

WestStar well positioned with contracted revenue of \$185M already secured for FY22

Highlights

- **FY22 contracted revenue of \$185M secured with existing Contracts, including SIMPEC awarded Iron Bridge Magnetite Construction Project.**
- **Major project risks identified and assessed with mitigation strategies implemented in line with corporate governance guidelines and insurance bonding facilities provided to preserve working capital.**
- **FMG Ironbridge contract provides cashflow neutrality and eliminates additional working capital requirements.**
- **Key personnel secured and additional recruitment well advanced with stage migration of existing employees across projects commenced.**
- **Record Quarterly cash balance, cash receipts and cash reserves, delivered and maintained.**
- **Increasing tender opportunities and ECI agreements expected to deliver further growth to Company's order book.**
- **Existing Contracts are a healthy blend of turnkey projects, re-measurable rates based scopes and cost reimbursable works.**

WestStar Industrial Limited (the **Company** or **WestStar**) (ASX: WSI), an Australian industrial services company providing engineering, construction and mining services to the resources, energy and infrastructure sectors, is pleased to update the market as to its recently secured projects and execution strategy to deliver sustainable earnings in FY22 and moving forward to FY23.

WestStar's wholly owned construction and mining services contractor business **SIMPEC** was recently awarded a \$145M contract for the Iron Bridge Magnetite Project a joint venture between Fortescue Metals Group subsidiary FMG Magnetite Pty Ltd and Formosa Steel IB Pty Ltd¹. This award follows from the recent project announcement for a \$10M contract by EPC Contractor, Acciona, for the Avertas Energy Project.

Both contracts have already commenced with the majority of works expected to be delivered during FY22.

The works includes structural, mechanical and piping (**SMP**), electrical, instrumentation and controls (**E&I**), and non-process infrastructure (**NPI**) projects.

SIMPEC will supply vertical construction services for the Iron Bridge Magnetite Project works, with an anticipated workforce of more than 500 personnel. This intricate project consists of major module installation, tank installation, major mechanical installation, large bore piping and a significant portion of supply and installation of electrical and instrumentation works.

In addition to the above, WestStar wholly owned subsidiary **Alltype Engineering** continues to build its pipeline of new work opportunities, with works being tendered and developed increasing in both value and complexity as well as geographical location.

¹ Refer ASX announcement dated 28 July 2021.

The engagement with existing and new customers on these works reflects Alltype's expanded offerings and reputation for reliably delivering projects with a significant control over the project supply chain lifecycle.

The rapid growth of the two business units has allowed WestStar to scale significantly by building on its strong reputation while delivering growing revenue and profitability. In the above contract awards both company's revenue streams are totally independent of one another, showing both the flexibility of the group and ability for each standalone business to operate within their respective areas of core expertise.

Projects

Since admission to the ASX, WestStar Industrial has continually grown its revenue and order book providing a diverse suite of services covering engineering, fabrication, construction and maintenance services to the resources, energy and infrastructure sectors.

During a relatively short period the Company has achieved significant milestones in proving its ability to deliver on a large scale, having consistently grown its revenue model year on year. The successful acquisition of business units SIMPEC and Alltype Engineering along with the ability to on board and retain key personnel and experienced staff, has enabled the Group to become more diversified capitalising on the strong market opportunities here in Western Australia, while building on a national strategy. An impressive history of project delivery continues to transform WestStar Industrial as a preferred contractor in the delivery of engineering, fabrication, construction and maintenance services solutions to the resources, energy and infrastructure sectors.

Iron Bridge Magnetite Project

As announced on 28 July 2021 SIMPEC was awarded a \$145 million contract on the Iron Bridge Magnetite Project for the construction of the Wet Process Plant in the Pilbara region of Western Australia, its most significant contract award to date.

