



# **MINING: INVESTOR DAY**

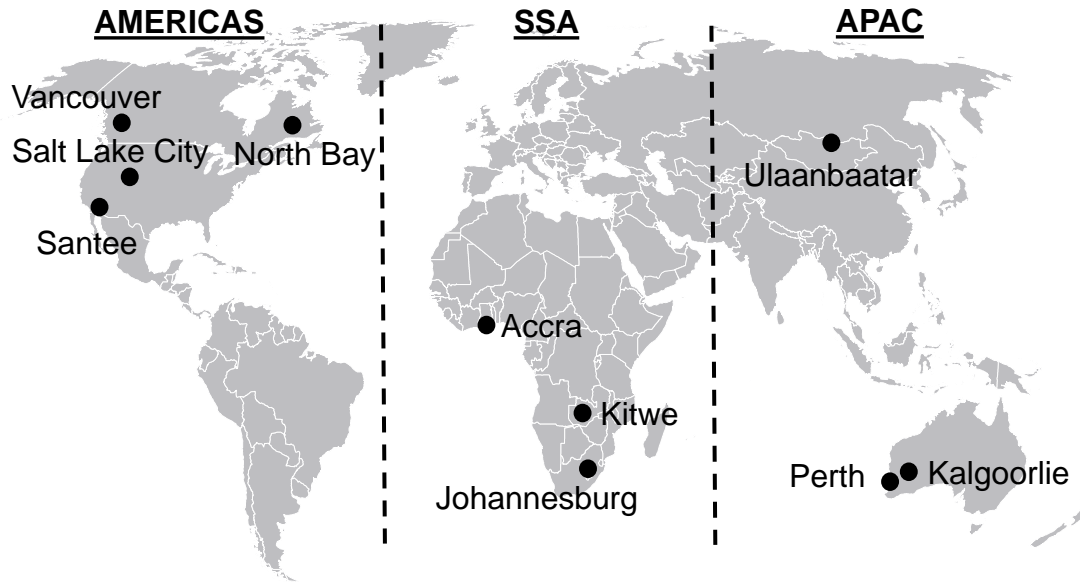
M. DA COSTA

23 JUNE 2021



# PRESENTATION OVERVIEW

<b>Mike da Costa</b>	<ul style="list-style-type: none"><li>Business overview &amp; strategy</li><li>Current projects</li><li>Market overview</li><li>Key opportunities</li><li>Key risks</li><li>Presentation takeaways</li></ul>
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### Market focus:

- **Global:** Underground mining services and material logistics, in global metals and minerals markets
- **Sub-Saharan Africa:** Underground and open pit mining

### Market conditions:

- Capital investment in the mining sector continues mainly in brownfield expansions. Investment in new mines expected to return from mid-2021

### Order book:

- December 2020: R17,9 billion

### Platform prospects:

- Goldman Sachs and JPMorgan forecasting a recovery in commodity prices and the beginning of much longer bull market for commodities
- Copper, gold and PGM to be particularly buoyant
- According to SBGS analysis, Australian mining capex intensity indicating substantial brownfield investment plans
- Mining businesses in the Americas experiencing prolonged COVID-19 restrictions, creating short-term order book pressure
- In sub-Saharan Africa, the awards and commencement of new projects have been delayed, but are expected to materialise within the 2021 calendar year
- Platform holds leading position in most major regional underground mining markets in the western world
- Kazakhstan presents real opportunity, and the foundation has been established in this market

Office	Location	Businesses
Cementation Canada	North Bay, Canada	
Merit Consultants International	Vancouver, Canada	
Cementation USA	Salt Lake City, USA	
Terra Nova Technologies	Santee, USA	
Murray & Roberts Cementation	Johannesburg, South Africa	
Murray & Roberts Cementation	Kitwe, Zambia	
Murray & Roberts Cementation	Accra, Ghana	
RUC Cementation & InSig	Perth & Kalgoorlie, Australia	
GCR Mongolia	Ulaanbaatar, Mongolia	

# TWO MAIN STRATEGIC THRUSTS

## Growth

Organic  
Acquisition

Key Enabler

Organisational Capacity

## Engineered Excellence

Safety and Risk Management  
Improved Productivity  
Improved Asset Performance  
Strategic Procurement  
Improved Management Information

Key Enabler

Digitalization and Innovation



### De Beers, Venetia – Limpopo, South Africa

Scope includes:

