

19 November 2019

ASX Announcement

**Mastermyne Group Limited (ASX Code: MYE)
("Mastermyne" / "the Company")**

Chairman's Address to Annual General Meeting

Welcome to Mastermyne Group's 2019 Annual General Meeting. I am very pleased to report that the financial year ended 30th June 2019 was another successful one for your company with improvement in most key metrics and the resumption of dividend payments.

The coal industry as a whole saw more buoyant conditions during the year with improved pricing for both metallurgical and thermal coal types. This has led to some increased activity in the sector as our clients sought to maximise production to take advantage of stronger pricing.

The long term outlook for metallurgical coal remains very strong with limited supply of the very high quality Australian coal types and high barriers to entry in the sector. While the outlook for thermal coal is more difficult to predict, high quality thermal coals with high energy value and low impurities are likely to see strong demand in the long term.

Mastermyne's performance was assisted by the better industry conditions which helped grow revenue by 18%. However, the strong result was also derived from our long term plan to become more efficient by implementing scalable systems that ultimately deliver lower overhead costs as a proportion of revenue. Overheads reduced to a record low of 6.4% of revenue while EBITDA margins grew to 8.8%. Both measures have improved considerably over prior periods.

Translating improved operating performance to create a stronger financial base has been a core focus for the Company. A large proportion of the EBITDA generated was converted to free cashflow allowing Mastermyne to become debt free. At balance date, the Company had a net cash position of \$16.4M and the Board decided to resume dividend payments with an ordinary dividend of 2.0 cents per share. The Board will continue to hold a strong net cash position to ensure the business is well positioned for the full industry cycle which is characteristic of resources businesses.

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The period also saw the sale of our Scaffolding, Blast and Paint business. This business had limited growth options and was ultimately deemed to be non-core. The sale attracted a good price with the net proceeds being distributed to shareholders as a special dividend of 2.0 cents per share.

Subsequent to balance date the purchase of Wilson Mining was announced. This business supplies and installs cavity fill and strata consolidation products and ventilation control devices. It is well known to Mastermyne and the industry and will complement our existing range of products and services.

The Company continues to enjoy the benefit of a stable, high quality leadership team under Tony Caruso's leadership. It's about 12 months since the last change when we welcomed Brett Maff to this team as Chief Financial Officer and thanked Liz Blockley for her service to the Company as the previous CFO. Your Board also remains stable with no changes during the period although new Committee chairs were assigned. I thank all Board members and the Leadership Team for their outstanding contribution to leading Mastermyne to great results delivered the right way. I also thank all of our employees for their continued efforts and contribution to Mastermyne's performance.

Colin Bloomfield

Chairman

Further information:

Tony Caruso – Chief Executive Officer: (07) 4963 0400

Brett Maff – Chief Financial Officer/Company Secretary: (07) 4963 0400

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