The Project is a joint venture between Fortescue Metals Group subsidiary FMG Magnetite Pty Ltd and Formosa Steel IB Pty Ltd. Valued at \$145 million, SIMPEC will deliver the works to support the development of a new mine and associated infrastructure for Iron Bridge, situated approximately 145km south of the town of Port Hedland in Western Australia's Pilbara region.

The Wet Processing Plant is a significant part of the new magnetite mine which will be central to the production of 22 Wet Million Tonnes Per Annum (WMTPA) of high grade, magnetite concentrate product. SIMPEC will supply vertical construction services for the works, with an anticipated workforce of more than 500 personnel. This intricate project consists of major module installation, tank installation, major mechanical installation, large bore piping and a significant portion of supply and installation of electrical and instrumentation works.

The works will be self-performed by the SIMPEC team, supporting local businesses and jobs in the Pilbara region.

Whilst representing a step change in the size of contracts delivered by the group, the decision for the group to take on the Iron Bridge works internally was a process of assessment of capability and risk management. The pre-planned development of a well-executed strategy between SIMPEC management, the formulation of a WestStar oversight committee with key stakeholders delivering varying pieces of risk assessment and due diligence ensure contract decisions and reporting structures fully support the delivery of a transformational project for the group. Whilst WestStar have not in its own right delivered a contract of this size previously, the scope is well within the capability and experience of the company core personnel.

In addition to the establishment of the group oversight committee, some of the mitigation strategies to ensure project success include:

- Procurement – Free issued materials and preassembled modules off site by client, minimising schedule and escalation risk.
- Capability – Key personnel with proven major project experience of similar scope in size, value and complexity involved from initial tender stage through to negotiation and award.

- People – Current workforce recruited of circa 300 (migration) across the Group, with only a peak of 150 tradespeople required up until the end of 2021.
- Recruitment – Internal capability, with the advantage of other major projects nearing completion this year to provide a pool to supply additional resources.
- Finance and funding – Insurance bonding provided for with escalation provision made for competitive labour sourcing and security.
- Payment and cashflow – Cashflow neutral intent on project alleviates concerns of working capital requirements.
- Program – Realistic 13-month program agreed by all parties is achievable.
- Contract – Mixture of lump sum, re-measurable Bill Of Quantities (BOQ) and schedule of rates for a construct only contract.
- Funding – June 21 Quarterly Report \$13.2M with negotiations on insurance bonds and government backed bonds to fund performance guarantees in the closing stages. Strong cashflow and cash reserves coupled with reasonable payment terms provide funding confidence.

Key Project Delivery Experience

SIMPEC's ability to delivery large scale projects on time and on budget is evident in recent project experience, noting that key personnel have many years' experience in delivering large projects:

Project	Scope	Key Facts	Peak Manning
Tianqi	SMP and E&I	10km of piping and ~130,000 man hours.	~ 200 people
FMG Cloud Break	SMP and E&I	Shutdown, removal of existing jaw crushers and install 2x new Metso Jaw Crushers.	~ 40 people
First Quantum Minerals	SM and E&I	Install and commission conveyors, mechanical devices and chutes.	~ 100 people
Talison	Tank D&C and Underground Services	Design and construct tanks and associated works, largest tank 19m diameter, install 100 tonnes of steelwork.	~ 50 people
Rio Tinto	Electrical & Communications, D&C Camp Construction	Installation of Remote Draft Survey System & associated electrical network.	~ 40 people

Revenue, Order Book and Pipeline Update

Since the commencement of FY22, WestStar has delivered transformational changes to the Company's forward order book. The work in hand position has increased rapidly since the commencement of the financial year.

Contract wins announced since July 2021 to date and Work in Progress for FY22 total \$185M as follows:

- Acciona Waste to Energy circa \$10M
- Iron Bridge Magnetite Project circa \$145M
- Works in Progress circa \$30M

The current revenue awarded of \$185M is a blend of NPI, SMP, E&I and fabrication works and will be performed for more than 20 clients (including Majors Tier 1 Clientele) over a range of projects and commodities.