1. Detailed Design of Headworks, Sinking Plant, Permanent Hoisting Plant, Shaft, Furnishings and Conveyances
2. Construction of Temp Headworks, Hoistrooms, and Sinking Plant
3. Portal access to the Underground Workings
  - ▶ 9 degree access decline
  - ▶ Underground development to establish the first level for the sub level caving operation
  - ▶ Total development of approx. 28 000m
4. Shaft - sinking Depth of 1080m (incl. 2 shafts, blind sink and equipping)

**Project Duration – August 2013 to June 2024**

**FY2022 – T/O ZAR1 367 million**



### Kalagadi Manganese – Northern Cape, South Africa

Scope includes:

1. Completion of infrastructure development.
2. Development and bord and pillar stoping operations for the mine (ramp up to full production of 3Mtpa of manganese ore).
3. Maintain and operate all plant and infrastructure on surface and underground (incl. underground ore handling, shaft operations and surface ROM Silo)
4. Completion of various infrastructure projects to de-bottleneck infrastructure and enable maximum output for the operation

**Project Duration – January 2018 – March 2023**

**FY2022 – T/O ZAR684 million**





### Newmont, Tanami Mine – Northern Territory, Australia

Cost reimbursable contract for the construction of permanent surface facilities, (winders, conveyors, headframe) and the equipping and lining of a 1,400m deep shaft @ 5.5m diameter.

Scope of work includes;

- SMPE&IC works for Koepe rock hoist and double drum winder installation including winder houses
- SMPE&IC works for overland conveyor and stacker
- SMPE&IC works for Permanent headframe and load out system
- Concrete lining of 5.5m diameter x 1,400m shaft
- Station construction x 3
- Shaft bottom steelwork including loading station
- Rope up and commissioning of winding and shaft systems

**Project Duration – April 2021 to September 2023**

**FY2022 - T/O AUD 126 million**

### Freeport, Grasberg Mine - Indonesia

Labour rates contract with variable fee and incentives.

**Scope includes;**

1. Ground Support Contract - GBC Cabolting, DMLZ Cabolting, DOZ Cabolting and other ground support
2. Construction Works - GBC Chute construction, ore pass lining, chute maintenance works
3. Shaft Operation - Operation and maintenance of GBC Service Shaft, conveyor cleaning and drive rehabilitation, ground support, drift cleaning of all conveyor drives.
4. Big Gossan Mine - Full mining scope for 2.6Mtpa sub level open stope mining operation including operation of production hoist and shaft maintenance.

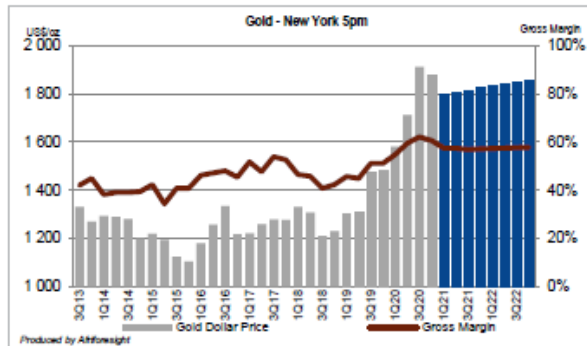
**Project Duration – Ends June 2025 (renewable)**

**FY2022 – T/O AUD 82 million**

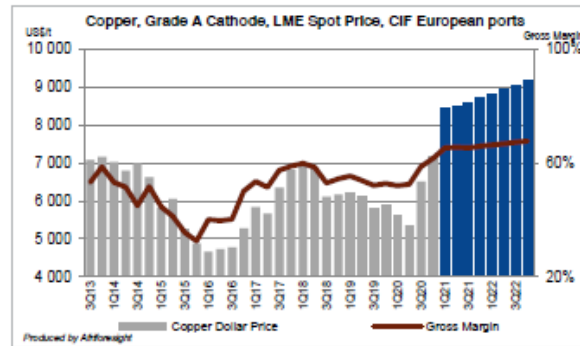
# METAL PRICE FORECASTS

METAL PRICES ARE FORECAST TO CONTINUE INCREASING IN THE NEAR TO MEDIUM TERM, ALTHOUGH AT A SLOWER RATE THAN THAT OF THE PAST YEAR

