the absence of the Takeover Offer, all other things being the same, it is likely that MACA's trading price would have followed a similar pattern. It is difficult to predict if the recent rally in the market and in the trading prices of the listed peers will be consolidated in the short term or if volatility will prevail. Some of the price appreciation may have also indirectly been triggered by the Offer and the implied multiple. Nonetheless, the recent performance of the listed peers reduces the control premium implied in the Takeover Offer. However, we note that the trading prices of the listed peers adopted in our valuation assessment reflect the recent market uplift after the announcement of the Takeover.

Further, the Company seems to be on its way to resolving some legacy issues, which may provide some valuation upside in the absence of the Takeover:

- On the Carabella Resources matter (refer to section 3.7 for details), the Company managed to secure a favourable outcome from the various sales processes and court proceedings and it now owns the Grosvenor West Tenements and the BCC Royalty. These assets are held for sale as MACA

intends to divest them to focus on the core business. In our opinion, their fair market value is higher than the book value of the residual receivables of A\$31.7 million¹⁴.

- The MACA Interquip Division generated an EBIT loss of A\$23.7 million in FY22 due to issues at the King of the Hills project. In the absence of this abnormal loss, the Company's FY22 EBIT would have been c. A\$86 million (EBIT margin of 5.2%), or the highest EBIT generated by MACA over the last decade. MACA has taken a number of steps to ensure that the issues which resulted in this large loss are not repeated which provide upside potential for the business.
- Whilst the Company has recently lost the contract at Karara, based on the FY22 Investor Presentation, the Company has a large work-in-hand and pipeline of opportunities which may assist in further growing the business.

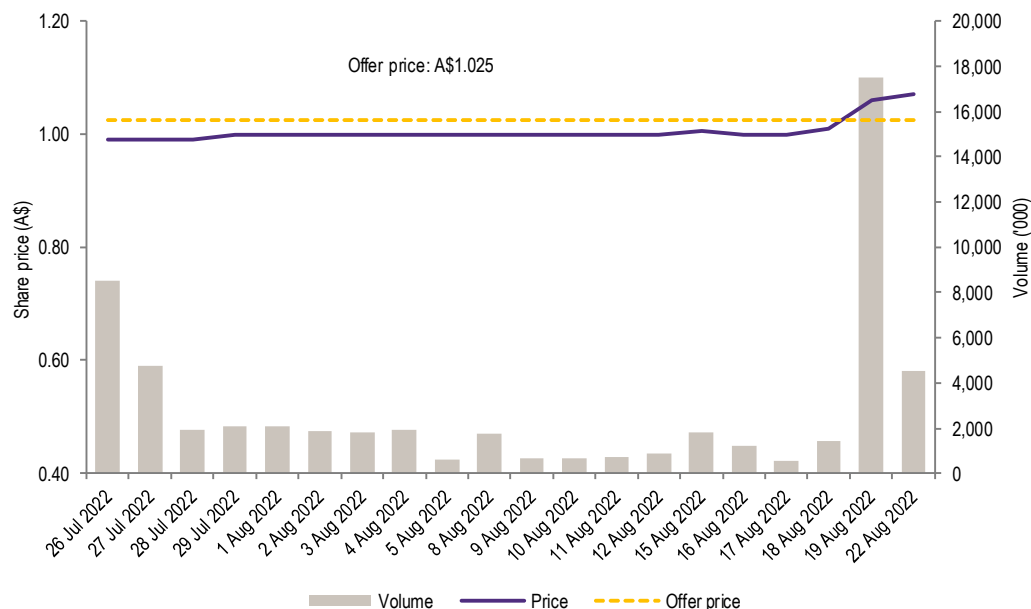
MACA Shareholders accepting the Takeover Offer, will not be able to participate in this potential valuation upside, all other things being the same.

Other factors

Share price after the announcement

As set out below, following the announcement of the Offer, the share price of MACA has traded substantially in line with the Offer Price until the announcement of the NRW NBIO. Afterwards, the trading prices have increased above the Offer Price which may indicate expectations for a superior proposal from investors.

Trading price and volume after announcement date



Source: S&P Global; GTCF analysis

¹⁴ This only includes the proportion of the working capital facility and the receivable due for the mining services provided and does not represent the fair value of the assets held by MACA.

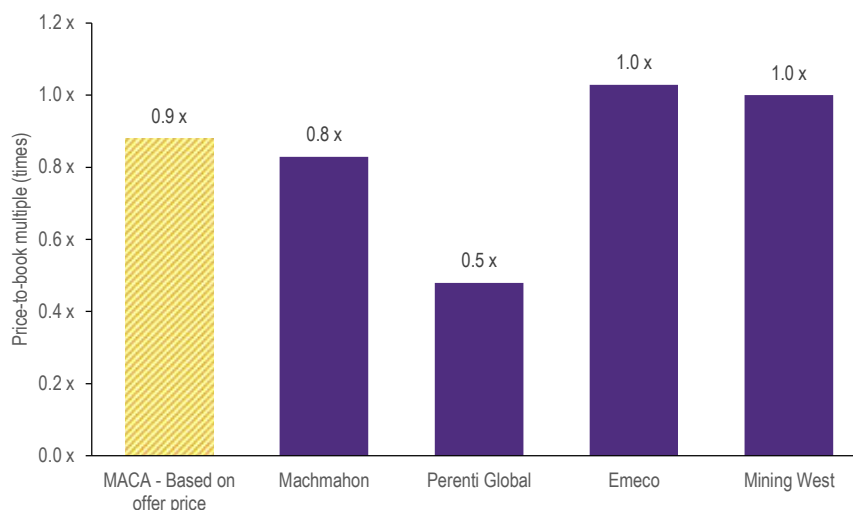
Share price in the absence of the Offer

If the Offer lapses, it is likely that MACA Shares will trade at a price below the Offer Price, at least in the short-term. However, in our opinion, based on the performance of the listed peers after the announcement of the Offer, it is unlikely that MACA trading prices will go back to the level before the announcement of the Takeover.

Discount to book value of net assets

We note that the total equity value implied in the Offer Price of A\$356.3 million is at a discount to the reported net assets of A\$404.7 million as at 30 June 2022, implying a Price-to-book multiple ("P/BV") of 0.9x on a control basis. This is consistent with the trading prices of MACA's listed peers and it is common across the industry as set out in the graph below.

P/BV for listed peers¹⁵ on a control basis and Mining West acquisition



Source: S&P Global, Company annual reports and GTCF analysis

Note (1): We have added a control premium of 30% to the trading prices of listed peers to assess the P/BV on a control basis

Note (2): The trading price of the peers is as at 22 August 2022.

In our opinion, the reasons for the slight discount to net assets is driven by the capital intensive nature of the industry, the general contracting risk and other macroeconomic factors. The P/BV multiple implied in the Offer Price is broadly in line with the listed peers and not inconsistent with the Mining West acquisition.

Value of MACA for Thiess

Thiess is one of the largest contract mining businesses, generating the majority of its revenues from operations in Australia and Indonesia. It operates across the full value chain of mining activities (excluding exploration) and is predominantly focussed on coal.

In recent times, stock prices for companies exposed to coal and other fossil fuels have underperformed relative to the upward movements in the coal price and the overall market. Further, investors' appetite for

¹⁵ We note that from the graph above, we have excluded the P/BV multiple of NRW (2.3x) as the capital intensity of the NRW business is lower, in particular outside the mining division, which accounts for c. 50% of the revenue. To put this into perspective, we note that the carrying value of the PP&E of MACA as at 30 June 2022 was A\$440 million vs A\$424 million for NRW, however, NRW's market capitalisation is c. A\$1 billion.

companies operating in industries directly or indirectly correlated with carbon emissions has declined. This is due to more stringent ESG policies implemented by institutional investors (including banks, super funds and large fund managers), which prevent them from investing in businesses with a high exposure¹⁶ to fossil fuels.

The acquisition of MACA will offer an opportunity to diversify Thiess' revenue away from coal, which we understand is consistent with the strategic objective of the Bidder.

In our opinion, the ability to acquire a large contract mining company like MACA with a strong presence in Australia and focussed on gold, iron ore and battery metals has significant strategic value for Thiess. The cost and the risk to try to replicate MACA's market position will be far greater and less certain and it will take considerably longer. Further, MACA brings to Thiess a large and skilled workforce and a large fleet which, during times of significant skilled workforce shortage and long lead times on new equipment orders, are particularly valuable.

Thiess may also be able to raise debt and equity, if required, on more attractive terms than those available to Thiess on a stand-alone basis given the reduced exposure to fossil fuel, providing additional financial flexibility and an enhanced capacity to exploit growth opportunities.

Further, MACA currently incurs certain overhead costs for being a listed entity including but not limited to audit, directors' fees, insurance, accounting, share registry and stock exchange listing fees. Upon acquisition of 100% of the issued capital of MACA and de-listing from ASX, these costs will be rationalised.

Compulsory acquisition

Thiess has stated in section 4.2 of the Bidder's Statement that, if it acquires 90% or more of MACA Shares and becomes entitled to do so under the Corporations Act, it intends to proceed to compulsorily acquire any outstanding MACA Shares. Under these circumstances, the consideration for MACA Shares being compulsorily acquired would be paid later than the time of payment if a MACA Shareholder had accepted the Offer. As such, if Thiess becomes entitled to proceed to compulsory acquisition, remaining MACA Shareholders may wish to consider accepting the Offer prior to the end of the Offer period in order to expedite receipt of the cash consideration.

Minimum Acceptance Conditions waived

As set out in the Bidder's Statement, the Bidder reserves its right to waive the minimum acceptance condition at any time, and as a result, it may acquire less than 90% but more than 50% of MACA Shares. If this occurs, non-accepting MACA Shareholders will remain as minority shareholders in MACA and be exposed to additional risks and uncertainties as the liquidity in the trading prices may reduce. Thiess may also seek to delist the MACA Shares from the ASX and to replace the Management Team and some of the directors in accordance with the Constitution and the Corporations Act.

Prospect of a superior offer or alternative transaction

There are no impediments to an alternative proposal being submitted by potentially interested parties. The transaction process should act as a catalyst for potentially interested parties to assess the merits of potential alternative transactions. If an alternative proposal on better terms was to emerge, it is expected that this would occur prior to the Takeover becoming unconditional, including an offer from NRW following

¹⁶ The maximum proportion of exposure to fossil fuels which is tolerated varies across investors.

the NRW NBIO.

Tax implications

Acceptance of the Offer may crystallise a capital gains tax liability for MACA Shareholders, however the taxation consequences for MACA Shareholders will vary according to their individual circumstances and will be impacted by various factors. MACA Shareholders should read the overview of tax implications of the Offer set out in the Target Statement and also seek independent financial and tax advice.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Takeover Offer is **REASONABLE** to MACA Shareholders.

Overall conclusion

After considering the above mentioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Takeover Offer is **FAIR AND REASONABLE** to MACA Shareholders.

Each MACA Shareholder should decide whether or not to accept the Takeover Offer based on their own views of the value of MACA and expectations about future market conditions, MACA's performance, and their individual risk profile and investment strategy.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section. The decision as to whether or not to accept the Takeover Offer is a matter for each shareholder of MACA based on their own views of value of MACA and expectations about future market conditions, MACA's performance, risk profile and investment strategy. If MACA Shareholders are in doubt about the action they should take in relation to the Takeover Offer, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



JEREMY BOGUE
Director

24 August 2022

Financial Services Guide**Grant Thornton Corporate Finance Pty Ltd**

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by MACA to provide general financial product advice in the form of an independent expert's report in relation to the Takeover Offer. This report is included in the Target Statement outlining the Takeover Offer.

Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

Remuneration

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from MACA a fee of A\$180,000 plus goods and services tax ("GST"), which is based on commercial rates plus reimbursement of out-of-pocket expenses in relation to the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

Independence

Grant Thornton Corporate Finance is required to be independent of MACA and Thiess in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of experts* issued by the Australian Securities and Investments Commission. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with MACA and Thiess (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover Offer."

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Takeover Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover Offer. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report. Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of experts" issued by ASIC.

We note that Grant Thornton US LLP ("Grant Thornton US") is the external auditor of Elliott Management LP which manages funds which owns 50% of Thiess. Grant Thornton US is a separate partnership from Grant Thornton Australia, there is no sharing of information and people and our procedures in relation to the IER are terminated when the Offer is still conditional. Grant Thornton Corporate Finance has also recently prepared an IER in relation to the takeover of CIMIC by HOCHTIEF AG. CIMIC owns the other 50% interest in Thiess. We are of the opinion that these relationships do not impact our independence.

Grant Thornton Corporate Finance has not had any involvement in the Takeover Offer other than preparing this IER. Accordingly, it believes it remains in compliance with the independence requirements as envisaged in RG112.

Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this Report and FSG. Complaints or questions about the Target Statement should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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1 Outline of the Offer

General terms of the Bid Implementation Deed

In addition to the details provided in the executive summary of this IER, the other key terms of the Offer pursuant to the Bidder's Statement are outlined below:

The Offer is subject to a number of conditions which are briefly discussed below:

- Before the end of the Offer period, the Bidder obtains Foreign Investment Review Board ("FIRB") approval.
- The Australian Competition & Consumer Commission ("ACCC") does not object to the Takeover.
- At the end of the Offer period, the Bidder has a relevant interest of greater than 90% of the MACA Shares on issue at that time.
- No prescribed occurrences (as their terms are defined under the BID).
- No issue of convertible securities, derivatives or other rights.

The Bidder must use all reasonable endeavours to ensure that the Offer extends to MACA Shares issued before the end of the Offer period in connection with the exercise of performance rights that exist on the Register Date¹⁷. As at the date of this IER, the Company has 5,898,705 performance rights issued under the MACA Performance Rights Plan whose vesting will be accelerated in order to participate in the Takeover ("Performance Rights").

Pursuant to the BID, MACA is permitted to declare and pay a dividend of up to 2.5 cents per Share, however under these circumstances, Thiess is entitled to reduce the Offer Price by the same amount. Given the current Takeover Offer, the MACA Board has resolved to defer any decision around payment of a dividend.

¹⁷ 8am Sydney, Australia time on 27 July 2022.

2 Purpose and scope of the report

2.1 Purpose

Section 640 of the Corporations Act requires that a target's statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; and
- for a bidder who is, or includes, an individual – the bidder is a director of the target company; or
- for a bidder who is, or includes, a body corporate – a director of the bidder is a director of the target company.

The independent expert's report must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's independent shareholders and provide the reasons for forming that opinion.

Whilst there is no legal requirement for the commissioning of an IER, the Directors of MACA have requested Grant Thornton Corporate Finance to prepare an independent expert's report to assist MACA Shareholders to assess the merits of the Takeover Offer and whether the Takeover Offer is fair and reasonable to the MACA Shareholders for the purposes of Section 640 of the Corporations Act.

2.2 Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this report, Grant Thornton Corporate Finance has had regard to RG 111 which establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" are in the context of a takeover offer.

As the Takeover Offer is a takeover bid, Regulatory Guide 111 "*Content of expert reports*" requires the following assessment:

- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.
- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
 - The offeror's pre-existing entitlement, if any, in the shares of the target company.
 - Other significant shareholding blocks in the target company.

- The liquidity of the market in the target company's securities.
- Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.
- Any special value of the target company to the offeror, such as particular technology or the potential to write off outstanding loans from the target company.
- The likely market price if the offer is unsuccessful.
- The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Takeover Offer is fair to the Shareholders by comparing the fair market value range of MACA Shares on a 100% basis with Offer Price of A\$1.025 per MACA Share.

In considering whether the Takeover Offer is reasonable to the MACA Shareholders, we have considered a number of factors, including:

- Whether the Takeover Offer is fair.
- The implications to MACA and MACA Shareholders if the Takeover Offer lapses.
- Other likely advantages and disadvantages associated with the Takeover Offer as required by RG111.
- Other costs and risks associated with the Takeover Offer that could potentially affect the MACA Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Takeover Offer with reference to the RG112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the Takeover Offer other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of these fees is in no way contingent upon the success or failure of the Takeover Offer.

We note that Grant Thornton US LLP ("Grant Thornton US") is the external auditor of Elliott Management LP which manages funds which owns 50% of Thiess. Grant Thornton US is a separate partnership from Grant Thornton Australia, there is no sharing of information and people and our procedures in relation to the IER are terminated when the Offer is still conditional. Grant Thornton Corporate Finance has also recently prepared an IER in relation to the takeover of CIMIC by HOCHTIEF AG. CIMIC owns the other 50% interest in Thiess. We are of the opinion that these relationships do not impact our independence.

Grant Thornton Corporate Finance has not had any involvement in the Takeover Offer other than preparing this IER. Accordingly, it believes it remains in compliance with the independence requirements as envisaged in RG112.

2.4 Consent and other matters

Our report is to be read in conjunction with the Target's Statement dated on or around 25 August 2022 in which this report is included, and is prepared for the exclusive purpose of assisting the MACA Shareholders in their consideration of the Takeover Offer. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Target's Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Takeover Offer on the MACA Shareholders as a whole. We have not considered the potential impact of the Takeover Offer on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Takeover Offer on individual shareholders.

The decision of whether or not to accept the Takeover Offer is a matter for each MACA Shareholder based on their own views of the value of MACA, expectations about future market conditions, MACA's performance, their individual risk profile and investment strategy. If MACA Shareholders are in doubt about the action they should take in relation to the Takeover Offer, they should seek their own professional advice.

3 Profile of MACA

3.1 Brief history

MACA was founded in 2002 and it was listed on the ASX in 2010. We have set out below a brief history of the Company focussed on key corporate and price catalyst events.

Year	Comments/events
2013	MACA completed the acquisition of the 40% interest it did not already own in MACA Civil. FY13 revenue was A\$475 million and FY13 EBIT was A\$74.6 million. MACA's dominant commodity exposure was gold (accounting for >70% of revenue).
2015	MACA established a presence in Brazil and South America to further pursue opportunities in these regions. As a result, FY15 revenue grew to A\$600 million however EBIT remained stable at A\$79.1 million.
2016	MACA purchased Service South East Pty Ltd, a privately owned road asset management and maintenance service provider which operated in Victoria and South Australia. The acquisition enabled MACA to establish a baseline of recurring asset management and road maintenance work to underpin the civil business going forward. The Company also acquired Alliance Contracting in January 2016. Further, MACA entered into an agreement to purchase a 60% interest in Interquip Pty Ltd ("Interquip"), a privately owned business providing end-to-end mineral processing solutions predominantly in Western Australia and Northern Territory. The agreement also included an option to purchase the remaining 40% interest. The acquisition enabled MACA to establish a SMP offering within the mining industry. FY16 revenue to A\$431.4 million and EBIT was A\$34.3 million.
2018	The Company executed a 'life of mine' contract with Carabella for the provision of mining services at the Bluff Coal project near Blackwater in the Bowen Basin in Queensland. The Company also extended a secured working capital facility of up to A\$25 million. FY18 revenue to A\$562.6 million and EBIT was A\$29.4 million.
2019	MACA secured its first nickel project, the Ravensthorpe mine. This helped MACA to diversify its commodity revenue base. FY19 revenue was A\$665.7 million and EBIT was A\$28.1 million.
2020	As a result of COVID-19 and lower coal prices, the Company reported an impairment of A\$48 million in respect of the receivables from Carabella and subsequently MACA appointed receivers and managers to protect its security debt position in Carabella. FY20 revenue (including the impact of discontinued operations) was A\$808 million and the underlying EBIT (including the impact of discontinued operations) was A\$43.9 million.
2021	The Company completed the acquisition of Downer EDI's Mining West ("Mining West") business. Following this, the Company's commodity exposure became further diversified as Mining West had a number of contracts with iron ore producers in the region. FY21 revenue (including the impact of discontinued operations) was A\$1.173 billion and the underlying EBIT (including the impact of discontinued operations) was A\$66.1 million.
2022	MACA received an off-market takeover from Thiess for A\$1.025 per MACA Share.

3.2 Company's overview

MACA provides contract mining and construction services to the mining, infrastructure and construction industries with its clients mainly based in Western Australia and Victoria. The Company operates via three main segments/divisions as outlined below:

- Mining Division¹⁸:** This is MACA's largest segment and it focuses on providing services to the gold, iron ore and battery metals industries. The services provided by the Mining Division include loading and hauling, drilling and blasting, material handling, crushing and screening. In FY22, the Mining Division reported revenue of A\$1.39 billion and EBIT (before unallocated costs) of A\$80.1 million. The Mining Division's services and revenue are primarily driven by the volumes of minerals extracted and handled. It usually provides its services to operating mines and for as long as the relevant

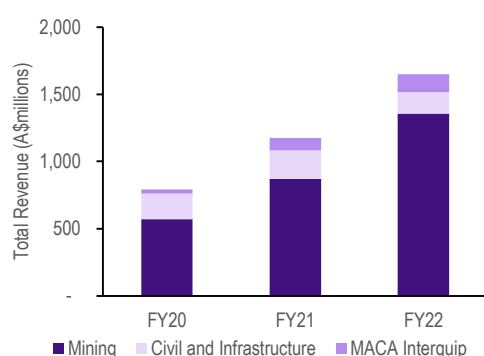
¹⁸ It includes mining and crushing.

projects remain profitable, production levels and the related services provided by MACA tend to be less dependent from the commodity cycle.