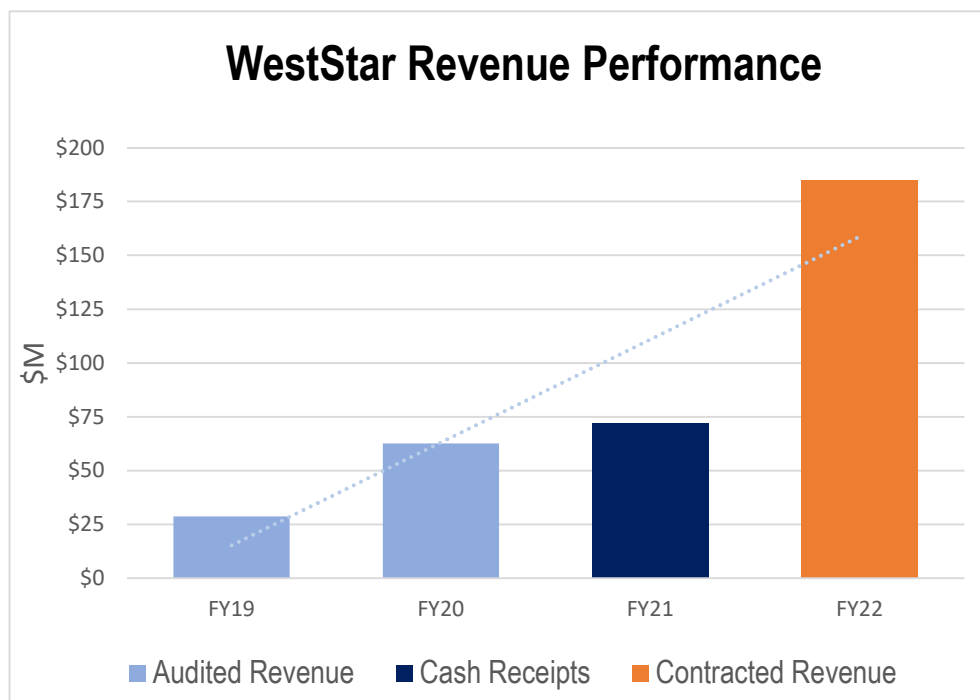
The Company sees itself in a very favourable and unique position where it is not only providing record revenues for FY22, but also ongoing sustained earnings that will commence flowing into FY23. This secured volume of work provides the Company with the opportunity to demonstrate sustained earnings over a greater period of time not seen before in the Company's history.

These contract wins demonstrate the quality of WestStar’s capabilities and reinforce the confidence in the Group for further expected contract wins over the short term.

With the award of circa \$155M worth of contracts in the first month of FY22, WestStar has taken significant steps to provide the appropriate support to ensure the success of our delivery model. Coupled with the evidence that WestStar carries virtually nil debt, this now translates into an increase and strength in its valuation modelling when compared to its peers.

With continuing robust commodity conditions improving, an opportunity for increased growth is present. Additionally future order book pipeline is strong, currently at over \$500M with tendering and negotiations expected to yield more contract awards in the near future.

In summary there is a large quantity of work under contract and further expected wins in the near term only reinforce the strength of future projected earnings that will support a strengthened valuation.



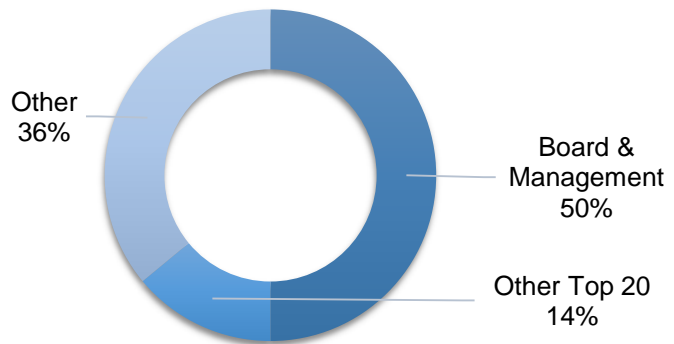
WestStar Industrial Limited June 2021 Quarterly Report Highlights