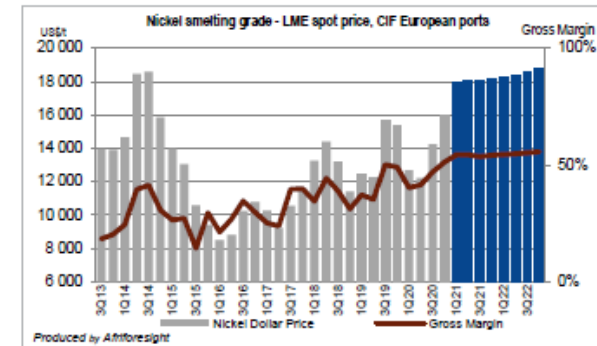
## Gold



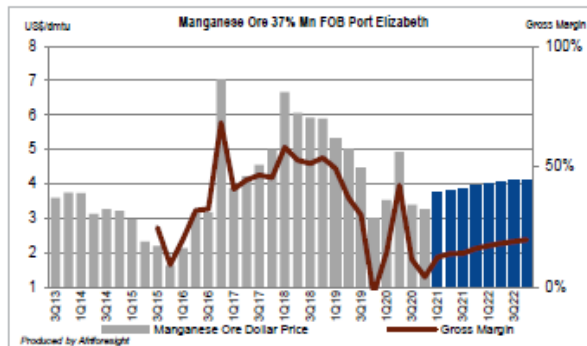
## Copper



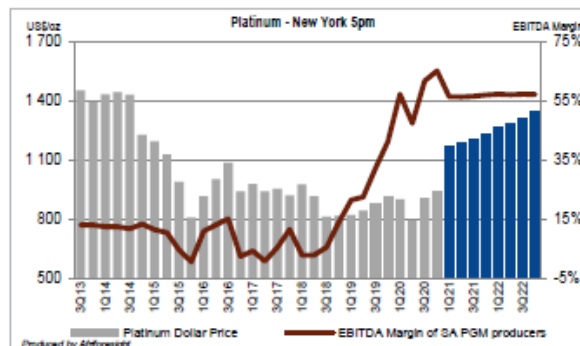
## Nickel



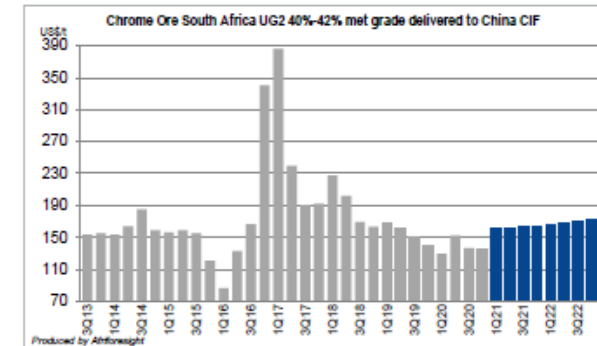
## Manganese



## Platinum



## Chrome

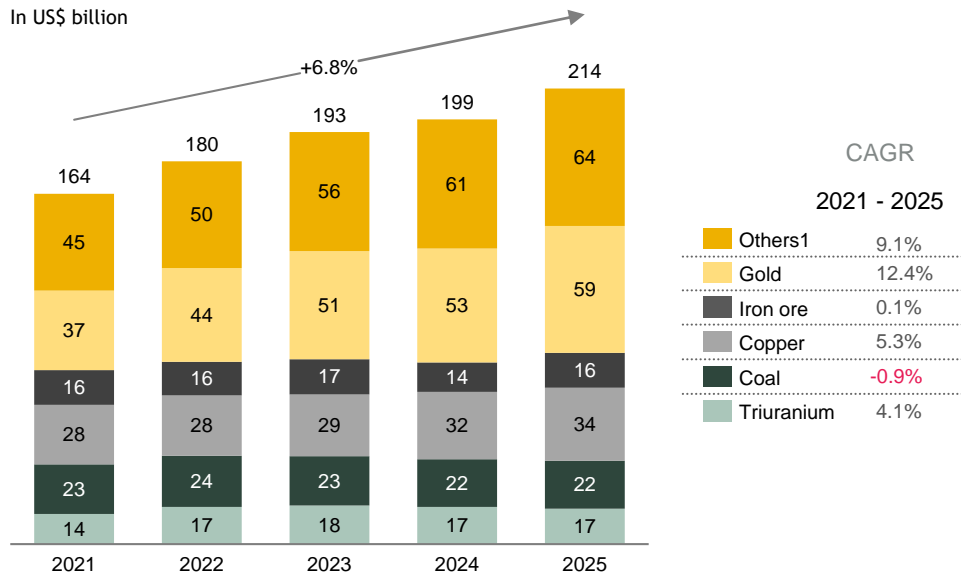


# TOTAL CAPEX BY COMMODITY

GOLD TO ATTRACT INVESTMENTS AT HIGHER RATES WHILE IRON ORE AND COAL STRUGGLE

Global mining capex by commodity 2021-2025

In US\$ billion



1. Platinum, zinc, nickel, silver, molybdenum, silver, lithium, etc.

Source: S&P Market Intelligence, Global Data, BCG Mining Market Navigator, BCG Analysis