- Civil and Infrastructure Division:** Clients of this division primarily comprise of government agencies that are responsible for delivering infrastructure projects or mining companies that typically require earthworks. The services provided include road maintenance and construction, bridgeworks, parks and gardens, vegetation management, civil construction, bulk earthworks, drainage and aerodromes. In FY22, the Civil and Infrastructure Division reported revenue of A\$159.4 million and EBIT (before unallocated costs) of A\$4.8 million.
- MACA Interquip Division (60% interest):** Customers in this segment comprise of mining businesses and companies operating in the wider energy and resources sector. The services provided include small to large scale SMP projects and designing and constructing of new and refurbished plant and equipment. In FY22, the MACA Interquip Division (on a 100% basis) reported revenue of A\$133.6 million and an EBIT loss (before unallocated costs) of A\$23.7 million. The MACA Interquip Division is 60% owned by MACA and consolidated in its accounts. The residual interest is held by the founding shareholders.

The following graphs provide the revenue and EBIT breakdown by division over the last three years.

Historical revenue by segment

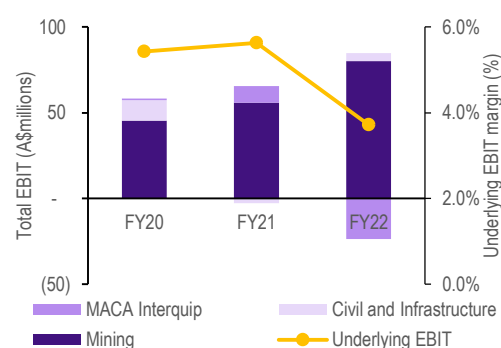


Source: MACA Annual Reports

Note (1): FY21 includes 5 months of contribution from Downer EDI's Mining West business which was acquired by MACA in February 2021.

Note (2): MACA Interquip's revenue is on a 100% basis.

Historical EBIT by segment



Source: MACA Annual Reports

Note (1): FY21 includes 5 months of contribution from Downer EDI's Mining West business which was acquired by MACA in February 2021.

Note (2): MACA Interquip's EBIT / loss is on a 100% basis.

Note (3): The segment EBIT is before unallocated costs.

Between FY20 and FY22, MACA continued to grow the business through a combination of organic and external growth, as summarised below:

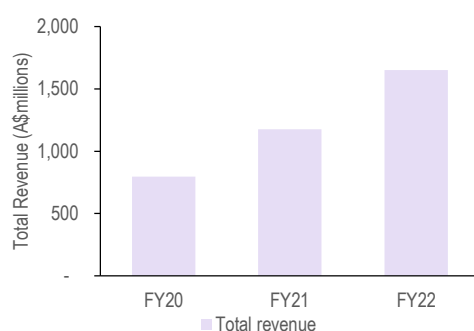
- Organic growth** – Key contracts won between FY20 and FY22 include contracts with First Quantum Minerals (A\$480 million, five year contract), Atlas Iron (A\$230 million, five year contract), Karratha – Tom Price (A\$80 million, 12 months), Emerald Resources (US\$230 million, seven years), Fenix Resources (A\$185 million, six year contract) and others. In addition to this, the Company managed to secure contract extensions with key customers such as Ramelius Resources, Regis Resources and others.

- Mining West Acquisition** – In February 2021, MACA completed the acquisition of Mining West from Downer EDI for a consideration of A\$175 million¹⁹. As a result of the transaction, MACA acquired four key customer contracts – Fortescue Metals Group, Ansteel, Citic Pacific and Gruyere JV. The acquisition had several benefits such as a strong strategic fit, diversification to MACA metals base, strong historical performance of Mining West and a large fleet and skilled workforce.

As the revenue has grown, the Company has also managed to maintain a strong tenure on its contracts²⁰ which was 29 months in FY22 across all the mining contracts. All else equal, the long mining tenure provides greater certainty of forecast revenue allowing the Company greater visibility to manage its fleet, workforce and capital expenditure.

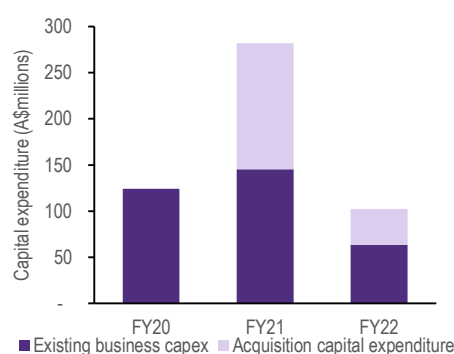
Whilst the Company has achieved growth in revenue, given the competitive pressures in the industry and challenging macroeconomic environment, the EBIT margins have been declining. Amongst these challenges, a tight labour market and disruptions to site operations due to frequent outbreaks of COVID-19 have been a recurring theme since FY20. Further, the business is capital intensive and it needs to invest upfront in the fleet in order to grow the revenue base and service new contracts. As outlined in the graphs below, between FY20 and FY22, the Company experienced significant revenue growth, including the acquisition of Mining West, however it incurred cumulative capital expenditure (including the purchase price for Mining West) of c. A\$500 million over the same period.

Year-on-year revenue growth



Source: MACA Annual Reports

Year-on-year capital expenditure



Source: MACA Annual Reports

Note (1): The acquisition capital expenditure relates to the acquisition of the Mining West business.

Over the years, the Company has maintained a disciplined approach to working capital and cash conversion. Whilst the FY22 reported cash conversion is lower than historical levels, this is primarily due to greater working capital investment for larger new contract wins and the abnormal loss incurred by MACA Interquip. The Company expects working capital to return to historical levels from FY23.

3.3 Mining Division

The Mining Division accounted for 82% of FY22 revenue. The services provided include loading and hauling, materials handling and drilling and blasting and crushing. The services are priced on a variable

¹⁹ This comprised A\$109 million upfront consideration and A\$66 million of deferred consideration payable in 12 monthly instalments of A\$5.5 million each commencing from February 2021.

²⁰ Mining Contract tenure represents the unexpired proportion of existing contracts that are in place as at each financial year end date. Given these are the unexpired portions, the mining tenure reflects the forecast remaining period of the contracts.

basis in accordance with schedule rates usually linked to the tonnage moved. Contracts usually include a protection mechanism for major elements of costs as outlined below:

- *Labour costs* – The contract usually allows for labour cost fluctuations based on certain indices. However, the indices do not fully account for the rising labour market, resulting in the risks being borne by the contractors.
- *Fuel costs* – They usually allow for cost recoveries.
- *Equipment maintenance cost* – Mining contracts include provisions on equipment cost escalations, protecting mining service providers. These mechanisms include the use of indices published by reputable companies such as Caterpillar or Komatsu.

Given these mechanisms and the structure of the contract, the revenue and profits are fairly predictable.

The following table sets out the historical financial performance of the Mining Division.

Extract of segment performance - Mining A\$000s unless stated otherwise	Reference	FY20	FY21 ¹	FY22
Segment total revenue	Note 2	606,548	874,130	1,389,810
Underlying EBIT (before unallocated costs)		45,450	55,951	80,114
Underlying EBIT margin (%)		7.5%	6.4%	5.8%
Segment gross assets		466,084	855,855	806,617
Capital expenditure		117,975	277,664	97,280

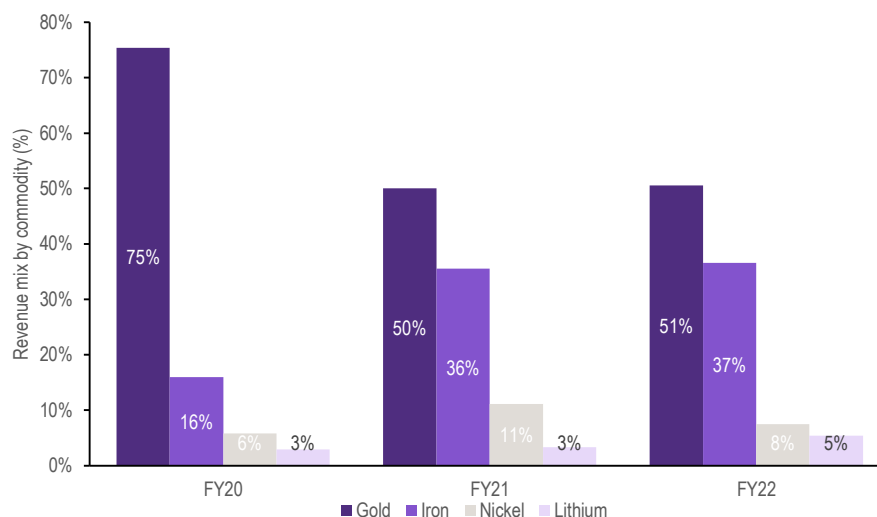
Source: MACA Annual Reports and Investor Presentations

Note (1): FY21 results are based on restated financial information as reported in the FY22 financial statements.

Note (2): Revenue includes other revenue

As set out in the graph below, the metal exposure has become more balanced following the acquisition of Mining West.

Historical revenue²¹ breakdown by metal (excluding Government revenue)



Source: MACA Annual Reports

Note (1): We have excluded revenue from government when preparing above chart.

The revenue within the Mining Division has been steadily growing between FY20 and FY22. This has been primarily driven by new customer contracts or extensions at existing mines, but above all by the acquisition of Mining West in January 2021. Whilst FY22 performance was strong, the losses of Karara and BHP contracts (collectively c. A\$175 million per annum) are expected to impact FY23 revenue. In spite of the growth in revenue, the EBIT margin has been steadily declining. This is driven by the disruption caused by COVID-19 and challenges with labour productivity.

The following are the major contracts that the Mining Division has as at August 2022.

Company Name	Description	Contract value	Remaining tenure
Capricorn Resources - Gold	In 2020, Capricorn Resources granted MACA a contract for providing mining services at the Karlawinda Gold Project. The contract was awarded to MACA based on its price competitiveness and relevant experience of similar scale gold projects in Western Australia	A\$400 million	FY26
Regis Resources - Gold	In 2018, Regis Resources granted MACA a contract for providing drilling, blasting and loading and hauling services. The new contract for the overall Duketon South Operations will replace the existing contracts at other Regis sites and is the result of a more collaborative approach. MACA has been operating in the Duketon region since 2010	A\$590 million	FY23 (excl. extension); FY26 (incl. extension)
Ramelius Resources - Gold	In 2020, Ramelius Resources granted MACA an extension for providing drilling, blasting and loading and hauling services. This was in addition to the services being provided by MACA at Edna May	A\$130 million	FY23
First Quantum - Nickel	In 2019, First Quantum Minerals Ltd granted MACA a mining services contract in relation to the Ravensthorpe Nickel Project. This project was expected to create 230 jobs in local and regional communities. Mobilisation to site is expected in December 2020 with operations commencing from January 2021	A\$480 million	FY25
Fortescue Metal Group - Iron Ore	As part of the acquisition of Mining West, MACA acquired a long-life contract at Eliwana which is owned by Fortescue Metals Group. The contract is for providing mining and maintenance work	NA	FY25
Atlas Iron - Iron Ore	In 2020, Atlas Iron granted MACA for providing drilling, blasting and loading and hauling services. MACA has a long-standing working relationship with Atlas having provided services at Pardoo, Mt Dove, Abydos, Wodgina operations. MACA was also providing crushing services for Atlas at its Mount Webber Operations and Civil works at Corrunga Downs	A\$230 million	FY26

Source: MACA Investor Presentations and ASX Announcements

²¹ Whilst the above revenue breakdown refers to the total revenue of the Company rather than just the Mining Division, they are mainly reflective of the Mining Division revenue given that we have excluded the Government contracts revenue.

3.4 Civil and Infrastructure Division

The Civil and Infrastructure Division is the second largest segment and it accounted for c. 9% of FY22 revenue. The services provided by this segment include bulk earthworks, civil construction, aerodromes and others. Typically, contracts for this division are fixed price contracts but recently, acknowledging the risks associated with contracting, civil and infrastructure contracts have been completed as alliance-style contracts²² which helps with the better sharing of the risks between contractors and their customers. Typically, the margins on Civil and Infrastructure contracts are lower than mining services contracts.

The following table sets out the historical financial performance of the Civil and Infrastructure segment.

Extract of segment performance - Civil and Infrastructure				
A\$000s unless stated otherwise	Reference	FY20	FY21 ¹	FY22
Segment total revenue	Note 2	191,131	210,285	159,463
Underlying EBIT (before unallocated costs)		11,798	(2,707)	4,776
Underlying EBIT margin (%)		6.2%	NM	3.0%
Segment gross assets		71,260	68,898	41,317
Capital expenditure		6,037	548	4,479

Source: MACA Annual Reports and Investor Presentations

Note (1): FY21 results are based on restated financial information as reported in the FY22 financial statements.

Note (2): Revenue includes other revenue

The Civil and Infrastructure Division has shorter term contracts and are dependent on infrastructure investment made by the states. Due to COVID-19 lockdown, the progress of existing and new infrastructure investments has been slow, which caused a decline in revenue between FY21 and FY22. FY21 EBIT was affected by poor profitability for certain contracts with project margins not covering the Victorian overheads. During FY21, the segment received provisional accreditation for B4/R3²³ status which would allow it to tender for larger road building contracts.

The following table sets out the key contracts in this segment.

Company Name	Description
Main Roads Western Australia	MACA's Civil and Infrastructure segment currently has two contracts - Provision of road maintenance services and minor works at the Kimberley Region for Main Roads WA. This project has a significant indigenous participation rate. MACA Civil is also constructing the Bunbury outer Ring Road in Western Australia
Main Roads Victoria Projects	MACA's Victorian-based Civil and Infrastructure business continued work for Major Road Projects Victoria for Golf Links Road upgrade in Langwarrin South. Following the end of FY22, MACA has been awarded a second MRPV project - Hall Road East
Roy Hill	MACA has commenced work on the earthworks for new client Roy Hill at the Roy Hill Iron Ore project.

Source: MACA Investor Presentations and ASX Announcements

3.5 MACA Interquip

MACA Interquip provides SMP solutions to participants in the mineral processing and energy and resources sectors. MACA owns 60% of MACA Interquip whilst the remaining 40% is owned by the founding shareholders. MACA Interquip provides the technical skills and the equipment to deliver projects whereas the founding shareholders provide business development and also technical input. Within the

²² Alliance contracting is the term usually applied to project or service delivery where there is one contract between the owner/financier/commissioner/contractor and an alliance of parties who deliver the project or service. An alliance contract creates a collaborative environment without the need for new organisational forms.

²³ B4/R3 is an accreditation provided to contractors that wish to tender for Bridgeworks and Roadworks. The Bridgeworks contract accreditations run from B1 to B4. Amongst other things, . The Roadworks

financial statements, MACA Interquip is consolidated on a 100% basis and the profit loss and net assets attributable to the minority interest is separately disclosed. This segment is relatively small. We have set out below the performance of this segment.

Extract of segment performance - MACA Interquip (on a 100% basis)				
A\$000s unless stated otherwise	Reference	FY20	FY21	FY22
Revenue		30,797	95,573	133,708
EBIT		1,084	9,615	(23,735)
EBIT margin		3.5%	10.1%	NM
Total assets		21,463	38,032	26,481
Capital expenditure		513	1,056	3,406

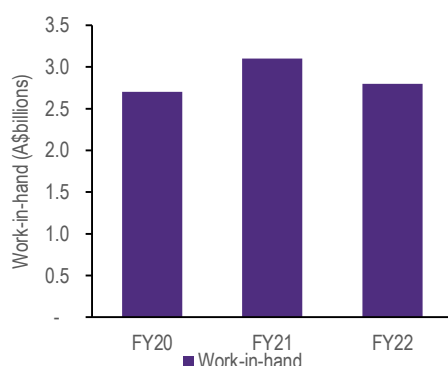
Source MACA Annual Report

The revenue has been steadily growing between FY20 to FY22. However, cost escalations and the fixed nature of the contract for King of the Hills project resulted in significant EBIT loss in FY22. The project was negatively impacted by labour market conditions in WA and increases in material costs which could not be recouped. This contract was completed in June 2022. Further, MACA Interquip has undertaken a thorough review of its operations with a view of implementing process and procedures to avoid similar situations in the future.

3.6 Work-in-hand and pipeline

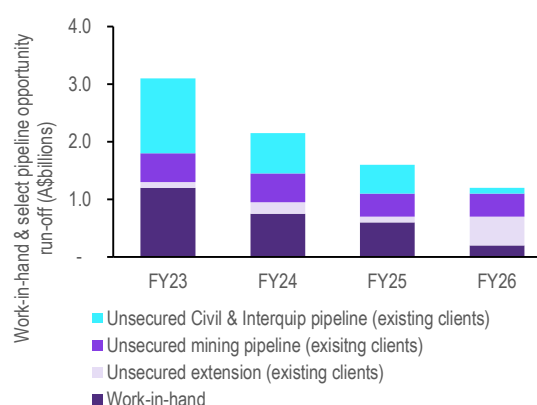
As discussed earlier, MACA has long dated contracts with its clients across a large part of its business and is able to provide information in relation to future contracted work-in-hand ("WIH") and pipeline of opportunities available to the Company. These are set out in the graphs below:

Historical work-in-hand



Source: MACA Annual Reports

WIH and select pipeline opportunity run-off



Source: MACA Annual Reports

Note (1): Numbers of are approximated and may not add up due to rounding

Historically, more than 70% of the WIH has been in relation to iron ore and gold with the Mining Division accounting for c. 80% of the WIH. The reduction in the WIH in FY22 is due to the non-renewal of the Karara (Ansteel) contract and reduction in the tenure on some longer-term contracts that are subject to renewal, among a general softening of market conditions. According to the FY22 Investor Presentation, MACA remains well positioned to add to its order, with a pipeline of opportunities of A\$10 billion across its segments over the next four years.

3.7 Carabella Resources receivables and loan balance

Carabella Resources was a junior miner that owned the Bluff Coal project. On 31 August 2018, MACA announced that it had executed a life-of-mine contract with Carabella Resources for the provision of mining services at the Bluff Coal project. In addition, MACA would finance the drop cut to first coal and other minor project works via a secured working capital facility.

On 2 July 2020, the Company announced that the total receivables amount owing from Carabella was A\$56 million plus the additional working capital facility of A\$26.8 million. Both of them were secured over the project assets and subject to the parent company guarantee. Subsequently, on 21 August 2020, MACA announced that in accordance with the accounting standard and after having considered an independent valuation of the underlying assets held by MACA as a security, it recognised an impairment in relation to the carrying amount of the receivable of A\$48 million or A\$34 million on a post-tax basis. The working capital loan was not impaired.

On 29 October 2020, the Company, in conjunction with Carabella, agreed to place the mine on care and maintenance while coal prices remained below viable levels for the Bluff Coal project. However, on 19 November 2020, MACA appointed FTI Consulting to act as receivers and managers with respect to the secured loan owed by Carabella. The carrying value of the total amount owed by Carabella was A\$34.7 million comprising of A\$26.8 million for the working capital facility and A\$7.9 million for the balance of the receivable (after impairment).

On 30 July 2021, Bowen Coking Coal announced that it had been awarded Preferred Bidder status on the sale process for Bluff Coal project conducted by FTI Consulting as receivers and managers on behalf of MACA. The Bluff Coal project was one of the securities pledged for the loan facility to Carabella. Then, on 26 October 2021, MACA announced that the Bluff Coal project sale process completed and MACA would receive the following:

- Cash or shares at Bowen Coking Coal election of A\$5 million less A\$0.25 million cash deposit. On completion, Bowen Coking Coal elected to satisfy the A\$4.75 million consideration via the issue of 27.9 million fully paid ordinary share.
- Release of the environment assurance bond for c. A\$4.6 million.
- A tiered royalty payment based on the following:
 - A\$2/t royalty for all coal sales at a price >US\$120/t capped at US\$10 million, plus
 - A\$5/t royalty for all coal sales at a price >US\$150/t, plus
 - A\$5/t royalty for all coal sales at a price >US\$200/t.
- Bowen Coking Coal announced on 4 July 2022 shipment of the first coal at Bluff Coal project with production expected to ramp-up to an annualised ROM production rate between 1 Mtpa and 1.2 Mtpa and to be maintained over the next 4 to 6 years.

Further on 24 June 2022, the Court ordered the transfer (pursuant to a Deed of Company Arrangement) of 100% of the issued shares of Wealth Mining Pty Ltd, which owns the Grosvenor West Tenements, to MACA as it was one of the securities pledged to the Company. The sale effort for the Grosvenor West

Tenements remains ongoing as at 30 June 2022. As at 30 June 2022, the BCC Royalty and the Grosvenor West Tenements are classified among the assets held for sale and are measured at the carrying value of A\$31.7 million²⁴ of the trade and loan amounts made to Carabella.

3.8 Grosvenor West Tenements

The Grosvenor West Tenements are located in the northern Bowen Basin region of east central Queensland, approximately 200 kilometres southwest of Mackay. They comprise one mineral development licence (MDL/3024) and three exploration permits for the exploration of coal (EPC/1069, EPC/2135 and EPC2188).

MDL/3024 lies immediately to the west of a series of operating mines including the Goonyella Riverside Mine (operated by BMA), the Moranbah North Mine (operated by Anglo American) and the Grosvenor Mine (operated by Anglo American).

The Grosvenor West Tenements has an estimated Joint Ore Reserve Committee ("JORC") resource of 141.0 million tonnes (comprising 32.1 million Inferred tonnes, 41.6 million Indicated tonnes and 67.3 million Measured tonnes) and a conceptual mine plan for a circa 5 million ROM tonne per annum mine producing 2/3 coking coal and 1/3 thermal coal. However, no significant planning or development has been reported in the past seven years (from 2014 to 2021) and any permitting and approvals that were in place or underway have lapsed.