- Record Cash Balance of \$13.18M an increase of 115% on previous quarter (Q3FY2021: \$6.12M).
- Record Quarter Cash Receipts of \$34.48M an increase of 186% on previous quarter.
- Record Net Cash generated from Operating Activities of \$10.12M during the Quarter.
- Record full year Cash Receipts of \$72.72M.
- Strong FY22 Commencement with recently awarded project of \$10M to SIMPEC.
- Impressive Cash Reserves - WestStar has demonstrated the ability to continue growing its revenue in a well-planned and structured approach.
- Current Projects on Track - WestStar confirmed all projects are progressing well, successfully maintaining budget and in accordance with program cycles.
- Current Contract Types - Projects continue to be a healthy blend of turnkey projects, schedule of rates and cost reimbursable works.
- Increasing Tender Opportunities – Tender opportunities continue to grow across multiple industries and interstate, current pipeline of projects >\$500M.

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Current Capital Structure

Shares on Issue:	975.48M
Share Price ¹ :	\$0.026
Market Capitalisation:	\$25.36M
Cash ² :	\$13.20M
Enterprise Value:	\$12.16M



¹ Share price as at 16 August 2021

² Cash balance as at 30 June 2021

Aboriginal Engagement

JV Partner **IronMerge** is a Supply Nation Aboriginal-owned mining and civil works service company, delivering local contracting solutions to customers across the Pilbara, driving employment outcomes for Indigenous people and local communities in the Port Hedland region. The company prides itself on being a Nyamal family business and offers direct employment for Nyamal people in the Pilbara.

Geographical Expansion

WestStar has demonstrated its appetite and ability to work in expanded Geographical regions successfully. This model is based upon an independent pooled workforce to that currently employed throughout the group on existing projects. This strategy enables the group to take on further external works that don't impinge on the current committed workforce and grow its diversified revenue stream. It is expected that this trend will continue to grow over the coming financial year with strong proposals and tenders nearing execution stages in these regions.

Outlook

WestStar Industrial continues to develop and strengthen its overall business capability to move further into the Infrastructure, Mining and Minerals, Energy and Renewables industries throughout Australia. We believe our overall focus on supporting our clients on both major projects and term sustaining capital contracts will further enhance the groups positioning for FY22 and beyond.

Tendering and proposals across the Group remains strong, as we consistently deliver projects at a high standard. We are now starting to see the engagement of ECI prospects across a variety of disciplines based upon a history of delivery and management experience and expect this maturity phase of the growth to deliver longer term sustainable earnings.

A well-balanced portion of all submissions continue to be from both repeat and new clients within the resources, petrochemical, mining, infrastructure and oil and gas sectors and beyond.

The results of increased activity and tendering is now already positive outcomes for the business and providing a strong platform for the business to transform to the next level.

-Ends-

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About WestStar

WestStar Industrial Limited (ASX: WSI) is an industrial, steel fabrication, installation and maintenance services company focussed on the resources, oil and gas, water and infrastructure sectors.

About SIMPEC

SIMPEC delivers high quality construction and engineering services with specialisation in structural mechanical and piping (SMP), electrical and instrumentation (E&I), concrete products and civil Services.

For more information: www.simpec.com.au

About Alltype

Alltype Engineering leverages off its fabrication capability and provides complete project solutions including SMP and E&I site installation, construction and maintenance services, across almost every industry in Australia. Alltype delivers consistent quality products and services that underpin its commitment to its vision “to be recognised as the preferred partner in delivering integrated fabrication, site and maintenance services with reliable, innovative and cost-effective solutions”.

For more information: www.alltypeengineering.com.au

ASX release authorised by the Board of Directors of WestStar Industrial Limited.