## Comments

- Gold attracts largest share of capex and continues to grow at 12.4% CAGR '21-'25. Strong rally in gold prices in last two years supports more investment
- With many large mining players curtailing exposure to coal, it would be difficult to find new investors. Capex level falls at the rate of 0.9% CAGR
- Investments in Copper mining expected to rise at 5.3% CAGR '21-'25. Major investments continue to be focused in Americas region

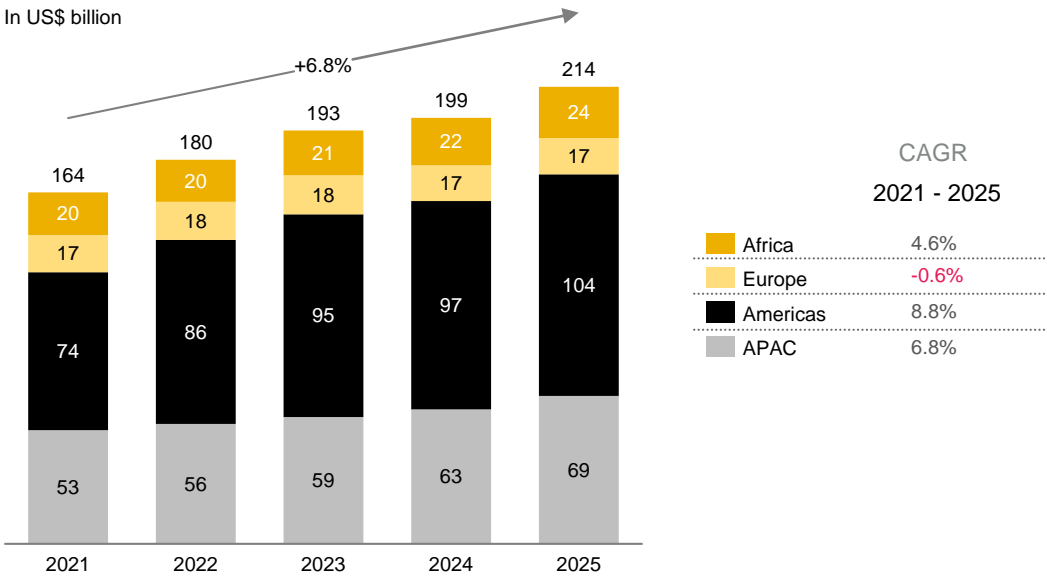


# TOTAL CAPEX BY REGION

CAPEX IN AMERICAS GROWS FASTEST AT 8.8% CAGR ('21-'25)  
WHILE MAINTAINING LARGEST SHARE GLOBALLY, EUROPE  
SHRINKS AT -0.6% CAGR