3.9 New contracts

On 19 August 2022, MACA announced to the market that it had won a number of new contracts which are discussed below:

- Allkem Limited issued MACA with a notice of award in relation to a maintained and operated fleet arrangement with Allkem Limited as the Mt Cattlin lithium project in Ravensthorpe, Western Australia. The project is expected to generate approximately A\$12 million in revenue over the next six months and has the potential to lead to further work at the Mt Cattlin project. This project is expected to utilise the existing fleet from within the MACA business.
- Lynas Rare Earths Limited has granted MACA a contract at its Bulk Earthworks Ponds Project. This project relates to the construction of bulk earthworks and liner installation for six new ponds at the Lynas Rare Earth's processing facility in Kalgoorlie in Western Australia. The project value is A\$34 million and is expected to be delivered between Q1FY23 and Q3 FY23.
- Yarra Ranges Council granted MACA an Unsealed Road Maintenance contract. This project relates to the provision of unsealed road maintenance and drainage works, including supply of pavement materials and grading of c. 700+ kms of unsealed road network. The project is valued at c. A\$30 million over the initial five year term (with a further two year extension option).
- Minor guardrail and civil projects of c. A\$16 million, including the Stud Road safety barrier installation project for the Department of Transport (Victoria) and the construction of the Gipss Street Ramp for Parks Victoria, both of which are expected to be delivered during FY23.

²⁴ This comprises the balance owed to MACA rather than the fair value of the Grosvenor West Tenements and BCC Royalty.

3.10 Financial Information

3.10.1 Financial Performance

The table below illustrates the Company's audited consolidated statements of profit and loss for the last three financial years.

Consolidated statements of financial performance	FY20	FY21 (Restated)	FY22
A\$ '000	Audited	Audited	Audited
Contracted trading revenue	790,058	1,173,423	1,649,890
Interest received	3,223	79	41
Other revenue	40,487	37,097	36,171
Total revenue from Operating Activities	833,768	1,210,599	1,686,102
Employee Benefits Expense	(289,988)	(444,075)	(601,514)
Repairs, Service and Maintenance	(55,360)	(105,194)	(169,715)
Materials and Supplies	(129,244)	(179,746)	(289,990)
Hire of Plant and Equipment	(48,125)	(72,799)	(101,784)
Subcontractor Costs	(34,848)	(66,601)	(73,862)
Others	(146,734)	(202,669)	(258,371)
Cost of sales	(704,299)	(1,071,084)	(1,495,237)
Reported EBITDA from continuing operations	129,469	139,515	190,865
Reported EBITDA from discontinued operations	(8,999)	(3,677)	(1,626)
Reported EBITDA of MACA	120,470	135,838	189,239
<i>EBITDA margin</i>	<i>14.5%</i>	<i>11.2%</i>	<i>11.2%</i>
Depreciation & Amortisation - continuing operation	(68,554)	(95,939)	(127,326)
Depreciation & Amortisation - discontinued operation	(3,645)	(23)	-
Impairment testing - continuing operation	(51,602)	(3,221)	(1,035)
Impairment testing - discontinued operation	(1,952)	(982)	(266)
Reported EBIT of MACA	(5,283)	35,673	60,612
<i>Reported EBIT margin</i>	<i>(0.6%)</i>	<i>3.0%</i>	<i>3.6%</i>
Net interest (expense) / revenue	(2,355)	(8,232)	(10,399)
Net profit before tax of MACA	(7,638)	27,441	50,213
Tax expense	748	(11,246)	(14,405)
Transfer of FX from equity	(10,566)		
Net profit / (loss) after tax of MACA	(17,456)	16,195	35,808
<i>Reported net profit margin</i>	<i>Nm</i>	<i>1.4%</i>	<i>2.1%</i>
Key operational metrics:			
<i>Underlying EBITDA margin (%)</i>	<i>14.4%</i>	<i>13.8%</i>	<i>11.2%</i>
<i>Underlying EBIT margin (%)</i>	<i>5.6%</i>	<i>5.6%</i>	<i>3.6%</i>
<i>Underlying NPAT (%)</i>	<i>3.6%</i>	<i>3.3%</i>	<i>2.1%</i>
<i>Number of employees (including contractors)</i>	<i>2,247</i>	<i>3,279</i>	<i>3,701</i>
<i>Gold / Iron Ore / Other commodities revenue mix</i>	<i>52% / 11% / 37%</i>	<i>45% / 32% / 23%</i>	<i>47% / 34% / 19%</i>

Source: MACA's annual reports

In relation to the above, we note the following:

- In February 2021 (2HFY21), the Company completed the acquisition of the Downer EDI's Mining West business which contributed 5 months of the FY21 revenue and full contribution in FY22. At the time of the acquisition, the Mining West business included four large contracts with WIH of A\$1.1 billion as at

30 June 2020 at long-life assets of Karara (Ansteel), Eliwana (Fortescue Metals Group), Cape Preston (Citic Pacific) and Gruyere (Gold Fields, Gold Road Resources). However, in June 2021, MACA announced that it had been advised by Karara that the contract would not be renewed beyond the current maturity of March 2022.

- For FY22, there were new customer wins including Roy Hill (Mining & Civil) and Major Road Projects Victoria – Hall Road East (Civil) along with extensions across some of its existing projects. The growth in FY22 revenue was primarily driven by the full-year contribution of the Mining West business, contracts that commenced during FY21 being Sanjiv Ridge, Karlawinda, Okavu and Tampia and notwithstanding that the contract at Karara terminated in March 2022.
- Amongst the operating costs, the large employee benefits expense reflects an increase in the workforce from 2,247 employees (including contractors) in FY20 to 3,701 employees (including contractors) in FY22. Given MACA largely operates in Western Australia, it has also been impacted by COVID-19 induced border closures which caused a tight labour market, resulting in a significant increase in staff costs. Similarly, COVID-19 induced supply chain constraints increased the costs associated with spare parts and equipment impacting the cost of maintaining the fleet. The current macroeconomic environment over the last three years has also created productivity challenges for MACA's workforce which has also contributed to higher operating costs.
- During FY19, MACA recorded an impairment of A\$48 million against services provided to Carabella Resources as discussed in section 3.7. In addition, with lockdown introduced in Victoria to manage the outbreak of COVID-19, the Company reassessed the carrying value of goodwill in relation to the Victorian Civil and Infrastructure business and recorded an impairment of A\$3 million.
- Whilst the Company has managed to grow revenue organically and via external acquisitions, there has been a decline in the underlying EBITDA from FY20 to FY22 due to cost increases and productivity issues discussed above.

Reconciliation of the Reported and Underlying Results

During FY20 and FY21, the Company incurred a number of one-off expenses and accordingly there was a significant difference between reported and underlying performance which is reconciled in the table below.

Reconciliation of Underlying EBIT		FY20	FY21	FY22
A\$millions unless stated otherwise	Reference	Audited	Audited	Audited
Reported EBIT		(5.3)	35.7	60.6
Carabella Impairment	Note 1	45.4		
Goodwill Impairment	Note 2	3.2		
Brazil - Non-Operating	Note 3	1.9		
Mining West Acquisition Costs (net of gain)	Note 4		8.7	
Cessation of Bluff Operations	Note 5		8.0	
Brazil Closure, FX and other items	Note 6		9.2	
Total non-recurring items		50.5	25.9	
Underlying EBIT		45.2	61.6	60.6
Underlying EBIT margin		5.6%	5.6%	3.6%

Source: MACA Investor Presentations

- Note 1 Carabella Impairment:** This relates to the Carabella Resources matter which has been discussed earlier.

- *Note 2 Goodwill Impairment:* The Company reviewed its Victorian operations and recognised an impairment of A\$3 million.
- *Note 3 Brazil Non-Operating:* This relates to the impairment of the carrying value of the Brazil operations after the Company announced its intention to exit this market in January 2020.
- *Note 4 Mining West Acquisition:* This comprises A\$9.4 million of stamp duty on acquisition, A\$3 million in advisor fees net of the A\$3.7 million of gain on business combination.
- *Note 5 Cessation of Bluff Coal project:* This is comprised of A\$8 million incurred in FY21 as the Bluff Coal project transitioned into care and maintenance in 1HFY21. MACA mined the remaining accessible coal resources, resulting in cash proceeds of A\$14 million.
- *Note 6 Brazil Closure, FX and other items:* This represents the repatriation of MACA's Brazil fleet and inventory to Australia which resulted in costs of A\$9.2 million. The balance of the normalisation adjustment relates to impairments of receivables.

We note that in FY22, MACA Interquip incurred an abnormal loss of A\$23.7 million in relation to the King of Hills project which MACA has not categorised as an underlying adjustment.

3.10.2 Financial Position

The table below illustrates the Company's audited consolidated statements of financial position as at 30 June 2020, 30 June 2021 and 30 June 2022.

Consolidated statements of financial position	30-Jun-20	30-Jun-21	30-Jun-22
A\$ '000	Audited	Audited	Audited
Assets			
Cash and cash equivalents	114,650	122,346	91,582
Trade and other receivables	154,329	279,789	278,607
Inventory and Work in progress	9,477	49,914	81,207
Assets held for sale	-	-	31,694
Other assets	5,619	8,448	8,266
Total current assets	284,075	460,497	491,356
Trade and other receivables	-	9,469	7,281
Property, plant and equipment	293,318	478,779	439,935
Loans to Other companies	26,841	26,841	-
Other assets	-	1,175	2,119
Intangible assets	-	4,139	2,046
Deferred Tax assets	23,559	23,406	29,661
Total non-current assets	343,718	543,809	481,042
Total assets	627,793	1,004,306	972,398
Liabilities			
Trade and other payables	(111,916)	(246,622)	(242,106)
Deferred Consideration payable	-	(38,500)	-
Interest bearing liabilities	(55,127)	(97,331)	(104,311)
Current tax liabilities	(2,169)	(10)	(6,151)
Short-term provisions	(15,976)	(32,431)	(34,953)
Total current liabilities	(185,188)	(414,894)	(387,521)
Deferred tax liabilities	-	(1,099)	(1,250)
Interest bearing liabilities	(132,945)	(205,240)	(181,333)
Total non-current liabilities	(132,945)	(206,339)	(182,583)
Total liabilities	(318,133)	(621,233)	(570,104)
Net assets	309,660	383,073	402,294
Key operational metrics:			
Performance Guarantees	23,600	29,100	36,500

Source: MACA annual reports.

We note the following regarding the Company's financial position:

- Cash and cash equivalents on the balance sheet are maintained to support and grow the business. The business has relatively large working capital needs and the Company is required to maintain cash balance to continue servicing its customers and to maintain and grow its fleet. Between 30 June 2020 and 30 June 2022, the cash balance has declined on account of capital expenditure investment as well repayment of borrowings. Typically, the Company measure the minimum monthly cash requirement at 50% of the next months revenue to take into account suppliers and workforce payments. In addition, working capital requirements tend to be higher at quarterly intervals.
- Trade and other receivables and inventory have increased from 30 June 2020 to 30 June 2022 due to the higher level of revenue on account of the Mining West acquisition. Apart from one-off challenging receivable balances such as Carabella Resources, the Company has achieved a stable cash conversion ratio (FY20 – 97%, FY21 – 87%). MACA's FY22 cash conversion ratio is lower at 70% on account of increased working capital requirement of MACA's larger mining contracts and the losses incurred in the Interquip Division which are expected to normalise in FY23.

- Between 30 June 2020 and 30 June 2021, the increase in the Property, Plant and Equipment was mainly driven by the acquisition of the Mining West business.
- The DTA balance has increased between FY20 and FY22 largely on account of temporary differences. As at 30 June 2022, c. A\$10.7 million relates to tax losses whilst the balance relates to timing differences.
- Other assets include shares held in Bowen Coking Coal and unlisted investment in SafeAI. The movement in these balances is on account of fair value adjustments over the period.
- The loans to other companies balance represents the A\$26.8 million working capital facility to Carabella Resources which has been categorised under the assets held for sale as at 30 June 2022.
- The Company uses debt facilities for financing the expansion of its fleet. The following table sets out the key terms of the debt facilities.

Summary of Interest bearing liabilities and leases A\$000 unless stated otherwise	Reference	Weighted average Interest cost	
Secured Lease Liability			182,533
Secured Bank Loan	Note 1		91,000
Unsecured Lease Liability			12,111
Outstanding debt position		3.89%	285,644

Source: MACA Annual Reports

Note (1): The bank loan is secured by the first ranking general security interest over all present and after acquired property (including shares held in any subsidiary)

The secured bank loan facility was provided by Commonwealth Bank. The covenants of that facility included minimum book value of equity of A\$300 million, debt service cover ratio²⁵ of at least 1.3 times and senior leverage ratio²⁶ of less than or equal to 1.5 times. MACA has stated that it remains in compliance with all its financial covenants.

The Company also has performance guarantees of A\$36.5 million as at 30 June 2022 to various customers and suppliers for satisfactory contract performance and warranty security. As at 30 June 2022, the Directors do not consider the outcomes of any claims will be materially different to the position taken by MACA in its financial statements.

3.10.3 Cash Flow Statement

The Company's cash flow statements for the last three years are set out below.

²⁵ Debt service coverage ratio is calculated as the Net interest expense divided by the Reported EBITDA.

²⁶ Senior leverage ratio is the net debt divided by the Reported EBITDA.

Consolidated statements of cash flow	FY20	FY21	FY22
A\$ '000	Audited	Audited	Audited
Cash flows from operating activities			
Receipts from customers	787,478	1,040,442	1,656,160
Payments to suppliers and employees	(652,119)	(901,306)	(1,498,923)
Interest received	3,292	289	164
Interest paid	(6,834)	(8,521)	(10,563)
Income tax paid	(15,187)	(12,154)	(14,368)
Net cash inflow from operating activities	116,630	118,750	132,470
Cash flows from investing activities			
Proceeds from Sale of Investments	19,836	-	-
Proceeds from Sale of Property, Plant and Equipment	7,735	2,838	20,409
Purchase of Property, Plant and Equipment	(63,444)	(91,980)	(78,705)
Net Loans Repaid by / (Provided to) Customers	22,591	(100)	-
Purchase of Investments	(5,435)	-	(7,079)
Acquisition of Mining West	-	(136,500)	(38,500)
Net cash outflow from investing activities	(18,717)	(225,742)	(103,875)
Cash flow from financing activities			
Net Proceeds from Share Issue	-	72,461	-
Proceeds from Borrowings	23,821	144,939	61,513
Repayment of Borrowings	(52,975)	(85,212)	(104,141)
Dividends paid by the Parent	(13,400)	(15,243)	(17,886)
Net cash (outflow)/inflow from financing activities	(42,554)	116,945	(60,514)
Net increase / (decrease) in cash and cash equivalents	55,359	9,953	(31,919)
Cash and cash equivalents at the beginning of the financial year	59,292	114,650	122,346
Effects of exchange rate changes on cash and cash equivalents	(1)	(2,257)	1,155
Cash and cash equivalents at year end	114,650	122,346	91,582
Key operational metrics:			
Reported Cash conversion	97.0%	87.0%	70.0%
Net working investment / (release)	2,215	(1,357)	27,589

Source: MACA annual reports

We note the following in relation to MACA's cash flow statements:

- Net cash from operating activities have steadily improved between FY20 and FY22. This has been driven by new contract wins and the Mining West acquisition. The Company invested materially in working capital in FY22 (A\$27.5 million) due to the commencement of large mining projects. As a result of this working capital investment, the cash conversion ratio, which was fairly stable during FY20 (97%) and FY21 (87%), declined to 70% during FY22.
- Net cash outflow from investing activities has increased between FY20 and FY22. During FY20, the net loans repaid by customers primarily comprises the proceeds received by the Company on account of recovery efforts on one of its receivables for Great Panther Mining Ltd. During FY21, the Company completed the acquisition of the Mining West business resulting in an increase in the capital expenditure. During FY22, the Company settled the balance of the deferred consideration in respect of the Mining West business of A\$38.5 million. Other than this, capital expenditure relates to replacement and acquisition of the Company's fleet which is required to service its customers.

- Net cash flows from financing activities have been affected by the Company's capital management practices. During FY21, the Company raised capital (via debt and equity) to finance the acquisition of the Mining West business. During FY22, the Company reduced its net debt (gross debt less reported cash and cash equivalents) from A\$208 million to A\$194 million. Between FY20 and FY22, the Company paid out a steady dividend to its shareholders (FY20 – 5 cents per share; FY21 – 5 cents per share and FY22 – 2.5 cents per share. Given the Takeover Offer, the MACA Board made the decision to defer the final dividend.

3.10.4 Share capital structure

As at the date of this report, MACA has the following securities on issue:

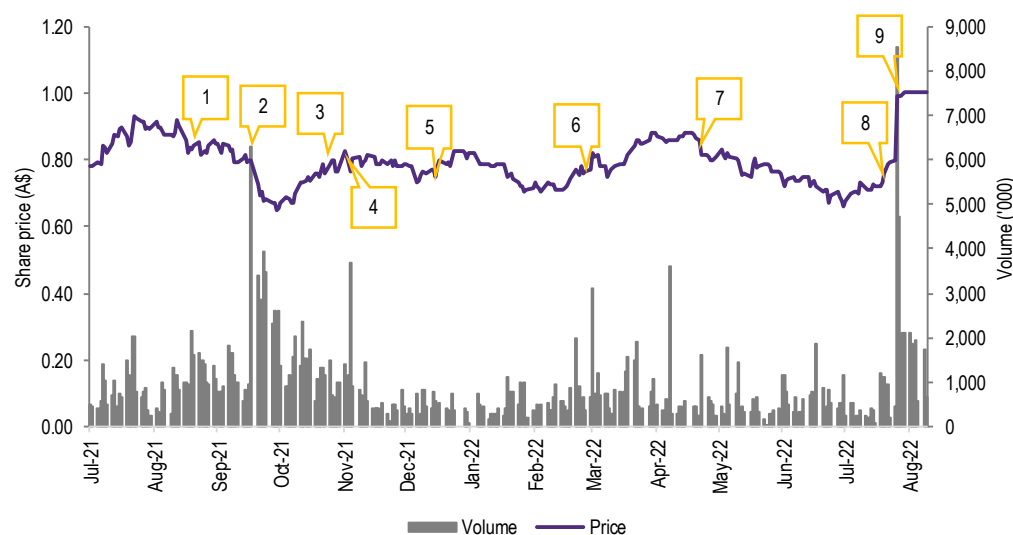
- 341,710,846²⁷ fully paid ordinary shares.
- 5,898,705 unlisted Performance Rights ("MACA PRs").

We have considered these in our valuation assessment.

3.10.5 Share price and market analysis

Our analysis of the daily movements in MACA's trading price and volume for the period from August 2021 to August 2022 is set out below.

Historical share price and volume for MACA



Source: S&P Global²⁸, GTCF analysis

²⁷ MACA Annual Report FY22

²⁸ As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this report contains ASX share price trading information sourced from S&P Global without its consent.

The following table describes the key events which may have impacted the share price and volume movements recently as shown above.

Event	Date	Comments
1	23 August 2021	<p>The Company announced to the market the FY21 results. Key items to note were as follows:</p> <ul style="list-style-type: none"> Revenue (FY21): A\$1.174 billion; Guidance (FY22): A\$1.4 billion Underlying EBIT: A\$66.1 million; Operating cash flows: A\$118.8 million; Cash conversion: 85% FY21 full-year dividend: 5 cents per share. Order book: A\$3.1 billion. <p>FY21 financial performance had been impacted by a number of one-of items such as the Mining West acquisition, Carabella / Bluff Coal project impairment and Brazil Closure costs. These items have been extensively discussed earlier in section 3 of the report.</p>
2	16 September 2021	<p>On 16 September, the Company announced to the market that it had extended its mining services contract with Pilbara Minerals for a further 12 months at the Pilgangoora Lithium Project, following Pilbara Minerals exercise of its 12 month option. This contract extension is expected to generate approximately A\$70 million in revenue for MACA over the 12 month term through to November 2022.</p>
3	26 October 2021	<p>On 26 October, MACA announced to the market it has signed a binding agreement to divest the Bluff Coal project in Queensland to Bowen Coking Coal. Under the terms of the transaction documents, MACA received:</p> <ul style="list-style-type: none"> Cash and / or shares at Bowen's election of A\$5 million, less a A\$0.25 million cash deposit. Release of an environmental financial assurance bond (A\$4.6 million). Royalty on the following terms: <ul style="list-style-type: none"> A\$2 per tonne royalty to the extent coal from the mine is sold at US\$120 per tonne or greater capped at A\$10 million. A\$5 per tonne to the extent coal sold from the mine exceeds US\$150 per tonne; and A\$5 per tonne royalty to the extent coal sold from the mine exceeds US\$200 per tonne. <p>The process for realising value from the remaining assets of Carabella Resources, being the greenfield Grosvenor West Tenements, remains ongoing.</p>
4	1 November 2021	<p>MACA announced a temporary trading halt. It further issued a clarification to the market around any potential acquisition of the Company stating that it was currently not party to any market transaction.</p>
5	14 December 2021	<p>On 14 December 2021, the Company announced to the market that it had been awarded a mining services contract with Roy Hill Iron Ore Pty Ltd at the Roy Hill iron ore operation in the Pilbara. The project is expected to generate A\$70 million in revenue for MACA over the 12 month term commencing early 2022.</p>
6	21 February 2022	<p>The Company announced to the market the 1H FY22 results. Key items to note were as follows:</p> <ul style="list-style-type: none"> Revenue (1H FY22): A\$841 million; Guidance (FY22): A\$1.6 billion Reported EBIT: A\$36.6 million; Operating cash flows: A\$77.4 million; Cash conversion: 77% FY22 interim dividend: 2.5 cents per share. Order book: A\$3.1 billion. <p>In terms of the growth and outlook, the Company stated that the labour market was expected to remain tight until COVID-19 passed and borders were opened. For the Civil business, the East Coast division had been restructured, refocused and the Company was now pursuing long-tenured material opportunities. In terms of MACA Interquip, the Company stated that it had obtained new in-house engineering capability as a deliberate route to market strategy to generate new opportunities.</p>
7	22 April 2022	<p>The Company provided an operational update to the market and the key highlights from this are set out below:</p> <p>MACA's Mining and Civil segments, which constitute more than 90% of MACA's annual revenue, continue to perform in line with expectations. Margins in these segments had seen modest improvement in the first three months of this half, although the resurgence of COVID-19 impacted the business between March 2022 and April 2022. Nonetheless, these improvements have been offset by the challenges across MACA Interquip's EPC fixed price contract to deliver the King of the Hills process plant. The project has been challenged by cost overruns largely on account of a highly constrained construction labour market in the WA resources sector.</p> <p>MACA revenue remains in line with expectations and the Company re-affirmed revenue guidance of approximately A\$1.6 billion. Board anticipated FY22 EBITDA to be in the range of A\$189 million to A\$191 million and NPAT to be in the range of A\$35 million to A\$37 million.</p> <p>MACA stated it remained positive on its future pipeline of work and is well positioned to win new work from this pipeline in the near term. MACA was tendering for a number of significant mining projects with existing and clients which was expected to contribute revenue and earnings from around mid-2022. In addition, MACA was expected to see benefit from its Bluff Coal project royalty in the coming months, with Bowen Coking Coal.</p>

Event	Date	Comments
8	20 July 2022	<p>MACA announced three new civil contract awards with a total value of approximately \$115 million in revenue. These are discussed below:</p> <p>MACA has been awarded an early works contract at Rio Tinto's Western Range Project, which is expected to generate A\$60 million in revenue. The Project pre-approval works consists of construction of a camp pad and access road in addition to crushing and screening work. The delivery of the works will commence in the second half of 2022 for a duration of approximately 12 months.</p> <p>MACA has been awarded the contract to build the eastern package of the Hall Road Upgrade by Major Road Projects Victoria ("MRPV"), which is expected to generate approximately A\$40 million of revenue. This is the second contract MACA has been awarded by MRPV under an Incentivised Target Cost Model²⁹ agreements to deliver works.</p> <p>MACA has been awarded a further civil works package at Roy Hill Iron ore operation in the Pilbara region. The package consists of supporting Roy Hill with the Sierra Hydraulic Structure works, and is expected to generate A\$16 million of revenue, with delivery of the works commencing July 2022 and expected to run through to the end of the calendar year.</p>
9	26 July 2022	<p>MACA announced to the market that it had received an off-market takeover offer from Thiess for A\$1.025 per MACA Share. The offer was only subject to limited conditions, including FIRB approval, no objection by the ACCC, no prescribed occurrences, no issue of convertible securities, derivatives or other rights and 90% minimum acceptance condition.</p>

Source: ASX announcements, GTCF analysis

²⁹ Under this model, the contractor works with the owner to develop a design and budget for the project which helps in better pricing and identifying the risks earlier in the process.

The monthly share price performance of MACA since June 2021 and the weekly share price performance of MACA over the last 16 weeks is summarised below:

MACA Limited	Share Price			Average
	High	Low	Close	weekly volume 000'
	\$	\$	\$	
Month ended				
Jun 2021	0.890	0.710	0.755	6,932
Jul 2021	0.940	0.752	0.895	3,987
Aug 2021	0.925	0.795	0.850	4,966
Sep 2021	0.865	0.645	0.655	10,080
Oct 2021	0.805	0.650	0.765	5,817
Nov 2021	0.840	0.760	0.785	3,912
Dec 2021	0.835	0.730	0.820	2,011
Jan 2022	0.835	0.700	0.715	2,374
Feb 2022	0.790	0.695	0.770	2,953
Mar 2022	0.895	0.742	0.880	4,632
Apr 2022	0.890	0.780	0.810	2,897
May 2022	0.835	0.725	0.760	2,398
Jun 2022	0.770	0.655	0.660	3,211
Week ended				
8 Apr 2022	0.885	0.850	0.860	5,323
15 Apr 2022	0.890	0.860	0.880	1,544
22 Apr 2022	0.890	0.780	0.815	2,806
29 Apr 2022	0.825	0.790	0.810	1,996
6 May 2022	0.835	0.790	0.810	3,191
13 May 2022	0.810	0.725	0.760	3,215
20 May 2022	0.810	0.745	0.780	2,369
27 May 2022	0.795	0.765	0.765	1,185
3 Jun 2022	0.780	0.715	0.745	3,036
10 Jun 2022	0.750	0.730	0.750	2,221
17 Jun 2022	0.755	0.710	0.720	3,851
24 Jun 2022	0.727	0.670	0.695	2,939
1 Jul 2022	0.710	0.655	0.675	2,921
8 Jul 2022	0.735	0.690	0.730	1,283
15 Jul 2022	0.740	0.700	0.720	1,375
22 Jul 2022	0.800	0.710	0.795	3,845

Source: S&P Global, GTCF analysis

We have also considered MACA's recent trading prices for the purpose of our valuation of MACA. Refer to Section 8.2 for further details and analysis on the trading price of the Company.

3.10.6 Substantial shareholders

We have provided in the below table the Top 5 largest shareholders of MACA as at August 2022:

Number of ordinary shares as at 18 August 2022 '000	%	Number of Shares
JP Morgan Nominees Australia Pty Ltd	12.5%	42,585,186
Citicorp Nominees Pty Ltd	11.5%	39,414,097
HSBC Custody Nominees (Australia) Ltd	10.4%	35,708,437
Kenneth Rudy Kamon	6.4%	21,856,681
Gemblue Nominees Pty Ltd	3.8%	12,863,816
Total number of ordinary outstanding shares	44.6%	152,428,217
Remaining shareholders	55.4%	189,282,629
Total number shares outstanding on issue	100.0%	341,710,846

Source: S&P Capital IQ, GTCF analysis

4 Industry overview

MACA is an ASX-listed company that offers contract mining services predominantly to the gold, iron ore nickel and copper sectors.

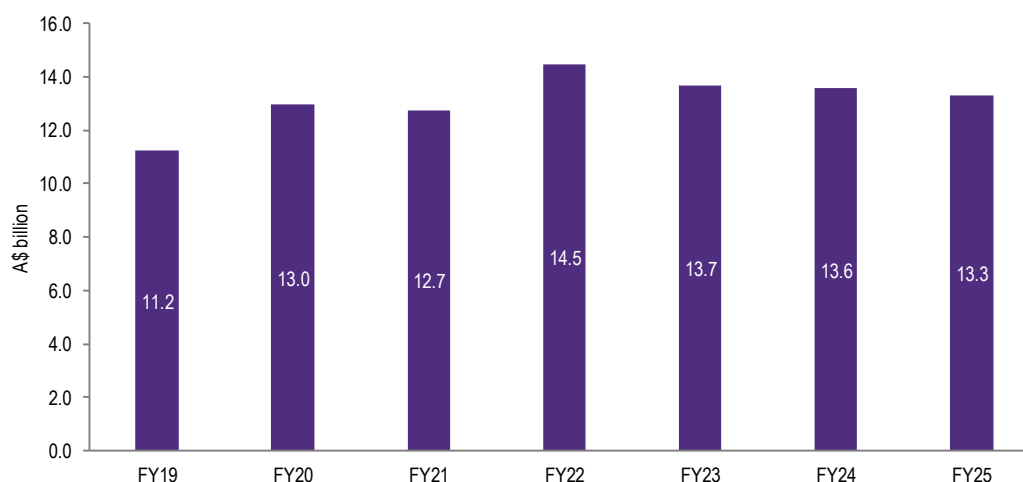
4.1 Mining services

Mining services refers to outsourced activities required to operate a mine. It includes mine design and planning, development, extraction, mineral processing and rehabilitation. It provides mining companies with flexibility to scale without having to train a labour force or fund a fleet of mining equipment. Demand for mining services is underpinned by a switch from owner-operated mining to outsourced mining services and growth in mining production.

Australia is a relatively mature mining services market with about 35% of surface mining and 22% of underground mining outsourced to mining services companies. In FY21, the size of the mining services market, inclusive of all commodities, was c. A\$12.7 billion. The COVID-19 pandemic created difficulties for the industry, causing price volatility and leading some operators to scale back planned capital expenditure. However, industry players have recently benefited from strong iron ore, coal and hydrocarbon prices.

After strong growth has been generated in the industry in FY22, industry revenue is anticipated to decrease by 5.5% in FY23. After surging in FY22, weaker output and demand from several key mining industries are expected to push requirements for mining support services lower in the current year. As many large mining companies have indicated that production volumes will decrease from previous years, requirements for a range of industry services are also expected to fall in FY23 which is expected to continue, although at a slower pace, over the next five years. However, the development of growing industries, such as the Battery Material Mining industry, is likely to continue to support the industry.

Historical and forecast contract mining services sector revenues in Australia



Source: IBISWorld B1090 – Mining Support Services in Australia dated July 2022

The majority of mining services companies are regionally focused. They are often specialised in a particular commodity or mining method, and lack the scale or expertise to compete globally. The larger companies tend to offer services across regions, commodities and mining depths. Global players include but are not limited to Thiess, Macmahon, PT Pamapersada Nusantara ("PAMA"), Perenti (formerly Ausdrill), PT Bukit Makmur Utama Mandiri ("BUMA") and Byrnegut.

The Australian mining services market is relatively concentrated due to high capital costs and specialised skills requirements. MACA is one of the largest contract mining services companies in Australia and competes with companies such as NRW and Macmahon.

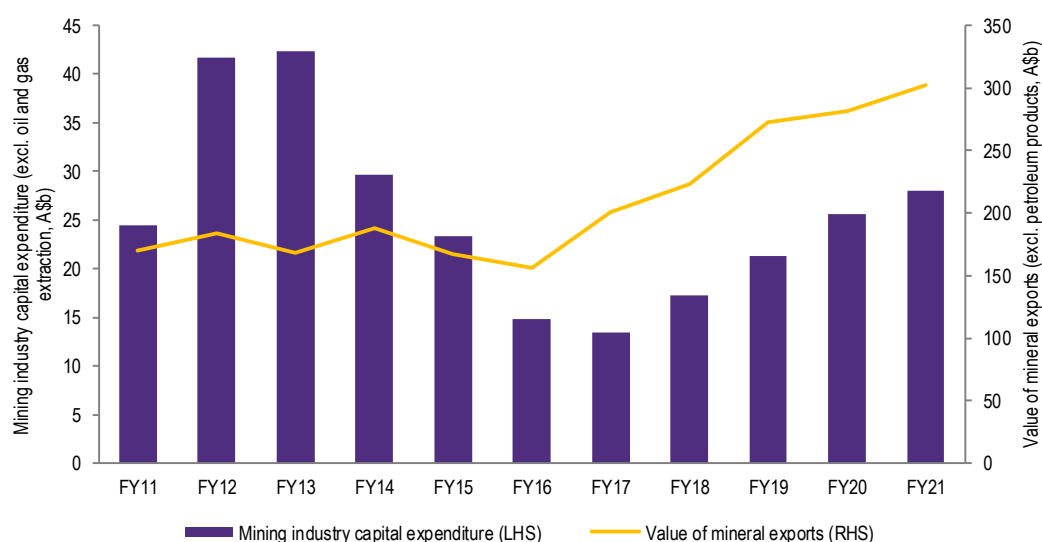
Mining companies often demand a range of mining services when seeking to expand operations and establish new projects. Accordingly, the level of capital expenditure within the mineral exploration and mining industry can positively or negatively influence industry demand for mining services.

Capital expenditure on mining has been cyclical and volatile over the past decade. Historically, economic growth and urbanisation across South-East Asia, particularly China, strengthened demand for building materials and other resources. This led to an influx of investment in new mines and export facilities, with capital expenditure on mining reaching a peak in 2012-2013.

Mining capital expenditure then fell sharply to its lowest levels in 2016-17 in line with declining commodity prices and demand and the slowing of China's economy.

More recently, growth in commodity export volumes and prices have supported capital expenditure, driven in particular by robust iron ore and gold prices. We note that Australian mineral exports³⁰ totalled A\$270.2 billion in FY21, which represented around 58% of all exported goods and services³¹.

Australian mining industry capital expenditure (excluding oil and gas extraction)

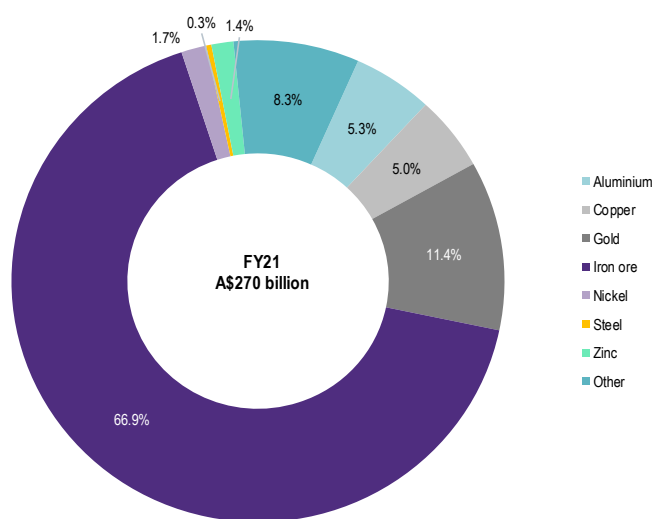


Source: Office of the Chief Economist, *Resources and Energy Quarterly*, March 2022, *Historical Data*, Tables 13 and 17. Department of Industry, Innovation and Science.

³⁰ Excluding petroleum products.

³¹ 5386.0 International Trade in Goods and Services, Australia, June 2020.

Australian mineral exports (excluding petroleum products) by value (FY21)



Source: Office of the Chief Economist, Resources and Energy Quarterly, March 2022, Historical Data, Table 17. Department of Industry, Innovation and Science.

4.2 Key Industry Drivers and Trends

4.2.1 Global economy and metal prices

Mining services demand is affected by metal prices which are intrinsically linked to the performance of the global economy, which is currently facing slowdown in growth and recession in some larger developed countries. This is driven by higher-than-expected inflation worldwide which triggered tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and the negative impact of the Ukraine war.

The IFM baseline forecast is for growth to decrease from 6.1% in 2021 to 3.2% in 2022. Further, global inflation has been revised upwards due to growth in food and energy prices as well as lingering supply-demand imbalances, and is anticipated to reach 6.6% in advanced economies and 9.5% in emerging market and developing economies in 2022. In 2023, global output is expected to only grow at 2.9%.

The IMF has also identified the downside risk to these projections is materially higher than the upside potential due to uncertainty that the war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be more sticking if labor markets remain tight; higher interest rates may lead to debt distress in emerging market and developing economies and renewed COVID-19 outbreaks and lockdowns, in particular in China, may further suppress Chinese growth.

Historically, global recessions have been associated with weak commodity demand and disruptions in supply, which in turn depresses commodity prices. Investors expect that the current high prices across metals and hydrocarbons will be adversely affected by recessions in the second half of 2022. Oil for example has reduced to c. US\$90 a barrel in August 2022 from a peak of c. US\$120 a barrel in the first half of 2022 with metals expected to follow a similar trend.

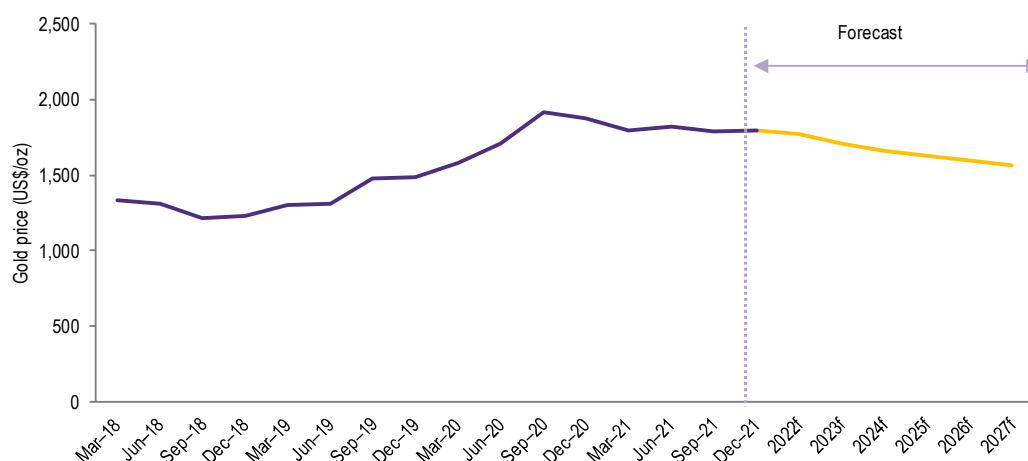
Demand for mining services is also indirectly influenced by commodity prices. Mining companies are incentivised to explore for new resources and increase production when prices are higher. In the case of

MACA, the demand, supply and outlook for gold, copper, nickel and iron ore³² are likely to be key drivers influencing the demand for its services going forward and the business is indirectly influenced by the fluctuations in the production, prices and export volumes of these commodities.

Gold

Precious metals, which include gold, platinum and silver, are considered to be rare and typically have a high economic value associated with them. Gold, in particular, is considered a safe haven investment in times of economic uncertainty, with the gold price and demand typically possessing an inverse relationship with the equities market. Circa 47% of the MACA FY22 revenue was derived from mining services provided for gold assets, we have discussed below the historical and forecast prices for gold.

Historical and forecast gold prices



Source: GTCF analysis, S&P Global, Resources and Energy Quarterly, March 2022

Over the last five years, the gold price has risen consistently, as investors have sought to reduce risk amid rising uncertainty in global equity markets. Specific market shocks, such as the Brexit vote in 2016, the Black Monday sell-off of Chinese equities in 2017, trade tensions between the US and China, continued geopolitical tensions in the Middle East and Indo-Pacific regions, and more recently the COVID-19 pandemic and the Ukraine-Russia conflict have all driven the gold price higher in the historical period due to investors allocating greater capital towards safe monetary assets.

This increased demand culminated in the gold price reaching a high of US\$1,911/oz in the September 2020 quarter, before reducing to US\$1,720/oz in July 2022. Recently, higher US interest rates and strength in the US dollar have adversely affected the price of gold, however the use of gold as an inflation hedge and the risk of a global recession which may limit further monetary policy tightening may support demand for gold. Analysts expect prices to further reduce from the current level.

³² Being the three key metals and commodities that MACA is currently exposed to.

Nickel

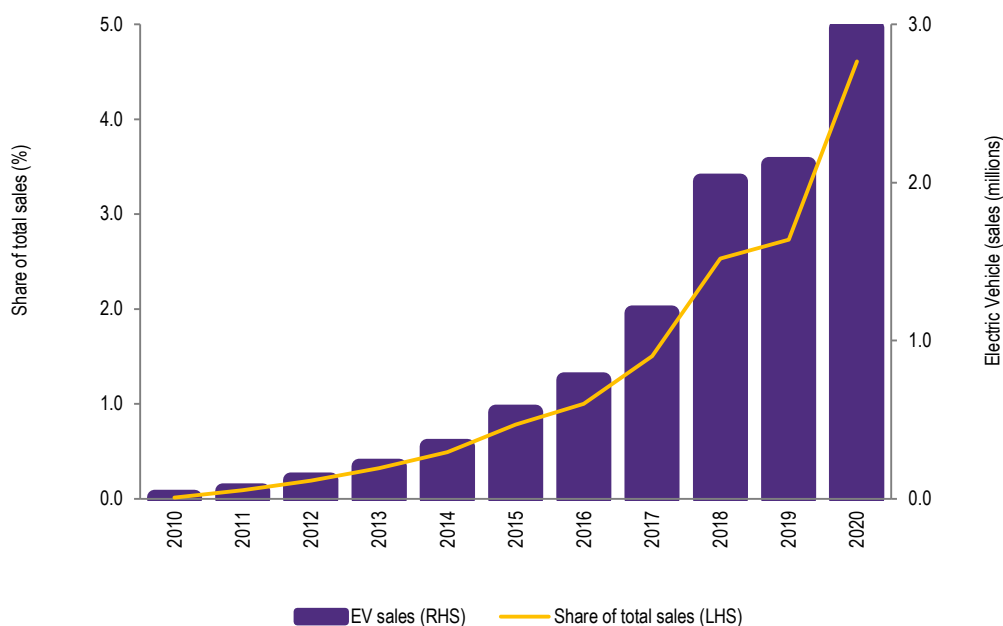
Nickel has extensive industrial use. Typically, prices and demand are positively correlated with economic growth due to its extensive and widespread applications across a large number of sectors.

Nickel is currently trading at US\$21,500/tonne which is not inconsistent with the July lows as rising production and fears of a demand slowing down due to global recession continued to adversely affect prices which have more than halved from the peak of c US\$48,300/t in March 2022. Global primary nickel production is expected to materially increase in 2022 to 3.21 million tonnes, and the nickel production deficit of 2021 could turn into a slight surplus.