Global mining capex by region 2021-2025

In US\$ billion



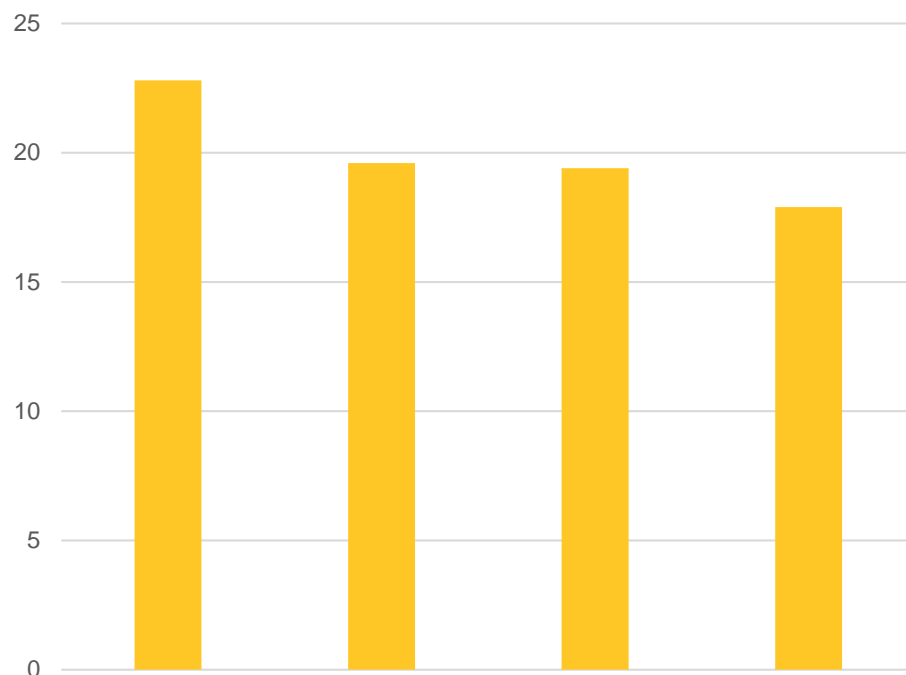
Source: S&P Market Intelligence, Global Data, BCG Mining Market Navigator, BCG Analysis

## Comments

- Capex in Americas (primarily Canada and Latam) expected to grow fast at 8.8% CAGR '21-'25. Mining friendly regulations in US and Canada to assist
- Investments in Asia grows at 6.8% CAGR in next five years. Major countries to remain Australia, China and India
- Europe maintains almost same level of capex with a slightly negative growth.
- Africa remains at comparatively low base and expected to grow at 4.6% CAGR

# ORDER BOOK

COVID-19 - DEFERRED CAPITAL INVESTMENT



## Comments

- Order book erosion as COVID-19 results in uncertainty and deferred capital investment decisions
- Indications are that this may be reversing now, although less so in North America
- The award of two projects of significant value post the December reporting period has provided a boost to the re-building of the order book
- A robust pipeline of near term opportunities provides further potential to grow the order book over the next six to twelve months

R'bn	June 2019	December 2019	June 2020	December 2020
Order book	22,8	19,6	19,4	17,9

# KEY OPPORTUNITIES

ROBUST PIPELINE OF NEAR TERM OPPORTUNITIES

Project	Estimated Value (R 000)	Status	Estimated Start
PGM Project, Zimbabwe	8 500 000	Sole Source	Q4 FY22
Mogalakwena Trial Mine, South Africa	1 300 000	Category 1	Q3 FY22
IvanPlats Development, South Africa	1 300 000	Category 1	Q3 FY22
B2 Gold Production Mining, Namibia	1 000 000	Category 1	Q3 FY22
Jansen Shaft Construction and Equipping, Canada	2 600 000	Category 1	Q2 FY22
Copper Operation, Utah, USA Underground Development	1 000 000	Category 1	Q3 FY22
Prominent Hill Hoisting Shaft, Australia	1 650 000	Category 1	Q2 FY22

# KEY RISKS

- Not maintaining schedule and margin on major projects resulting in a negative impact on revenue and earnings
- Rapid growth in work results in severe skills shortage in the industry, which negatively impacts the ability to respond to the demand for our services and drives up costs, eroding margins
- Inability to get ahead on the technology implementation curve
- Clients imposing more onerous commercial terms means we have to accept more risk or, in some instances, forfeit the opportunity to win work
- New competitors attempting to establish themselves in markets where we have been strong for some time

# PRESENTATION TAKEAWAYS

- Our strategy has two major components, **Growth** and pursuit of **Engineered Excellence**. We have made progress in terms of the achievement of our strategic objectives to date and will continue to progress these further during FY2022
- In support of the overall platform strategy, a robust digitisation strategy has been developed and successful implementation will enable improved safety, accuracy of execution, better margins and greater market share
- The forecast improvement in capital investment in the mining industry is encouraging and this, together with our growing near term project pipeline, offers a good opportunity to accelerate the growth of the platform, both organically and by means of acquisition
- There is, however, some uncertainty regarding the timing of the increased capital investment in the industry and this, together with the competing medium term priorities that mining executives are faced with, makes forecasting challenging
- FY2022 will be a year of consolidation and rebuilding of the order book after the COVID-induced erosion of the past two years and strong growth is forecast for the medium term thereafter



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