Over the longer term, demand and supply fundamentals for lithium and nickel, which will indirectly impact the mining services activity of MACA, will be determined by the extent to which countries decarbonise their energy supply. For large, fast growing economies like China and India fully decarbonising their energy supply may be challenging and require a longer period of time whereas developed countries may shift energy supply more rapidly, however the current macro-economic uncertainty may slowdown the energy transition.

Going forward, copper, nickel and lithium are set to be a main beneficiary of the global energy transition away from fossil fuels, with usage expected to increase for electric vehicles, renewables generation, and grid storage. We note on electric vehicle contains significant larger amounts of nickel, copper and lithium compared with internal combustion engine vehicle. The figures below highlight the rapidly increasing adoption of electric vehicles.

Electric vehicle sales

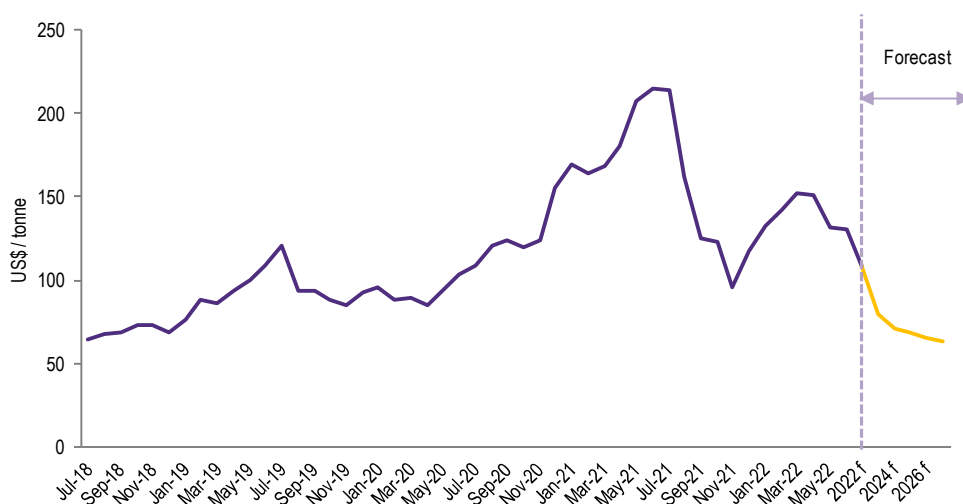


Source: International Energy Agency, World Bank
 Note: EV stands for electric vehicles and includes battery electric vehicle and plug-in hybrid electric vehicles.

Iron ore

Iron ore is a major export for Australia and it is intricately connected with Chinese industrialisation and economy. We note the following price dynamics:

Historical and forecast Iron Ore prices



Source: IndexMundi – Commodity Prices Iron Ore for historical data, Resources and Energy Quarterly, March 2022

Note: The consensus mean price for North China Fines Iron Ore has been used for forecast data.

Supply shocks led to a significant rise (c. 34.5%) in the price of iron ore in 2019, driven by curtailed production by Vale, one of the largest producers of iron ore in the world. Additionally, adverse weather disruptions limited production by BHP and Rio Tinto whilst demand remained strong from China.

In 2020, the price of iron ore continued its upwards trend, rising 16.1% on the back of China's 2020 stimulus plan and infrastructure investments. Simultaneously, supply was constrained, as Vale was temporarily forced to close several mines due to a severe spike in the number of COVID-19 cases. Resumption in iron ore production by Vale has been slower than anticipated, which alongside a faster than expected recovery in residential construction and consumer spending in markets such as the United States, placed significant upward pressure on prices which reached US\$200/mt in the June 2021 quarter.

However, iron ore prices significantly reduced to US\$125/mt in September 2021 due to a sharp drop in steel consumption, particularly from China, and easing of supply constraints among key exporters. Looking forward, iron ore prices are expected to continue to soften due to expectations of a global recession as well as the decline in construction activity in China.

4.2.2 Growing importance of technology in mining

In recent years, mining companies have adopted a growing range of digital technologies and automation with COVID-19 further accelerating this trend. Many companies have mechanised their operations, such as adding equipment sensors and driverless locomotives used to transport resources from mine to port. We note BHP recently announced an US\$800m program to add 500 autonomous trucks in iron ore and coal mines in Australia.

The CSIRO's "METS³³ – A Roadmap to unlocking future growth opportunities in Australia" discusses some new technologies that are likely to create value for exploration companies. Examples include fostering skills in the operation and maintenance of autonomous and robotic equipment and development of technical expertise in material sciences and nanotechnology. A WA-based company, Minnovare develops and distributes a product which does not require GPS, compasses and other equipment that traditional equipment required. Through the application of technology, the product delivers efficiency to drilling processes within the mining and construction industries. In terms of its commercial application, the product was used in a large poly-metallic underground mine in South Australia, where the technology delivered faster, cheaper and more accurate drilling on site.

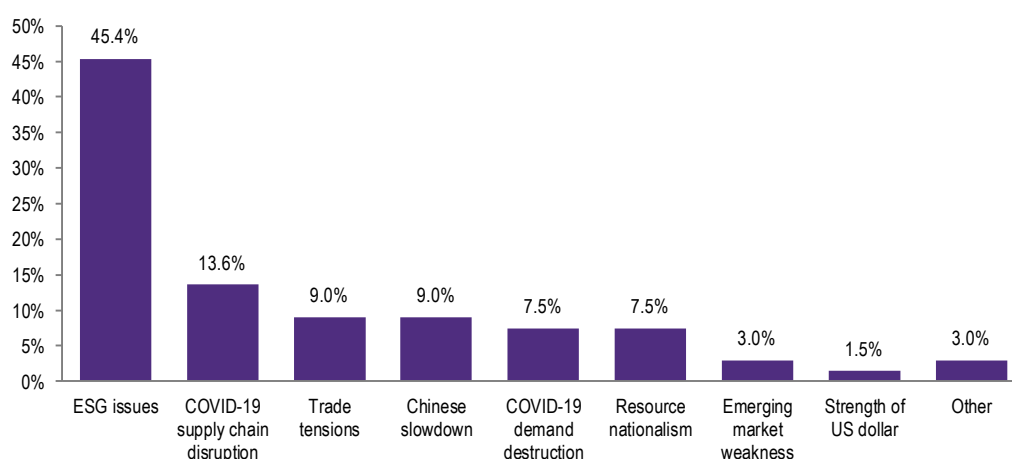
Through SafeAI and its collaborations with Mitsui for zero emissions dump truck programs, MACA is progressing its studies in automation and battery technology with the aim of ultimately economically applying them in their operations.

4.2.3 ESG and government policy

Mining and drilling activities are inherently disturbing to the land and environment, and can often cause climate change impacts such as greenhouse gas emissions and water disturbances. In recent years, ESG has been a growing discussion point that has emerged in the industry as a top priority.

The World Bank estimates that over three billion tonnes of minerals and metals will be needed to deploy sufficient renewable power and energy storage to keep the rise in mean global temperatures to below 2 degrees Celsius above pre-industrial levels, consistent with the 2015 Paris Agreement. Additionally, in the White & Case 2021 Mining and Metals market sentiment survey, ESG issues were the dominant force, taking 45.4% of the vote, further illustrating the crucial role mining projects will play in the clean energy transition.

Key risks for mining and metals in 2021



Source: White & Case 2021 Mining & Metals market sentiment survey

Accordingly, investors, communities, regulators and other stakeholders are placing greater pressures on the mining industry to manage their impact on the environment and communities in which they operate.

³³ Mining Equipment, Technology and Services – A Roadmap for unlocking future growth opportunities for Australia, May 2017.

5 Valuation methodologies

5.1 Introduction

As discussed in section 1, our fairness assessment involves comparing the Offer Price with the fair market value of MACA on a control basis.

Grant Thornton Corporate Finance has assessed the value of MACA using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

In our assessment of the fair market value of MACA, Grant Thornton Corporate Finance has adopted the

EBIT multiple method. We consider the EBIT multiple method appropriate given that:

- MACA's operating business is mature with a history of profitability which is expected to continue in the future.
- EBIT multiples are widely used and accepted valuation measures in the industry.
- There is an availability of listed comparable companies for the calculation and analysis of implied EBIT multiples.
- The value of the surplus assets such as the Grosvenor West Tenements, BCC Royalty and BCC Shares, are separately considered.

We have cross-checked our valuation using the Quoted Security Price Method. In the absence of the Takeover Offer or other transactions, the trading price represents the value at which minority shareholders could realise their investment in MACA and accordingly it is a relevant valuation benchmark.

6 Valuation assessment of MACA

6.1 Valuation summary

6.1.1 EBIT Multiple Approach

As discussed in Section 5, we have adopted the EBIT Multiple as our primary valuation methodology. MACA has a large, contracted work-in-hand which can be used to reliably estimate the EBIT for FY23. Under this method the FY23 EBIT is capitalised at an appropriate FY23 EBIT multiple to determine the enterprise value of the business. We have capitalised the EBIT at a multiple that we consider reasonably reflects the business and growth prospects of the Company. Set out below is a summary of our valuation.

EBIT Multiple Method - valuation summary	Section		
A\$ '000 (except where stated otherwise)	Reference	Low	High
Assessed FY23 EBIT	Section 6.1.2	75,000	80,000
Assessed EBIT Multiple	Section 6.2.3	7.25x	7.75x
Enterprise value of MACA Limited		543,750	620,000
Less: Adjusted net debt as at 30 June 2022 (post-AASB 16 basis) ²	Section 6.2.4	(254,062)	(254,062)
Add: Fair market value of surplus assets (net of taxes and realisation costs)	Section 6.2.5	47,019	54,215
Equity value of MACA Limited		336,707	420,153
Number of outstanding shares ('000s) (fully diluted)	Section 6.2.6	347,610	347,610
Value per share (A\$ per MACA Share)		0.969	1.209

Sources: S&P Global, Management, GTCF analysis

Note (1): EBIT and EBIT multiples are prepared on a post-AASB 16 basis and based on the trading prices as at 11 August 2022.

Note (2): Net debt includes the lease liabilities and only c A\$31 million of the cash balance as at 30 June 2022 has been considered as surplus cash after having regard to the Company's monthly working capital requirements. We have adopted the same adjustment in the calculation of the enterprise value of the listed peers which have the effect of increasing the EBIT multiples, all other things being the same.

6.1.2 FY23 EBIT

We have presented below the historical and forecast revenue and EBIT figures. We note that MACA adopted the AASB 16 accounting standard on 1 July 2019 (FY20 first full year), which all other things being the same, results in a slight increase of the EBIT.

Grant Thornton assessed FY23 EBIT A\$millions (except where stated otherwise)	Pre-AASB 16		Post-AASB 16			Guidance	Consensus
	FY18	FY19	FY20	FY21	FY22	FY23	FY23
Revenue	563	666	793	1,174	1,650	1,450 - 1,500	1,522
Revenue growth		18.3%	19.2%	47.9%	40.6%	NM	NA
Underlying EBIT	29	28	45	62	61	NA	77
Underlying EBIT margin	5.2%	4.2%	5.6%	5.6%	3.6%	Nm	5.1%
Grant Thornton assessed FY23 EBIT					75	to	80

Sources: S&P Global, GTCF analysis

Note (1): AASB 16 adopted during FY20. Comparison with historical results should be considered with caution.

Note (2): FY23 Guidance is presented as rounded number

Note (3): FY23 Consensus is based on the broker consensus

In the selection of the EBIT for our valuation assessment, we have considered the following:

Historical financial performance

As illustrated in the table above, the Company has been successfully growing its revenue through a combination of new contract wins, extensions of existing contracts and the acquisition of the Mining West business. The Company continues to service large clients such as Regis Resources, Capricorn Metals,

Fortescue Metals Group and others. Other factors contributing to the growth in revenue was the diversification of the business by gaining exposure to iron ore and battery minerals which experienced tailwinds due to favourable macroeconomic conditions. With respect to its Civil and Infrastructure segment, the Company also experienced growth in work in hand on account of the infrastructure investment undertaken in Victoria and Western Australia.

On the flip side, FY22 results were adversely impacted by MACA Interquip which recorded a loss of c. A\$23.7 million mainly driven by the Red 5's King of the Hills project. MACA Interquip had entered into a fixed price contract for this project and faced many challenges in relation to escalating labour and materials cost. The contractual terms did not allow the Company to recoup these cost escalations which caused a significant loss. If the abnormal loss from this project is added back, FY22 EBIT would increase to c. A\$85 million. However, we note that MACA Interquip has experienced similar issues in FY18 at the Tanami mine owned by Newmont Corporation and reported a divisional loss of A\$8.1 million for the year.

On the cost side, the tight labour market conditions in Western Australia have created challenges for MACA to maintain and add to its workforce and it has escalated costs materially which reduced productivity. Since the beginning of 2022, there have been rising inflationary pressures which have raised fuel costs and consumables and supply chain issues continues to affect the repairs and maintenance cost items. All these factors contributed to the margin reduction.

Broker forecast financial performance

In assessing the FY23 EBIT, we have also considered the FY23 EBIT broker forecasts which are summarised in the table below.

Broker forecast for EBIT		FY23
Broker	Date	EBIT
Broker 1	Apr-22	77.0
Broker 2	Feb-22	71.0
Broker 3	Jul-22	80.5
Low		71.0
Average		76.2
Median		77.0
High		80.5

Source: Analyst estimates

Management FY23 Guidance, Budget and YTD performance

For FY23, the Company has provided revenue guidance of c. A\$1.45 to A\$1.5 billion. The reduction in revenue is on account of the termination of the Karara (Ansteel) contract and of the tenure of some of the longer contracts. Based on discussions with management, we understand that key reason behind the change in contractor at Karara was competitive market pressures rather performance issues with the services provided by MACA.

The Budget also includes a level of unsecured revenue (c. A\$175 million³⁴) which is not inconsistent with the level of unsecured revenue in prior years. Compared to FY21, work-in-hand for FY22 is lower than FY21. The unsecured revenue is expected to be delivered by utilising MACA's existing fleet. The margin

³⁴ Calculated as the difference between the mid-point of the revenue guidance of c. A\$1.475 billion and the secured order book of A\$1.3 billion. Numbers are approximated and may not add up due to rounding.

percentage improvement in the Mining Division EBIT is relatively modest and is broadly similar to actual EBIT margins achieved by the business between February 2022 and April 2022. MACA is also targeting a reduction in the overhead cost base.

With regard to MACA Interquip, with the exception of FY22, the division has recorded EBIT (before unallocated corporate costs) between A\$1 million and A\$9 million between FY19 to FY22. For FY23, EBIT (before unallocated costs) is consistent with the top-end of the historically observed EBIT. Of this EBIT, c. 25% has already been secured, however there are some large contracts pending awards which, if won, will increase materially the secured work.

Post 30 June 2022, the Company has announced that it has won three new civil contracts with a total value of A\$115 million.

Conclusion on the adopted EBIT

We have assessed the FY23 EBIT between A\$75 million and A\$80 million on a post-AASB 16 basis for MACA. We have primarily relied on the broker consensus estimates, FY23 revenue guidance provided by the Company, FY23 Budget and YTD financial performance.

We note that excluding the impact of the King of the Hills project from FY22 EBIT, the selected FY23 EBIT is lower than the FY22 EBIT before the MACA Interquip loss. We note that this is due to the following:

- Loss of the Karara and BHP contracts.
- Reduction in the FY23 work-in-hand and pipeline compared with FY22.
- Level of unsecured revenue for MACA Interquip and FY23 EBIT for the division based on the historical volatility.
- Challenging macro-economic environment which may impact commodity prices and risk of global recession.
- Tight labour market conditions and competitive pressures affecting productivity.

6.2 FY23 EV/EBIT multiple

6.2.1 Comparable Company multiples

In selecting the comparable companies for MACA, we have considered mining service providers, including drilling service providers, that operate predominantly in Australia. Whilst the country of operations and type of mining services offered enable some comparability, we also note that company size, revenue growth, margins, and diversification also play a significant role in determining the EBIT multiples and level of comparability. We have also relied on those businesses that, similarly to MACA, are capital intensive.

Summarised below are the EV/EBIT trading multiples of the selected companies.

Comparable company multiples			EBIT Multiple (times)			
			FY21	FY22	FY23	FY23
Company	Country	Market Cap	Actual	Projected	Projected	Projected
DDH1 Limited	Australia	348	6.6x	5.4x	4.1x	5.3x
Mitchell Services Limited	Australia	81	5.5x	19.5x	8.0x	9.7x
Perenti Global Limited	Australia	506	7.6x	7.4x	6.9x	7.7x
Macmahon Holdings Limited	Australia	336	7.2x	6.8x	6.5x	7.4x
NRW Holdings Limited	Australia	1,015	11.2x	7.5x	7.4x	9.3x
Emeco Holdings Limited	Australia	420	5.9x	5.8x	5.0x	5.9x
MLG Oz Limited	Australia	79	6.0x	12.5x	8.0x	9.3x
Average			7.2x	9.3x	6.6x	7.8x
Median			6.6x	7.4x	6.9x	7.7x

Sources: S&P Global, GTCF analysis

Note: The trading multiples are based on the share prices as at 11 August 2022. All multiples are presented on a post-AASB 16/IFRS 16 basis in the reported currency per the financial statement. Multiples are calculated using the underlying, underlying EBIT(A) calculated from the annual financial statements when available. EBIT refers to underlying EBIT(A) figures which were possible normalise for any non-recurring expenses along with the amortisation of customer contracts/relations.

A brief description of the selected comparable companies is set out in Appendix B. In relation to the table above, we note the following:

- Among the listed peers, Perenti and NRW have a large charge for the amortisation of the acquired intangible assets. In order to enhance the level of comparability with MACA and the other listed peers, for these companies we have adopted EBIT(A) rather than EBIT.
- The EBIT multiples are presented both on a minority basis for the period between FY21 and FY23 and on a control basis for FY23 where we have applied a control premium of 30% to the underlying trading prices. The trading prices of the listed peers are calculated as at 11 August 2022 before the release of FY22 accounts as it normally takes investments' analysts a period of time before they update FY23 consensus estimates (if required). The adopted approach ensures consistency between the numerator and the denominator in the calculation of the EBIT multiple.
- We have primarily selected Australian diversified metals and mining service companies as well as drilling service providers that have a significant component of revenues generated from the resource sector and that similarly to MACA, are capital intensive in nature.
- All the mining services companies, including MACA, have a large cash balance which is required for working capital purposes and tendering processes and as such, it cannot be considered surplus to the operations. Accordingly, in the calculation of the enterprise value of the listed peers, we have only considered c. 1/3 of the cash balance as surplus. This adjustment has the effect of increasing the EBIT multiple, all other things being the same. This is consistent with the approach taken in the valuation assessment of MACA as discussed in section 6.2.3.

In order to gather some further insights on the listed peers, we have set out in the table below a comparison of certain KPIs of MACA and the comparable peers.

Comparable company KPIs	EBIT Margins (%)	Cash Conversion ¹			Capex as a % of Revenue ²			Underlying ROE			Cash % of MC
	FY20-FY22	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22	FY22
Company	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
DDH1 Limited	16.4%	107.2%	92.2%	n/a	15.7%	9.5%	n/a	20.5%	35.9%	n/a	1.4%
Mitchell Services Limited	6.6%	94.5%	96.6%	n/a	10.0%	13.7%	n/a	23.1%	13.0%	n/a	4.2%
Perenti Global Limited	7.9%	96.5%	105.1%	107.6%	11.5%	13.4%	19.2%	7.9%	5.7%	6.2%	22.6%
Macmahon Holdings Limited	6.6%	91.5%	107.7%	92.6%	5.5%	15.1%	9.6%	14.6%	14.5%	11.5%	19.3%
NRW Holdings Limited	5.5%	86.5%	60.4%	110.5%	4.0%	3.4%	8.6%	23.5%	14.8%	17.6%	7.1%
Emeco Holdings Limited	20.3%	93.0%	101.7%	93.8%	20.4%	25.1%	21.9%	22.0%	12.8%	12.6%	4.7%
MLG Oz Limited	6.3%	117.7%	97.4%	n/a	10.2%	5.0%	n/a	n/a	17.7%	n/a	3.3%
Average³	9.9%	98.1%	94.5%	101.1%	11.0%	12.2%	11.8%	18.6%	16.3%	12.0%	8.6%
Median³	6.6%	94.5%	97.4%	100.7%	10.2%	13.4%	9.6%	21.2%	14.5%	12.0%	5.4%

Sources: S&P Global, GTCF analysis

Note: MC refers to Market Cap as at 11 August 2022.

Note (1): Cash conversions is calculated by taking operating cash flow (adding back net interest and tax) and dividing it by underlying EBITDA

Note (2): Capex is calculated as the total PP&E cash out flow from cash flow from investing

Note (3): Average and Median are excluding MACA figures

In our detailed review of each comparable company, we also note the following key similarities and differentiating factors with MACA.

- MACA is primarily focused on providing mining services for gold, iron ore and battery metals miners and it primarily operates in Western Australia, although it also has contracts in Victoria for civil services and international mining operations in Cambodia.
- Some of the comparable companies are larger than MACA, have a more diverse geographic reach and service offering as well as have clientele that range beyond the natural resource sector.
- DDH1 Limited and Mitchell Services Limited are more focused on drilling and blasting to the mining, construction and the broader resource sector. Although DDH1 and Mitchell Services may have a similar client base to MACA, the difference in operational focus limits the ability for them to be broadly comparable to MACA. Additionally Mitchell Services Limited has a significantly smaller market capitalisation which further decreases its comparability with MACA. Accordingly, we have placed limited reliance on these companies when arriving at an EBIT multiple range for MACA.
- Despite MLG Oz Limited being comparable from an operational perspective, we have placed limited reliance on it when arriving at an EBIT multiple range. This is largely due to MLG Oz Limited having a significantly smaller market capitalisation with lower liquidity (vis a vis lower free float percentage and volume) which in our opinion is affecting the EBIT multiple. The company generated FY21 EBIT of c. A\$24.2 million, which was in line with prospectus forecast, however the FY22 consensus EBIT estimate is currently only c. A\$10 million which is expected to recover to c. A\$18 million in FY23 (still 25% below FY21). As at 31 December 2021, the company also had limited cash balance of A\$2.5 million and financial liabilities of c. A\$63 million which implies a net debt/FY22 consensus EBIT of c. 6.0x which is considered to be high by industry standards (MACA's ratio is at c. 2.5x³⁵). For these reasons, we have placed limited reliance on this company.

³⁵ Net debt as at 30 June 2023 divided by FY23 EBIT consensus estimate

Based on our analysis above we note the following for the comparable mining service companies:

Macmahon Holdings Limited

Macmahon is a diversified contractor that focuses on surface mining, underground mining and civil construction with operations primarily in Australia (79% of FY22 revenue) as well as Indonesia and Malaysia. The majority of Macmahon's revenue is derived through surface mining (64% of FY22 revenue) and underground mining (25% of FY22 revenue). Macmahon is currently seeking to broaden its service offering and increase its exposure to civil contracting. Similarly, to MACA, Macmahon's primary clientele are gold and base metals producers. Across the financial metrics observed, MACA and Macmahon have delivered broadly similar results generating similar EBIT margins over the past three years (c. 5.7% and c. 6.6% respectively) as well as delivering similar returns to equity holders. Macmahon has delivered a higher cash conversion when compared to MACA. Given the similar geographic footprint, operational focus and commodity exposure, we are of the view that Macmahon is the most comparable company among the listed peers and we have presented below a detailed comparison between the two businesses.

FY22 Comparison of MACA and Macmahon across KPIs			
A\$000 unless stated otherwise	Units	MACA	Macmahon
Overview:			
Geographical presence		WA, VIC	WA, SA, NT, VIC, QLD
Commodity exposure		Gold, Iron Ore, Nickel, Lithium	Gold, Copper, Coal
Service Offering		Mining, Civil & Infrastructure	Mining
Operating KPIs:			
Revenue	A\$m	1,651	1,698
Underlying EBIT	A\$m	64	101
Underlying EBIT Margin	%	3.8%	5.9%
Cash conversion	%	82.4%	92.6%
Investing KPIs:			
Net Tangible Asset	A\$m	404	544
Underlying ROE	%	9.3%	11.5%
Capex as a % of revenue	%	4.7%	9.6%
Financing KPIs:			
Target payout ratio		30%-60%	10%-25%
Dividend yield (FY21)	Note 1	7.2%	4.6%

Source: S&P Global, MACA Annual Reports and Investor Presentations, Macmahon Annual Reports and Investor Presentations. MACA is based on FY22 figures and Macmahon is FY21

Note (1): MACA has international operations in Cambodia and Macmahon has operations in Indonesia. However, we have not included them in the table above as they represent a relatively small proportion of the overall business of the respective companies.

Note (2): MACA also has the SMP offering which represents a relatively small proportion of the overall business and we have therefore not included them in the table below.

Perenti Global Limited

Perenti is a diversified global mining services company focusing on surface mining, underground mining and mining support services. Perenti has operations that span worldwide including North America, Africa and Australasia, with Australia generating c. 47.0% of the company's revenues in FY22. Based on the company's current pipeline of work, Perenti is estimating an increase in revenue generated from its North American operations. The company focuses primarily on underground mining services which account for most of Perenti's revenue (c. 73.0% in FY21) and are expecting this segment to grow further as a proportion of total revenue. Like MACA, gold is Perenti's primary metal exposure which accounts for c. 53.0% of their portfolio in FY22 noting that Perenti has been actively diversifying their exposure to gold.

Despite Perenti having a greater global reach and a focus on underground mining, due to the similarities in commodity exposure, capital intensive nature of the business and wider operational focus, we are of the view that Perenti is broadly comparable to MACA. Perenti has traded broadly in line with MACA despite Perenti being a larger and more diversified service company. We are of the opinion that this can be attributed to several factors including but not limited to:

- Tighter operating margins which have led to a decrease in EBIT margins. This has also contributed to lower return on equity metrics compared to its peers.
- Perenti having larger capital requirements due to the diversity and specialised nature of its fleet and larger cash requirements.
- Higher gearing level in comparison to its peers.

NRW

NRW is a provider of diversified contract services to the resource and infrastructure sectors and has operations across most Australian states. NRW's main operational focus is across three sectors, Civil, Mining and Mineral/Energy Technologies (MET). Mining represents the largest revenue stream for NRW accounting for c. 53.0% of total revenue followed by Civil and MET accounting for c. 20.0% and 27.0% of total revenue respectively. NRW's mining business reported strong growth in revenue and earnings mainly due to the acquisition of BGC Contracting's mining activities. Despite some of NRW's service offerings differing to those of MACA, we are of the belief that NRW can be considered a broadly comparable company as a large portion of MACA's earnings are derived vis a vis Mining. MACA and NRW have similar risk profiles in terms of customer contracts and macroeconomic headwinds, as well as the capital-intensive nature of the mining services business. NRW has traded at a premium to MACA which is likely influenced by several factors including but not limited to size, operational diversification, and NRW having an established history of growing via acquisitions having acquired Primero Group, BGC Contracting and RCR Mining over the last 3 years. NRW also broadly speaking has less cash requirements due to their diversified service offerings having historically lower capital expenditure as a percentage of revenue when compared to MACA. In FY22 NRW experienced EBIT growth in both their Mining and MET businesses and as well as better than expected cash conversion of c. 110% due to faster supplier payments and claim settlements. The company continues to have a strong pipeline of work up to FY25 with the tender pipeline capable of being awarded in the next 12 month strengthening to \$19.8 billion compared to \$14.5 billion this time last year. Based on the above, we are of the opinion that it is not unreasonable for NRW to trade at a higher multiple than MACA.

Emeco Holdings Limited

Emeco is a provider of open cut and underground mining equipment, maintenance as well as project solutions and services. Emeco's three main business operations comprises of rentals, Pit N Portal and Force. Emeco recently added Pit N Portal to their business which was acquired in February 2020 and saw its first full year results in FY21. Rentals is the largest of the three operations accounting for c. 57.0% of revenue along with Force and Pit N Portal which accounted for c. 11.0% and c. 32.0% of revenue respectively. Emeco has a similar geographic concentration as MACA having their main focus in Western Australia whilst also having operations in Queensland and New South Wales. Despite Emeco primarily being a rental focused business, we have included Emeco in the broadly comparable companies due to their large capital expenditure requirements. We are of the opinion that Emeco has traded at a discount to MACA for the following reasons:

- Emeco has the largest capital expenditure spend as a percentage of revenue averaging c.22.5% over that past three years.
- Despite experiencing improved fleet utilisation in FY22, utilisation figures are still below pre covid levels. Management focus in FY23 is on improved utilisation and return on assets.
- Underperforming project in the Pit N Portal's business which is currently being renegotiated.

6.2.2 Comparable Transaction multiples

We have also considered EV/EBIT multiples of recent comparable transactions in our analysis:

Date	Target	Operating Focus	Acquiror name	Stake	EV	Historical EV / EBIT
December 2021	SWICK Mining Services	Diversified Metals and Mining	DHH1 Limited	100%	125.2	7.5x
February 2021	Mining West (from Downer EDI Ltd)	Surface Contract Mining	MACA Limited	100%	175.0	7.1x
January 2020	Pit N Portal Pty Ltd	Trading Companies and Distributor	Emeco Limited	100%	72.0	n/a
November 2019	BGC Contracting	Diversified Metals and Mining	NRW Holding Limited	100%	310.0	n/a
June 2019	GBF Underground Mining	Diversified Metals and Mining	Macmahon Holdings	100%	48.0	n/a
October 2018	Baminco Holdings Pty Ltd	Diversified Metals and Mining	Perent Global Limited	100%	738.3	8.1x
June 2018	SRG Limited ²	Construction and Engineering	Global Construction Services Limited	100%	138.0	11.6x
March 2017	Symour Whyte ²	Construction and Engineering	VINCI	100%	85.0	6.2x
August 2017	Golding Group ²	Construction and Engineering	NRW Holding Limited	100%	85.0	3.3x
October 2016	UGL ²	Construction and Engineering	CIMIC Group Limited	86%	760.0	8.3x
Mean - All transaction					253.6	7.4x
Median - All transaction					131.6	7.5x
Mean - Excluding outliers					289.2	7.4x
Median - Excluding outliers					150.1	7.5x

Sources: S&P Global, GTCF Analysis, Public Information.

Note: All transactions resulted in 100% control of the target companies. All target companies are based in Australia and presented in A\$. We have provided an excluding outliers summary which exclude SRG Limited and Golding Group.

Note 2: These multiples are on an EBIT(A) basis

In relation to the multiples implied by the comparable transactions, we note that:

- The implied transaction multiples may incorporate various levels of control premiums and special values paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirers.
- Some of the transactions involved unlisted companies and as such, the level of public information is limited.
- We have excluded earn-out and contingent consideration in deriving the purchase consideration for the transactions as the vesting hurdles are not disclosed. For consistency, we have calculated the multiple based on the actual EBIT.
- The transactions observed took place during the period between October 2016 and December 2021. As such, economic and market factors like competition dynamics and commodity prices may be materially different to those currently as at the date of valuation. These factors may influence the amounts paid by the acquirers for these businesses. We also note the impact of the COVID-19 pandemic, resulting Government mandated stay-at-home-orders and lockdowns, and Government economic policies³⁶ which may also have an effect.

³⁶ This includes government and central bank based fiscal, monetary and quantitative easing economic policies.

- The transaction multiples are calculated based on the historical EBIT of the acquired companies (unless otherwise stated). The transactions completed before 1 July 2019 were before the introduction of the AASB 16 / IFRS 16 accounting standard, for the others, due to the limited information available, we have not been able to verify whether those transactions are presented on a pre or post AASB 16 basis.

Of the transactions observed in the table above, the following are those which we have deemed most comparable:

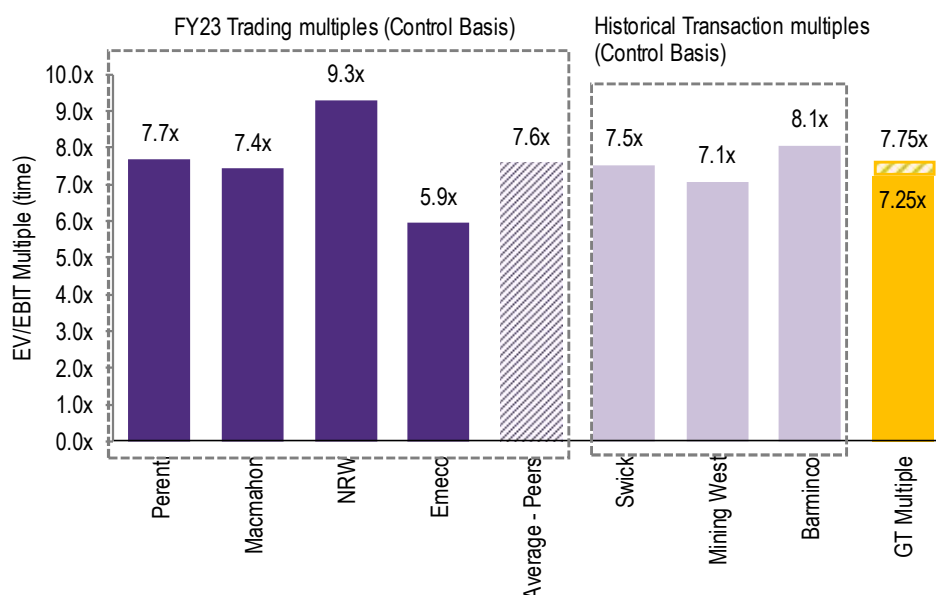
- *SWICK Mining Service* – In February 2022, Swick Mining Service was acquired by DDH1. Swick is a global mineral drilling contractors that specialises in underground diamond core and surface reverse circulation drilling for the hard rock mining industry. The company has a global presence with operations in Australia, the United States and Europe and provides services to a diverse group of mining houses and across a spread of commodities.
- *Mining West* – In February 2021, MACA acquired 100% of Mining West, a fully owned subsidiary of the integrated services provider, Downer EDI. The company is based in Western Australia and operates as a surface contract mining business. Mining West held contracts with the Karara iron ore, Eliwana iron ore, Gruyere gold and Sino-Iron iron ore projects and 14 excavators and shovels, 65 dump trucks, 11 surface drills and 36 other ancillary machines.
- *Barminto Holdings Pty Ltd* – In October 2018, Ausdrill, a subsidiary of Perenti Group, purchased Barminto Holdings which specialises in underground hard-rock mining services. Barminto has a diverse service offering, including mine development, diamond drilling, vertical development, equipment supplies and maintenance and production drilling, charging, blasting, loading and hauling. Barminto has operations both domestically in Australia and overseas, which includes a 50:50 joint venture with Ausdrill operating in Burkina Faso.

6.2.3 Conclusion on EV/EBIT multiple

Based on the analysis of listed comparable companies and comparable transactions, Grant Thornton Corporate Finance has assessed an FY23 EBIT multiple for the valuation of MACA in the range of 7.25x to 7.75x on a control basis. In our selection of the EBIT multiple, we have mainly considered the following:

- Among the most comparable listed peers, FY23 EBIT multiple of Perenti on a control basis is 7.7x and Macmahon is 7.4x.
- The median FY23 EBIT multiple of the listed peers on a control basis is 7.7x.
- The historical EBIT multiples of the three most comparable transaction ranged between 7.1x and 8.1x on a control basis.

EBIT Multiple Comparison



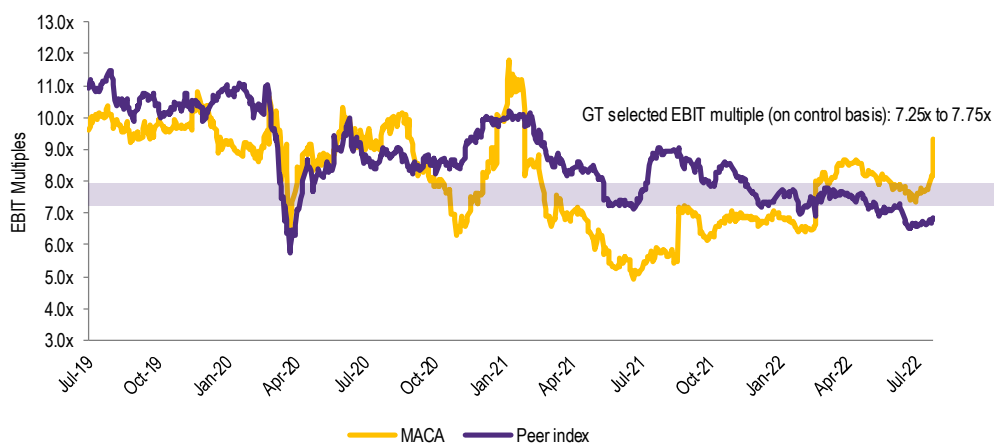
Source: GTCF analysis, S&P Global, Mergermarket, Company Filings.

Notes (1): Average – Peers refers to the average of the 4 companies referred to in the graph above.

Notes (2): We have applied 30% control premium to the trading multiples

Given that MACA operates in a highly cyclical industry, before reaching our conclusions, we have also considered the selected EBIT multiple range with the rolling EBIT multiples through the cycle as set out in the graph below. Specifically, based on the trading prices of the Macmahon, Emeco, Perenti and NRW (“Mining Services Peers”), we have created a Mining Services Peers index based on the rolling EV/EBIT multiples for the last three years which we have compared with the selected EBIT multiple of MACA.

MACA and Mining Services Peers EV/NTM EBIT multiple on a 30% control basis



Source: GTCF analysis, S&P Global.

Notes: (1) Peer index comprises of Macmahon, Emeco, Parenti and NRW.

Based on the above analysis, we are of the opinion that the selected multiple is reasonable, and it appropriately considers the cyclicity of the business.

6.2.4 Net Debt

In our valuation assessment, we have considered the net debt (including the lease liabilities) as at 30 June 2022 which is set out with the table below.

Net Debt of MACA A\$'000's unless stated otherwise	Section Reference		
External debt	Section 3	[A]	91,000
Lease liabilities	Section 3	[B]	194,644
Surplus cash:			
Reported cash and cash equivalents			91,582
Less: Cash required for operating purposes	Section 3		(60,000)
Surplus cash		[C]	31,582
Net Debt of MACA		[A] + [B] - [C]	254,062

Source: MACA FY22 Financial Statements

Based on a review of the monthly working capital requirements, payment terms of suppliers and workforce and discussions with Management, we have assumed that only c. A\$31.6 million of the cash balance as at 30 June 2022 can be considered surplus and accordingly deducted this amount to calculate the net debt. The analysis of the monthly management accounts highlights that MACA requires c. A\$60 million to manage working capital swings, contract requirements and workforce payments based on the level of revenue expected in FY23. We have adopted the same approach for the listed peers which has the effect of increasing the EBIT multiple, all other things being the same. If we would consider all the cash as surplus and deduct it from the net debt of MACA and of the listed peers, the valuation assessment of MACA would not materially change as the EBIT multiple reduction will be substantially offset by the decrease in the net debt.

6.2.5 Other assets and liabilities

Other assets and liabilities comprise the following:

Summary of surplus assets and liabilities of MACA A\$ '000 (except where stated otherwise)	Reference	Low	High
Add: Fair market value of the Unlisted Investment	Note 1	1,228	1,228
Add: Fair market value of the Listed Investment	Note 2	6,813	7,079
Less: Fair value of Minority Interest in MACA Interquip	Note 3	-	-
Add: Fair market value of the Grosvenor West Tenements & BCC Royalty	Note 4 & Note 5	38,978	45,908
Total surplus assets and liabilities of MACA		47,019	54,215

Source: GTCF Calculations, MACA FY22 Financial Statements

- **Note 1 Fair market value of Unlisted Investment:** MACA owns an equity interest of 0.45% in SafeAI which is an early-stage company focused on retrofitting heavy equipment for autonomous applications in mining and construction sectors. In determining the fair value of the unlisted investment, Management have considered the value per share based on the latest round of capital raising completed by SafeAI in July 2022. We have adopted the same value for our assessment.
- **Note 2 Fair market value of Listed Investment:** As part of the transaction involving the sale of the Bluff Coal project to Bowen Coking Coal, MACA received c. 27 million shares in BCC. We have assessed the fair market value of the BCC Shares between 29 cents and 30 cents per share based on the trading prices over the 30 days leading up to 15 August 2022. In our valuation assessment, we have

applied a small discount given that the shares are escrowed until December 2022 and calculated the tax payable upon disposal having regard to the existing cost base.

- Note 3 Fair market value of minority interest in MACA Interquip:** The FY23 EBIT adopted in our assessment includes 100% of the financial performance of Interquip. However, MACA only owns 60% interest in it. MACA has a call option to acquire the remaining 40% any time during the 60 day window following the adoption or approval of the consolidated accounts for each financial year. Upon exercise of the call option, the enterprise value of Interquip is calculated as 5x the average EBIT for the last three financial years. If MACA exercises the call option in the 60 days window after the adoption or approval of the FY22 or FY23 accounts, the founder shareholders may veto the exercise of the call option, however the veto ability terminates in respect to the financial year ending 30 June 2024. Given that in FY22, Interquip generated an EBIT loss of c. A\$23.7 million, it is reasonable to assume that even if the financial performance returns to the normalise historical levels, it is unlikely that the average three year EBIT at the time the call option is exercise will be a positive number. Accordingly, we have valued the minority interest in Interquip at A\$nil based on the terms of the Shareholders Agreement.
- Note 4 Fair market value of the Grosvenor West Tenements:** On 24 June 2022, the Supreme Court of Western Australia ordered a transfer of 100% of the existing fully paid ordinary shares in Wealth Mining Pty Ltd, which owns the Grosvenor West Tenements, to MACA as it was one of the securities pledged to the Company by Carabella. MACA's legal counsel commissioned an independent valuation of the Grosvenor West Tenements as part of the Federal Court of Australia Proceeding No. QUD185/2021 ("Legal Proceeding"). The Independent Valuation was completed in November 2021 and the parties to the Legal Proceeding settled this matter in June 2022 with the transfer of Wealth Mining Pty Ltd to MACA. The Independent Valuation of the Grosvenor West Tenements was undertaken based on the resource multiple methodology, with the resource multiple estimated on the basis of the prices paid in nine transactions that took place during the period between 2017 and 2021 in the Bowen Basin. We have reviewed these transactions and the related resource multiples and we have concluded that they are relevant for the purpose of the valuation assessment of the Grosvenor West Tenements and the approach and conclusion in the Independent Valuation is not unreasonable. However, since the Independent Valuation was completed, we note the following:

 - Metallurgical coal prices have increased significantly in the wake of the Russian invasion of Ukraine but they weakened in April 2022, as disruptive weather conditions in Australia eased momentarily, permitting supply to enter markets. However, adverse weather conditions in May 2022 and June 2022 have further impacted Australian coal output. The coking coal price forecast at the time of the Independent Valuation and as at today are summarised below.

Change to consensus estimates - Coking Coal						Nominal
US\$/tonne	Spot	2023	2024	2025	2026	Long-term
October 2021	275.7	166.9	163.7	159.0	155.7	155.7
July 2022	371.4	268.4	197.7	197.7	180.3	181.2
Change (%)	34.7%	60.8%	20.8%	24.3%	15.8%	16.4%

Source: Consensus Economics October 2021 and July 2022

Note (1): Where 2026 forecasts are not available, we have used the Nominal long-term forecasts

- Prices (and associated volatility) are expected to decline over the forecast period. However, price and volatility are both likely to remain above typical levels through the outlook period. This is attributable to a number of factors (adverse weather conditions, potential COVID-19 disruptions, import bans from China and Europe and the Ukraine Conflict) which are expected

to impact the prices over the next two years. Risks mostly remain on the supply side, with low inventories likely to exacerbate the impact of any further supply disruptions in 2022.

- As a result of the increase in the coal prices since the Independent Valuation, most of the listed ASX companies operating in the sector have benefited from a significant uplift in their market capitalisation with a median increase of 30% between 31 October 2021 and 12 August 2022 (refer to Appendix D for details). It is not unreasonable to expect that the value of the Grosvenor West Tenements would have also increased over the same period, all other things being the same.

In order to take into account the changes in the market conditions discussed above, in our valuation assessment of the Grosvenor West Tenements, we have adopted at the low-end of the range, the mid-point of the Independent Valuation whereas the high-end has remained unchanged.

- *Note 5 Fair market value of the BCC Royalty:* The Company is entitled to a tiered royalty payment in relation to the coal production at the Bluff Coal project which commenced in April 2022. The BCC Royalty is tiered based on the following:

- A\$2/t royalty for all coal sales at a price >US\$120/t capped at US\$10 million, plus
- A\$5/t royalty for all coal sales at a price >US\$150/t, plus
- A\$5/t royalty for all coal sales at a price >US\$200/t.

On 4 July 2022, Bowen Coking Coal announced the shipment of the first coal at Bluff Coal project with production expected to ramp-up to an annualised ROM rate between 1 Mtpa and 1.2 Mtpa which is to be maintained over the next 4 to 6 years. We have assessed the net present value of the BCC Royalty based on the following:

- Total coal production over the LOM of 4.5 Mt based on the indicative mine schedule provided by BCC on 26 October 2021.
- In order to estimate the PCI coal prices, we have relied on the forecasts released by KPMG 'Coal Price and FX market forecasts' dated June/July 2022³⁷. For the purpose of our benchmark, we have relied on the Low and Ultra low volatile PCI coal.
- A discount rate in line with the WACC adopted by MACA for impairment purposes.
- A US\$:A\$ exchange rate based on the average for the last 30 days.
- *Other assets and liabilities:* We have considered but not made any adjustments for the following:
 - As at 30 June 2022, MACA had issued performance guarantees of A\$34.5 million. These guarantees are issued on behalf of customers, suppliers and vendors and are common for a mining contractor. According to the FY22 Financial Statements, the Directors of the Company do not believe there are any claims that would require MACA to honour their performance guarantees.

³⁷ KPMG provide quarterly summary of coal price forecast data for hard coking coal, PCI, SSCC and Newcastle Benchmark thermal coal and AUD:USD exchange rate forecasts.

- As at 30 June 2022, the Company reported deferred tax assets of A\$26 million. Of these, A\$10.7 million relate to tax losses. We have not made any separate adjustment for tax losses as the comparable companies also have tax losses and therefore the trading multiples of the listed peers already take it into account.

6.2.6 Shares on issue

The total number of shares included in our valuation assessment comprises 341,710,846 shares on issue plus 5,898,705 shares to be issued upon the accelerated vesting of the performance rights as per the terms of the Takeover Offer. This aggregates to 347,609,551 total shares outstanding.

Number of ordinary shares as at 04 August 22 '000	Section Reference	Number of shares
Total number shares outstanding on issue		341,710,846
Performance Rights on issue as at 4 August 2022		5,898,705
Total number of ordinary outstanding shares		347,609,551

Sources: MACA Annual report

6.3 Quoted Security Pricing Method

In our valuation assessment of MACA, we have also considered MACA's share trading price as a cross check to our valuation. The assessed value per share based on the trading price is an exercise in professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of MACA.

6.3.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of MACA Shares before relying on them for the purpose of our valuation assessment. We set out below the monthly trading volume of MACA shares since January 2021 as a percentage of the total shares outstanding as well as free float shares outstanding³⁸.

³⁸ Free float shares excludes those owned by company employees, individual insiders, related parties and/or other strategic investors.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Jul 2021	17,541	0.8628	15,134	5.4%	5.4%	6.5%	6.5%
Aug 2021	21,852	0.8528	18,635	6.7%	12.1%	8.0%	14.5%
Sep 2021	44,353	0.7418	32,902	13.0%	25.0%	15.6%	30.1%
Oct 2021	24,433	0.7319	17,882	7.2%	32.2%	8.6%	38.7%
Nov 2021	17,211	0.7930	13,649	5.0%	37.2%	6.1%	44.7%
Dec 2021	9,252	0.7808	7,224	2.7%	39.9%	3.3%	48.0%
Jan 2022	9,973	0.7569	7,548	2.9%	42.9%	3.5%	51.5%
Feb 2022	11,813	0.7412	8,756	3.5%	46.3%	4.2%	55.6%
Mar 2022	21,308	0.8151	17,368	6.2%	52.5%	7.5%	63.1%
Apr 2022	12,169	0.8459	10,293	3.6%	56.1%	4.3%	67.4%
May 2022	10,552	0.7896	8,331	3.1%	59.2%	3.7%	71.1%
Jun 2022	14,128	0.7132	10,076	4.1%	63.3%	5.0%	76.1%
Min				2.7%		3.3%	
Average				5.3%		6.3%	
Median				4.6%		5.5%	
Max				13.0%		15.6%	

Source: S&P Global, GTCF analysis

With regard to the above analysis, we note the following:

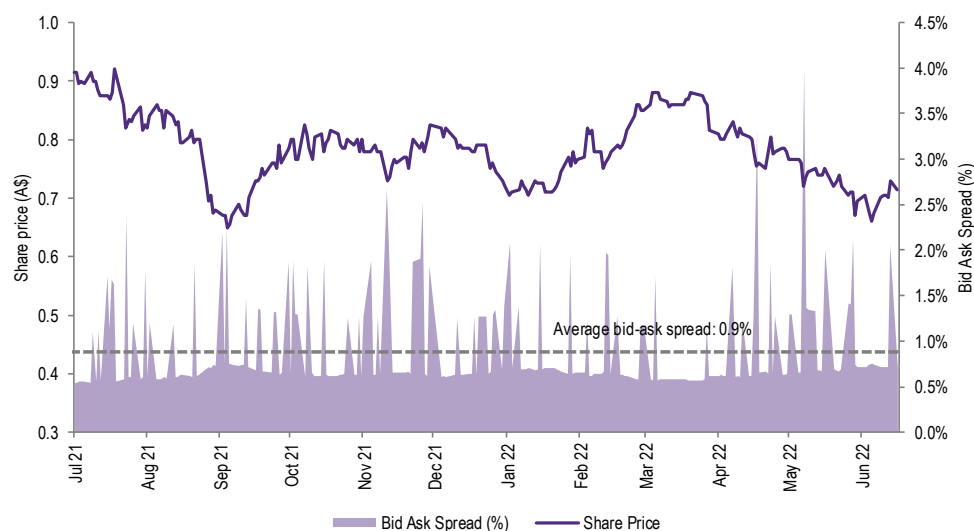
- The level of free float of MACA is c. 83.3%. During the 12-month period from July 2021 to June 2022, c. 76.1% of the free float shares were traded with an average monthly volume of 6.3% of the total free float shares.
- In the absence of a takeover or other share offers, the trading price represents the value at which minority shareholders could realise their portfolio investment.
- MACA complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of the Company.
- MACA provides updates to the market on a regular basis with information regarding its investment strategy and performance. As a result, there is extensive analysis provided to the market not only about MACA's performance and market standing, but also regarding industry trends.
- As set out below, the level of free float of MACA shares is at the higher end of its listed peers.

Liquidity analysis			Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Company	Country	Free float (%)				
MACA Limited	Australia	83.2%	5.3%	6.3%	63.3%	76.1%
DDH1 Limited	Australia	32.3%	5.2%	16.0%	62.0%	191.8%
Mitchell Services Limited	Australia	56.2%	1.7%	3.0%	20.1%	35.9%
Perenti Global Limited	Australia	88.0%	8.3%	9.4%	99.1%	112.6%
Macmahon Holdings Limited	Australia	49.6%	1.6%	3.2%	19.0%	38.4%
Dynamic Group Holdings Limited	Australia	23.7%	0.6%	2.4%	6.7%	28.4%
NRW Holdings Limited	Australia	93.1%	9.4%	10.1%	113.0%	121.3%
Emeco Holdings Limited	Australia	63.6%	6.4%	10.0%	76.5%	120.3%
Low		23.7%	0.6%	2.4%	6.7%	28.4%
Average		61.2%	4.8%	7.6%	57.5%	90.6%
Median		59.9%	5.2%	7.9%	62.7%	94.4%
High		93.1%	9.4%	16.0%	113.0%	191.8%

Sources: S&P Global, GTCF analysis

In addition to the above, where a company's shares are relatively illiquid and not heavily traded, the market typically observes a difference between the 'bid' and 'ask' price for the shares as there may be a difference in opinion between the buyer and seller on the value of the stock. The graph below shows the bid ask spread for MACA over the last 12 months, prior to the announcement of the Takeover on 26 July 2022.

MACA Spread between Bid and Ask Price



Sources: S&P Global, GTCF analysis

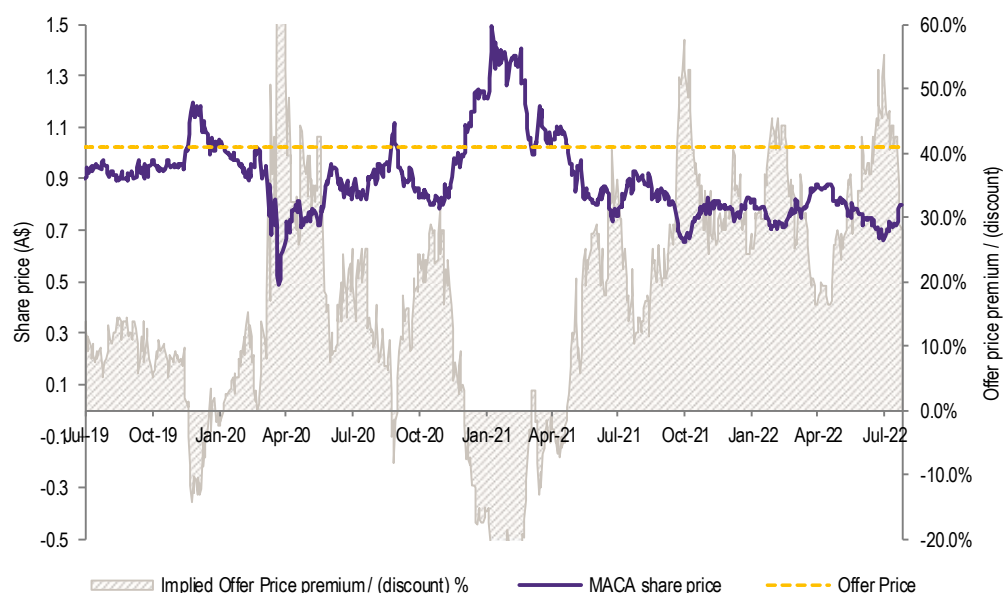
In relation to the above, we note that the historical average and median bid-ask spread has been low at 0.9% and 0.7% respectively since July 2021 with spikes at around 4% in conjunction with large movements in the trading price.

Based on the analysis above, we have concluded that the liquidity in the trading prices of MACA is reasonable and accordingly we have relied on the trading prices for the purpose of our cross-check.

6.3.2 Analysis of MACA share prices

Given the current market volatility, the change in macro-economic conditions and the impact of COVID-19 on the trading prices of MACA and listed peers, we have analysed the historical performance on the ASX over a long period of time since 1 July 2019.

Historical MACA trading price and premium implied in the Offer Price

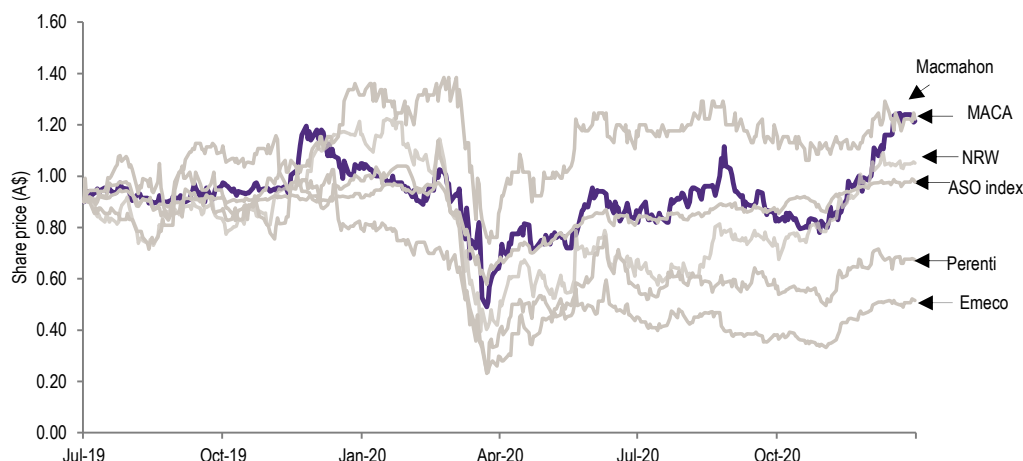


Source: S&P Global, GTCF Analysis

The Offer is at a premium between 28.1% to the last close price of MACA Shares on the ASX before the announcement of the Takeover and 42.2% to the one-month VWAP. The premium for control is substantially in line with average premium paid in successful takeovers in Australia of between 20% and 40% with a median of c. 35% (refer to Appendix E for details). Nonetheless, as set out in the graph above, there have been periods when MACA has traded closer or above to the Offer Price. In order to obtain insights, we have undertaken further analysis of the historical movements.

1 July 2019 to 31 December 2020

Historical share trading price for MACA, rebased peer companies and rebased ASO Index



Source: S&P Global, GTCF analysis

Before the outbreak of COVID-19, MACA's share price moved broadly in line with the market and the listed peers. MACA share price diverged from the listed peers in November 2019 following the announcement of the win of the mining contract at Ravensthorpe Nickel Project ("Ravensthorpe"), which was expected to generate A\$480 million in revenue over the initial five years and signalled the broadening of the commodity exposure in line with the Company's strategy. MACA also revised FY20 revenue guidance to A\$770 million, up from the previous A\$720 million.

Between December 2019 and February 2020, MACA's share price declined due to MACA announcing the exit from Brazil as a result of an early termination of the contract at Antas³⁹ and likewise in February 2020, due to the sudden resignation of Mr Chris Tuckwell, the Managing Director and CEO after 11 years of service.

A significant sell-off was observed in global equity markets, including the ASX, following the outbreak of COVID-19 and the deteriorating economic outlook. The sell-off began on or around 24 February 2020 and peaked around mid-March 2020. Though commodity prices were relatively resilient, we note that MACA, the listed peers, as well as ASX Small Ordinaries, were all adversely affected.

In the following period, MACA's share price largely followed a similar trend of the listed peers and of the ASO index, however it spiked towards the end of August when MACA announced annual results for FY20. Despite the outbreak of COVID-19, nation-wide lockdowns and the previously discussed issue with Carabella, MACA reported revenue of A\$808 million and EBITDA of A\$120.4 million, both exceeding MACA's previously provided guidance. MACA also presented greater diversification in its revenue with gold (52%), nickel (20%), and iron (11%).

³⁹ The contract was due to conclude in 2020. The reduction in WIH position as a result of early termination was expected to be circa A\$8 million. In addition, a non-cash impairment of c. A\$2 million and forex loss of c. A\$5 million was recorded.

MACA's share price further materially increased at the end of this period from c. A\$0.8 per share to A\$1.2 per share, outperforming both the ASO Index and the listed peers. In our opinion, this was supported by the following:

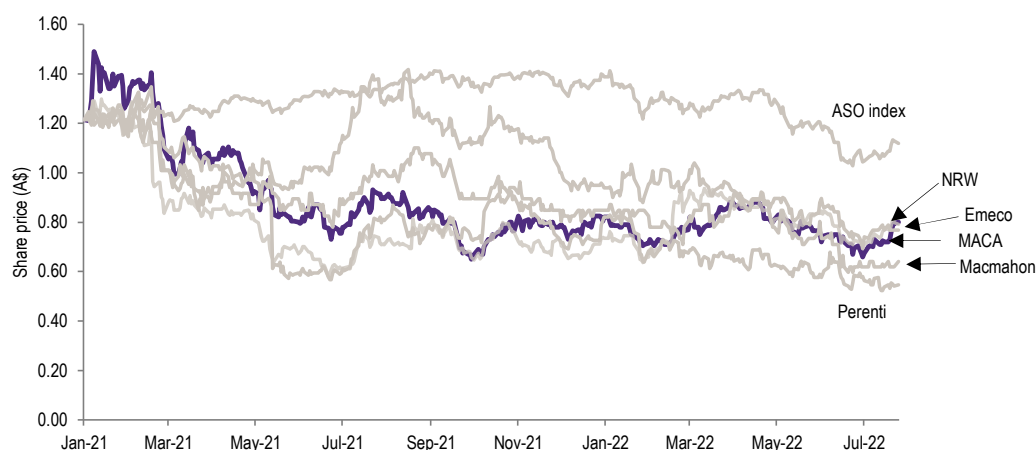
- In November 2020, MACA appointed FTI Consulting to act as receiver and managers with respect to the secured loan owed by Carabella and the Company reiterated the recoverability of the outstanding balance which, in our opinion, provided confidence to the market.
- In early December 2020, there was media speculation in relation to MACA's possible acquisition of Mining West. Then on 7 December 2020, MACA confirmed that it was giving consideration to the potential purchase of the Mining West division which was effectively completed at the beginning of January 2021. This acquisition was quite strategic for the Company given it provided an opportunity to acquire a large scale fleet and skilled workforce at a time of market constraints, the ability to realise significant synergies and cost savings and further broaden its metal exposure to iron ore.

During the observed period, MACA outperformed all the selected listed peers.

From 1 January 2021 to 22 July 2022

We have set out below the trading price of the Company from 1 January 2021 up to 22 July 2022.

Historical share trading price for MACA and rebased peer companies



Source: S&P Global; GTCF analysis

Between January 2021 and June 2021, the trading price of MACA moved largely in accordance with the selected peer company's suggesting that, to a degree, the Company's trading price performance was impacted by macroeconomic conditions as opposed to factors specific to the group.

On 18 June 2021, MACA announced the loss of contract at Karara which was part of the Downer's Mining West business. The share price dropped c. 7.7%.

Further, we note that MACA's price increased in mid-October 2021 due to speculation about a possible bid from Thiess. On 1 November 2021, MACA announced that the Company was not involved in any potential

transaction. We note MACA's trading price increased c. 11.5% between 15 October 2021 and 1 November 2021.

During the observed period, MACA's outperformed all the selected listed peers.

6.3.3 Conclusion and the selected range of share price

MACA's trading prices have outperformed all the listed peers over the last three years and they have largely followed general market trend which accordingly seems to indicate that the trading prices before the Offer were not the subject of short-term weakness and they can be relied on for the purpose of our valuation assessment.

Set out below is a summary of the VWAP of MACA shares over the last three months up to 25 July 2022, being the day prior to the announcement of the Takeover, and the VWAP since 22 April 2022, being the day when MACA reaffirms its FY22 guidance.

VWAP	Low	High	VWAP
Up to 25 Jul 2022			
1 day	0.785	0.805	0.798
5 day	0.710	0.805	0.755
10 day	0.700	0.805	0.746
1 month	0.655	0.805	0.721
2 month	0.655	0.805	0.724
3 month	0.655	0.835	0.747
Since 22 April 2022	0.655	0.835	0.749

Source: S&P Global; GTCF analysis

Based on the above discussions and analysis, we have assessed the fair market value of MACA based on the trading price between A\$0.72 to A\$0.80 on a minority basis. The low-end of the range is based on the 1 month and 2 month VWAP whereas the high-end of the range is in line with the trading prices immediately before the announcement of the Takeover.

Based on the analysis presented in the executive summary, we are of the opinion that it is not unreasonable to adopt a premium for control at the high-end of the range for the purpose of our cross-check valuation assessment. Set out in the table below is a summary of our assessed valuation cross-check based on the trading prices.

Valuation summary - Quoted Security Price Method	Section	Low	High
A\$ per MACA Share unless stated otherwise	Reference		
Value per MACA share on a minority basis	6.3.2	0.72	0.80
Control premium	6.3.4	40%	45%
Value per share on a control basis		1.008	1.160

Source: CapitalIQ and GT analysis

The cross-check above supports our valuation assessment based on the EBIT multiple. Refer to the executive summary for further details.

7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Bidder's Statement
- Target's Statement
- Annual reports of MACA
- Management accounts
- Board Reports
- Releases and announcements by MACA on the ASX
- IBISWorld Industry Report
- Other information provided by MACA
- Capital IQ
- Mergermarket
- Various broker reports
- Other publicly available information
- Discussions with Management

7.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to MACA and all other parties involved in the Takeover Offer with reference to the ASIC Regulatory Guide 112 "Independence of experts" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to MACA, its shareholders and all other parties involved in the Takeover Offer.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with MACA or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Takeover Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover Offer. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

7.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by MACA and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by MACA through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of MACA.

This report has been prepared to assist the Directors in advising the MACA Shareholders in relation to the Takeover Offer. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Takeover Offer is fair and reasonable to the MACA Shareholders.

MACA has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by MACA, which MACA knew or should have known to be false and/or reliance on information, which was material information MACA had in its possession and which MACA knew or should have known to be material and which MACA did not provide to Grant Thornton Corporate Finance. MACA will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target's Statement to be sent to the MACA Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Description of comparable companies

Company	Description
MACA Limited	MACA Limited engages in the contract mining, civil and infrastructure, and structural, mechanical, and piping businesses in Australia and Cambodia. It offers bulk commodities loading and hauling services; drilling and blasting services, including production drilling and blasting for surface mining operations or quarries, pre-split drilling, contour drilling and pioneering, blast hole sample drilling, probe drilling, pre-split and final wall blasting, drill and blast design, blasting solutions for civil construction, and controlled blasting; and materials handling services. The company also engages in the road construction and maintenance; parks and gardens management; vegetation management; and provision of bridge works, which include clearing existing vegetation and topsoil, foundation compaction, embankment construction, stormwater drainage installation and pavement construction, bituminous surfacing and guardrails, and rehabilitation and piling works, as well as reinforced concrete works, and heavy lifts and safety barrier works. In addition, it is involved in the civil construction, bulk earthworks, aerodromes, drainage activities, as well as provides small to large scale SMP projects, new and refurbished plant and equipment, and consumables to the mineral processing, energy, and resource sectors. The company was founded in 2002 and is headquartered in Welshpool, Australia.
Macmohan Holdings Limited	Macmahon Holdings Limited provides mining and civil construction services to mining companies in Australia, Southeast Asia, and South Africa. The company operates in three segments: Surface Mining, Underground Mining, and International Mining. Its surface mining services include mine planning and analysis, drill and blast, bulk and selective mining, crushing and screening, fixed plant maintenance, water management, and equipment operation and maintenance. The company also provides underground mining services, including mine development and production, raise and production drilling, cable bolting, shotcreting, remote shaft lining, and shaft sinking. In addition, it offers topsoil and overburden stripping, bulk earthworks, road design and construction, and train loading facilities; water infrastructure, including dams, creek diversions, flood levies, and drainage structures; revegetation; non-process infrastructure, as well as rehabilitation monitoring and maintenance; and engineering services comprising shaft lining and maintenance, emergency egress system, pump stations and rising mains, and sire workshops and infrastructure, as well as conveying, crushing, materials handling. Further, the company provides equipment maintenance and management support services; and advisory operational improvement services, which include operator coaching and training, and cultural change programs for employees, as well as advisory and assistance services with mine planning, maintenance, and employee engagement. Macmahon Holdings Limited was incorporated in 1963 and is headquartered in Perth, Australia.
NRW Holdings Limited	NRW Holdings Limited, through its subsidiaries, provides diversified contract services to the resources and infrastructure sectors in Australia. It operates through three segments: Civil; Mining; and Minerals, Energy & Technologies. The Civil segment delivers private and public civil infrastructure, mine development, bulk earthworks, and commercial and residential subdivision projects. Its civil construction projects include roads, bridges, tailings storage facilities, rail formations, ports, renewable energy projects, water infrastructure, and concrete installations. The Mining segment engages in the mine management, contract mining, load and haul, dragline, drill and blast, and coal handling preparation plant operations; maintenance activities; and fabrication of water and service vehicles. The Minerals, Energy & Technologies segment provides materials handling, onsite maintenance, and shutdown services; industrial engineering and fabrication services; and engineering, procurement, construction, and operational services. The company also provides heat treatment services, as well as mining equipment solutions. NRW Holdings Limited was founded in 1994 and is headquartered in Belmont, Australia.
Emeco Holdings Limited	Emeco Holdings Limited provides heavy earthmoving equipment and mining service solutions in Australia. The company rents trucks, excavators, dozers, loaders, and graders. It is also involved in the maintenance and remanufacturing of various components of heavy earthmoving equipment. Emeco Holdings Limited was founded in 1972 and is headquartered in Perth, Australia.

Company	Description
Perenti Global Limited	Perenti Global Limited operates as a mining services company worldwide. It operates through Surface Mining, Underground Mining, and Investment segments. The Surface Mining segment offers exploration drilling, production drilling, blasting, and geotechnical services, as well as end-to-end contract surface mining; and logistics management and moving mining equipment and goods. The Underground Mining segment provides underground mining services specializing in mine development, production, diamond drilling, vertical development, design planning and scheduling, and equipment supply and maintenance. The Investments segment is involved in mining supplies; and mining support services, including equipment hire, equipment parts and sales, and mineral analysis. The company was formerly known as Ausdrill Limited and changed its name to Perenti Global Limited in October 2019. Perenti Global Limited was founded in 1987 and is headquartered in Perth, Australia.
DDH1 Limited	DDH1 Limited provides specialized drilling services for the exploration, mining, and energy industries in Australia. It offers diamond core drilling services for near-mine exploration, mine development, and production drilling activities of gold, nickel, copper, zinc, and other metals; reverse circulation and air core drilling services for earlier stage exploration drilling activities; and reverse circulation drilling services to the iron ore industry. The company was founded in 2006 and is headquartered in Canning Vale, Australia.
Mitchell Services Limited	Mitchell Services Limited, together with its subsidiaries, provides exploration and mine site drilling services to the exploration, mining, and energy industries, primarily in Australia. The company provides coal exploration, mineral exploration, mine services, drill and blast, underground, large diameter, coal seam gas, directional drilling services, coal mine gas drainage, and wireline services. It was formerly known as Drill Torque Limited and changed its name to Mitchell Services Limited in December 2013. The company was founded in 1969 and is headquartered in Seventeen Mile Rocks, Australia.
MLG Oz Limited	MLG Oz Limited provides mine site support services throughout Western Australia and the Northern Territory. The company offers mine site and bulk haulage services, such as crusher feed, road maintenance, vehicle maintenance, machine and labor hire, and rehabilitation work, as well as mine site haulage services; and mines and supplies construction materials, including sand, aggregate, cement, and lime for mining and civil projects. It also provides crushing and screening services comprising mobile and fixed plant crushing, concrete aggregate production, road base production, and general screening services; and export logistics services, including mine to port transport, container packing and devanning, import receipt and distribution, and shipping documentation services. The company was founded in 2001 and is headquartered in Kalgoorlie, Australia.

Appendix C – Description of comparable transactions

Company	Description
Swick Mining Services	Swick Mining Services Limited, together with its subsidiaries, provides mineral drilling services to the mining industry in Australia, North America, Europe, Africa, and the Asia Pacific regions. The company offers services primarily in the areas of underground diamond drilling and grouting services; and sells drilling equipment, rigs, and parts. It also provides research and development activities in mineral analysis technologies. The company was founded in 1997 and is headquartered in South Guildford, Australia.
Mining West (Downer EDI)	Downer EDI Limited operates as an integrated services provider in Australia, New Zealand, the Asia-Pacific, South America, and Southern Africa. Its Transport segment provides road network management; routine road maintenance; asset management systems; spray sealing; asphalt laying; and manufacture and supply of bitumen-based products and asphalt products. This segment also engages in the design and construction of light and heavy rail networks, signalling works, track and station works, and bridges; and provides rail safety technology, fleet maintenance, and overhaul services. The company's Utilities segment plans, designs, constructs, operates, maintains, manages, and decommissions power and gas network assets; provides water and wastewater treatment, and network construction and rehabilitation services; and designs, constructs, and maintains renewable assets in the wind, solar, and power system storage sectors. This segment also offers technology and communications solutions, including design, civil construction, network construction, operation, and maintenance services for fiber, copper, and radio networks. Its Facilities segment offers outsourced facility, catering and laundry, technical and engineering, and maintenance and asset management services, as well as refrigeration solutions, as well as building and construction solutions across various sectors. The company's Engineering, Construction and Maintenance segment provides design, engineering, construction, shutdown, turnaround and outage delivery, and operations maintenance and ongoing management services for various projects; and designs and manufactures mineral process equipment. Its Mining segment provides resource definition, exploration drilling, and mine feasibility studies; open cut and underground mining services; and drilling, explosives manufacture and supply; blasting and crushing; asset management; tire management; and mine closure and rehabilitation services. The company is headquartered in Sydney, Australia.
BGC Contracting	BGC Contracting Pty. Ltd. provides contracting services. The Company offers mining and construction services across the resources, government infrastructure, building, and manufacturing sectors. BGC Contracting operates throughout Australia.
GBF Underground Mining	GBF Underground Mining Company began in 1988 in the Western Australian Goldfields as a locally owned and operated private underground mining contractor. The founders had a vision to become the Australian Mining Industry's preferred services provider through continuous improvement and a commitment to excellence in safety, quality, efficiency and client services. From this origin, GBF has become a dynamic provider of a range of services to the mining sector.
Barmingo Holdings	Barmingo is one of the world's largest hard rock underground mining services companies, with operations in Australia, North America and Africa. African Underground Mining Services, formerly a 50/50 joint venture between Ausdrill and Barmingo, is now an operating business unit of Barmingo.

Company	Description
UGL	GL, formerly known as United Group, is an engineering company. The company provides construction, maintenance, and asset management services to the rail, resources, and infrastructure sectors, and corporate real estate, facilities management, and business process outsourcing services to property users
SRG Limited	SRG Global Limited provides engineering-led specialist asset, construction, and mining services. It operates through Construction, Asset Services, and Mining Services segments. The Construction segment supplies integrated products and services to customers involved in the construction of infrastructure, including bridges, dams, office towers, high rise apartments, shopping centers, hotels, car parks, recreational buildings, and hospitals. The Asset Services segment supplies integrated services to customers in various sectors comprising oil and gas, energy, infrastructure, offshore, mining, power generation, water treatment plants, commissioning, decommissioning, shutdowns, and civil works. The Mining Services segment provides ground solutions, which include production drilling, ground and slope stabilization, design engineering, and monitoring services to mining clients. The company was formerly known as Structural Systems Limited and changed its name to SRG Global Limited in November 2014. SRG Global Limited was founded in 1961 and is headquartered in Subiaco, Australia.
Seymour Whyte Limited	Seymour Whyte Limited operates as an engineering and construction company in Australia. The company operates through two segments, Civil Infrastructure and Utilities Infrastructure. It provides transport infrastructure solutions for roads and bridges; and undertakes micro-tunnelling and pipeline infrastructure projects in water and energy utilities market. The company also provides services for various civil infrastructure projects, such as for rail, aviation, and marine; and utilities infrastructure projects, including water, wastewater, power, and resources projects. It serves state government road and transport departments, business enterprises owned by state governments, local governments, and private companies. The company was founded in 1987 and is headquartered in Eight Mile Plains, Australia. As of October 23, 2017, Seymour Whyte Limited operates as a subsidiary of Vinci Construction International Network SAS.

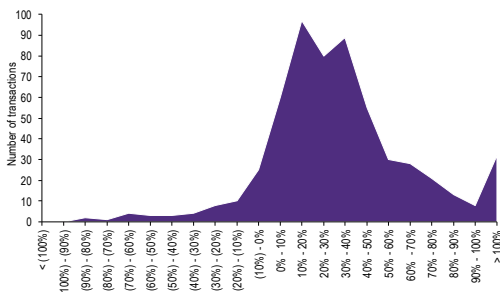
Appendix D – Movement in the market capitalisation of coal mining companies

Summary of coal mining companies share price performance			12-Aug-22					Market capitalisation as at		Movements in the
Company name	Country	Currency	Market cap	Type of coal	Flagship Project Location	Stage of Operation	31-Oct-21	12-Aug-22	market capitalisation	
Yancoal Australia Ltd	Australia	AUD	6,893	Various	Australia	Producing	3,909	6,893	76.4%	
Bowen Coking Coal Ltd	Australia	AUD	472	Coking Coal	Australia	Prefeasibility	212	472	122.4%	
New Hope Corporation Ltd	Australia	AUD	3,662	Various	Australia	Producing	1,673	3,662	118.9%	
Whitehaven Coal Ltd	Australia	AUD	6,105	Various	Australia	Producing	2,606	6,105	134.2%	
Stanmore Resources Ltd	Australia	AUD	2,019	Various	Australia	Producing	289	2,019	597.8%	
Coronado Global Resources Ltd	Australia	AUD	2,984	Various	Australia, USA	Producing	2,288	2,984	30.4%	
Glencore plc	Switzerland	GBP	61,705	Various	Various	Producing	48,035	61,705	28.5%	
Australian Pacific Coal Ltd	Australia	AUD	5	Thermal	Australia	Prefeasibility	9	5	-45.0%	
Allegiance Coal Ltd	Australia	AUD	55	Coking Coal	USA / Canada	Producing	166	55	-67.0%	
Aspire Mining Ltd	Australia	AUD	41	Coking Coal	Mongolia	Prefeasibility	48	41	-14.7%	
Jameson Resources Ltd	Australia	AUD	30	Metallurgical Coal	Canada	Bankable Feasibility Study	26	30	14.8%	
Warrior Met Coal Inc.	United States	USD	1,726	Metallurgical Coal	USA	Producing	1,232	1,726	40.0%	
Average										39.9%
Median										30.4%

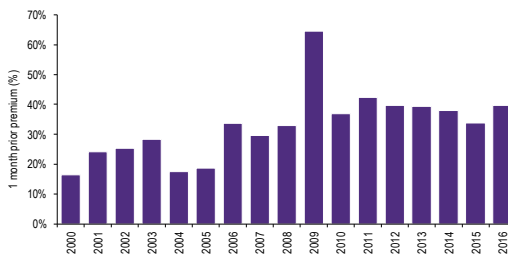
Appendix E – Control Premium

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium varies significantly for each transaction.

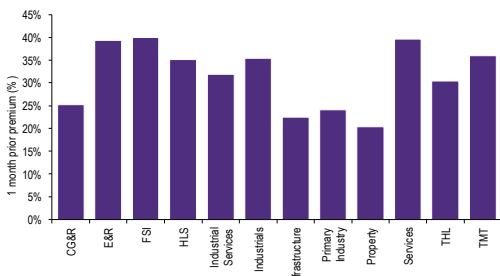
1 Month Prior Control Premium



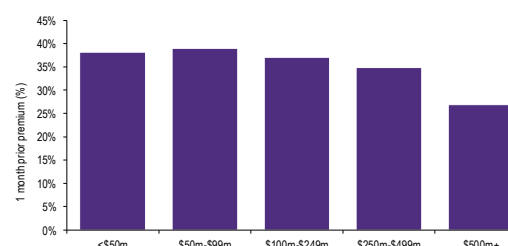
Control premium per completion date



Control premium per industry



Control premium and size



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF Analysis

In addition, we have considered the premium for control paid by acquirers in the engineering and mining services sector in the past few years.

Control premium observed in recent transactions				Control premium	
Date	Target company	Bidder company	Stake (%)	1-day	1-month VWAP
Oct-21	Intega Group Limited	Kiwa Australia 2 Pty Ltd	100%	57.9%	59.8%
May-19	Legend Corporation	Adamantem Capital	100%	17.7%	22.1%
Oct-18	Watpac Limited	BESIX Group NV	72%	40.5%	38.5%
May-17	Seymour Whyte Limited	Vinci Construction International Network SAS	100%	16.8%	35.5%
Jan-17	Macmahon Holdings Limited	CIMIC Group Limited	79%	31.8%	37.6%
Oct-16	UGL Pty Ltd	CIMIC Group Limited	86%	47.2%	45.2%
Oct-16	Bradken Limited	Hitachi Construction Machinery Co., Ltd.	100%	34.3%	37.5%
Jan-16	Sedgman Limited	CIMIC Group Investments Pty Limited	63%	35.4%	23.3%
May-16	Ausenco Limited	Resource Capital Fund	60%	53.8%	62.6%
Dec-15	Broadspectrum Limited	BRS Holdco Pty Ltd	100%	58.8%	46.4%
Low				16.8%	22.1%
Average				39.4%	40.8%
Median				38.0%	38.0%
High				58.8%	62.6%

Source: Company announcements

Appendix F – Glossary

\$ or A\$	Australian Dollar
1Hxx or 2Hxx	6-month financial period ended June/ December 20xx
AASB 16	Australian Accountings Standards Board 16 – Leases
ABS	Australian Bureau of Statistics
ACCC	Australian Competition & Consumer Commission
Alliance contracts	Alliance arrangements
APES	Accounting Professional and Ethical Standards
APES225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities and Investments Commission
ASO	ASX Small Ordinaries Index
ASX	Australian Securities Exchange
ASX	Australian Stock Exchange
BCC or Bowen Coking Coal	Bowen Coking Coal Limited
BCC Royalty	Royalty receivable from the coal sold after mining from the Bluff Coal project
BCC Shares	Shares in Bowen Coking Coal
BID	Bid Implementation Deed
Bidder	Thiess Australia Holdings Limited
Bluff Coal project	A producing mine owned and operated by Bowen Coking Coal
Board	The Board of Directors of MACA
CAGR	Compound annual growth rate
Carabella Resources or Carabella	Carabella Resources Pty Ltd
Consensus Estimates	Investment analysts' consensus estimates for FY23
Corporations Act	Corporations Act 2001 (Cth)
Corporations Act	Corporations Act 2001 (Cth)
COVID-19	Coronavirus pandemic
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
EBIT	Earnings before interest and tax
EBIT Multiple	EBIT multiple method
EBITA	Earnings before interest, tax expenses, and amortisation of intangibles
EBITDA	Earnings before interest, tax expenses, depreciation and amortisation
Elliott	Elliott Management L.P.
Emeco	Emeco Holdings Ltd
EPS	Earnings per share
FIRB	Foreign Investment Review Board
FME Method	Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Service Guide
FY23 Budget	Management's FY23 Budget
FYXX	Financial year ending 30 June xx
Grant Thornton US LLP	Grant Thornton US
Grosvenor West Tenements	Mining tenements owned by Wealth Mining Pty Ltd
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)

IER or Report	Independent Expert's Report
IMF	International Monetary Fund
Independent Valuation	Independent Valuation undertaken by a third party
KPI	Key performance indicator
Legal Proceeding	Legal Proceeding between MACA and Carabella Resources in Federal Court of Australia Proceeding No. QUD185/2021
MACA Interquip or Interquip	Interquip Pty Ltd
MACA or Company	MACA Limited
Macmohan	Macmohan Holdings Ltd
Mining Services Peers	The peer group comprising Macmohan, Emeco, Perenti and NRW
Non-Associate Shareholders	MACA Shareholders not associated with the Bidder
NPAT	Net profit after tax
NRW	NRW Holdings Ltd
NRW NBIO	Non-binding indicative offer submitted by NRW on 18 August 2022
NTM	Next twelve months
Offer Price	A\$1.025 per MACA Share
P/BV	Price-to-book multiple
pcp	Previous corresponding period
Perenti or Perenti Global	Perenti Global Ltd
Performance Rights	Performance Rights issued to MACA employees
Permitted Dividend	Dividends permitted pursuant to the Bid Implementation Deed
Quoted Security Price Method	Quoted price for listed securities, when there is a liquid and active market
Ravensthorpe	Ravensthorpe Nickel Project
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of experts"
Shareholder	MACA Shareholder
Takeover Offer	On 25 July 2022, the Bidder announced its intention to make an all-cash offer of A\$1.025 per MACA Share
Trading Multiples	The current trading multiples of broadly comparable companies
Transaction Multiples	The multiples implied by acquisitions of companies with broadly similar operations
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WIH	Work-in-hand

Corporate Directory

Directors & Company Secretaries		Legal Adviser	
Directors:		Thomson Geer	
Mr Geoff Baker (Chairman)		Level 27 Exchange Tower	
Mr Robert Ryan		2 The Esplanade	
Mr Nicholas Marinelli		Perth WA 6000	
Mr David Flanagan			
Ms Rachel Rees		Tel +61 8 9404 9100	
Company Secretaries:			
Peter Gilford			
Nick Ward			
Registered and Corporate Office		Share Registry	
45 Division Street, Welshpool WA 6106		Computershare Investor Services Pty Limited	
		Level 11 / 172 St Georges Terrace PERTH WA 6000	
Tel: +61 8 6242 2600		Tel (Australia) 1300 850 505	
		Tel (outside Australia): +61 3 9415 4000	
		Website:	
		https://www.computershare.com.au	
Corporate Adviser		Stock Exchange Listing	
Salient Corporate Pty Ltd		Australian Securities Exchange	
6/589 Stirling Highway		ASX Code: MLD	
Cottesloe WA 6011			
Corporate Broker			
Euroz Hartleys Limited			
Westralia Square Level 6			
141 St Georges Terrace			
Perth WA 6000			

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