

Balancing risk and opportunity in contract mining

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About the data

All financial data referenced in this report is sourced from publicly available information, including company filings, industry reports, and market data. Analysis and insights are based on this public information and our sector expertise.

Executive summary

Mining contractors play a crucial role in the mining industry, supplying capital, labour, equipment, and expertise to operate mines safely and efficiently. Their responsibilities extend to risk management, cost control, and supplier coordination. Many are diversifying into civil construction and mineral processing, while also supporting responsible resource development through land rehabilitation, Indigenous engagement, and regional economic contributions.

Operating in a capital-intensive and cyclical environment, a contractors' financial strength and performance are key to success. In 2025, EBITDA margins softened slightly, pausing a recovery from pandemic-era lows. However, improved fleet utilisation and growth in less capital-intensive services have enhanced capital efficiency. Surplus cash flows have enabled deleveraging, reducing Net Debt/EBITDA ratios and enhancing resilience. Return on Equity has continued to rise, reflecting disciplined capital allocation.

Contract mining remains concentrated in coal, iron ore, and gold, while copper and lithium represent smaller but steadily growing segments. Declining coal markets since mid-2024 have pressured contractors with coal exposure, while elevated gold prices are driving innovative profit-sharing models that generate new sources of capital and better align contractor and mine owner interests. Facing growing international competition, contractor CEOs are prioritising diversification, revenue stability, and innovation.

Looking ahead to 2026, mining contractors with significant coal exposure are expected to face continued headwinds. Managing cost structures and maintaining flexibility will be necessary, but insufficient on their own. Diversification into other commodities will therefore be a strategic imperative. Stronger balance sheets are likely to increase M&A appetite, and with gold prices remaining elevated, profit-sharing mining contracts are expected to grow and potentially extend into other commodities.

This report provides a focused overview of mining contractor businesses in Australia, highlighting financial trends, market dynamics, and offering practical insights for mining contractors, suppliers, and mining companies.

Whether you're a mining contractor refining strategy or exploring acquisition opportunities, a mine owner seeking capital-aligned contracting partners, or a service provider such as a bank aiming to better understand contractor risks and mitigants, we'd be delighted to discuss your business priorities and how to position for sustainable growth.

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The role of contract mining in Australia

Mining contractors play a key role in Australia's mining industry, providing the labour, equipment, and technical expertise required to develop and operate both open-cut and underground mines. Their work underpins operational efficiency, risk management, and cost control, making them critical partners for mine owners.

Types of mining operations

Contractors support both open-cut and underground mining, providing the labour, equipment, and expertise required to execute complex operations efficiently and safely.

In open-cut mining, contractors are engaged to remove overburden (waste material) and extract coal or ore. Operations begin with clearing and grubbing, removing vegetation, topsoil, and organic matter to prepare the site. Hard rock in the overburden is fragmented through drilling and blasting, followed by excavation and haulage to expose the ore body. Overburden is transported to dumps or used for backfilling, while ore is hauled to stockpiles for processing. The pit is developed in benches, allowing for systematic and safe extraction.

In underground mining, contractors are responsible for developing access and infrastructure to reach ore bodies. This includes sinking shafts, driving declines and tunnels, installing ventilation systems, ground support (e.g., rock bolts and mesh), and essential services such as power, water, and communications. Contractors also undertake production activities including drilling and blasting in stopes, mucking broken rock, hauling ore, and managing waste.

Contract models

Mining contractors operate under contracts with a mine owner, typically awarded through competitive tendering. Existing contracts may be extended bilaterally, though many return to market. Early Contractor Involvement (ECI) is often used to provide technical input, such as mine planning and cost estimation, at reduced or no cost to gain insight into the mine owner's needs and improve their value proposition in subsequent tenders.

Contracts generally fall into two broad categories:

- **Fixed-price or schedule-based models (incl. Schedule of Rates, Rise & Run matrices)**
suited for projects with well-defined plans, where accurate cost estimation is critical to protecting margins.
- **Relationship-style contracts (incl. cost-plus or alliance agreements)**
less common, suited to projects with uncertain or evolving scope, where success depends on a clear objective, fair risk sharing, and sufficient time to plan and price the work accurately. Profit Sharing contracts, which have emerged in recent years, fall into this category.

Choosing the right model is more than a legal formality; it shapes how risk, efficiency, and value creation are managed throughout a mining project.

The scope of services varies. Some contracts focus on specific mining activities, such as overburden removal, while others are full-service arrangements where the contractor assumes responsibility for mine planning, technical services, and mine project management. Larger mine owners tend to outsource specific activities, while smaller miners rely on more extensive contracts due to limited technical or management capability.

Corporate functions such as business development teams and bid specialists (including engineers, lawyers, and accountants) pursue new opportunities and prepare tenders to win new contracts and contract extensions.

Mobilisation and operations

Once a contract is awarded, contractors mobilise equipment fleets and personnel. Open-cut equipment fleets include haul trucks, excavators, dozers, front-end loaders (FELs), and light vehicles. Underground fleets feature jumbo drill rigs, load-haul-dump (LHD) loaders, underground trucks, shotcrete units, bolters, and raise borers. Equipment may be owned or financed, depending on the contractor's capital structure.

Operations are delivered by skilled teams, comprising operators, maintenance crews, and a dedicated project management team, supported by safety, human resources, maintenance, accounting, and technical services staff. How well contractors manage mobilisation and fleet utilisation has a direct bearing on profitability and project delivery.



Supplier relationships

Contractors also manage relationships with third-party suppliers, including fuel providers, explosives manufacturers, and other service vendors essential to operations. These relationships provide purchasing power and ensure operational reliability.

Mining contractor operations lifecycle



Broader role

Today, mining contractors go beyond mining, offering civil construction services to develop mine infrastructure, and mineral processing services that include design, build and sometimes operational management of mineral processing facilities.

They also contribute to responsible resource development through:

- Land rehabilitation, water stewardship, and emissions reduction initiatives,
- Engagement with Indigenous communities and local joint ventures, and
- Supporting regional economies by creating jobs and increasing economic activity.

These activities reinforce contractors' broader value proposition and position them as key partners in sustainable mining operations across Australia's mining ecosystem.

2025 performance and trends

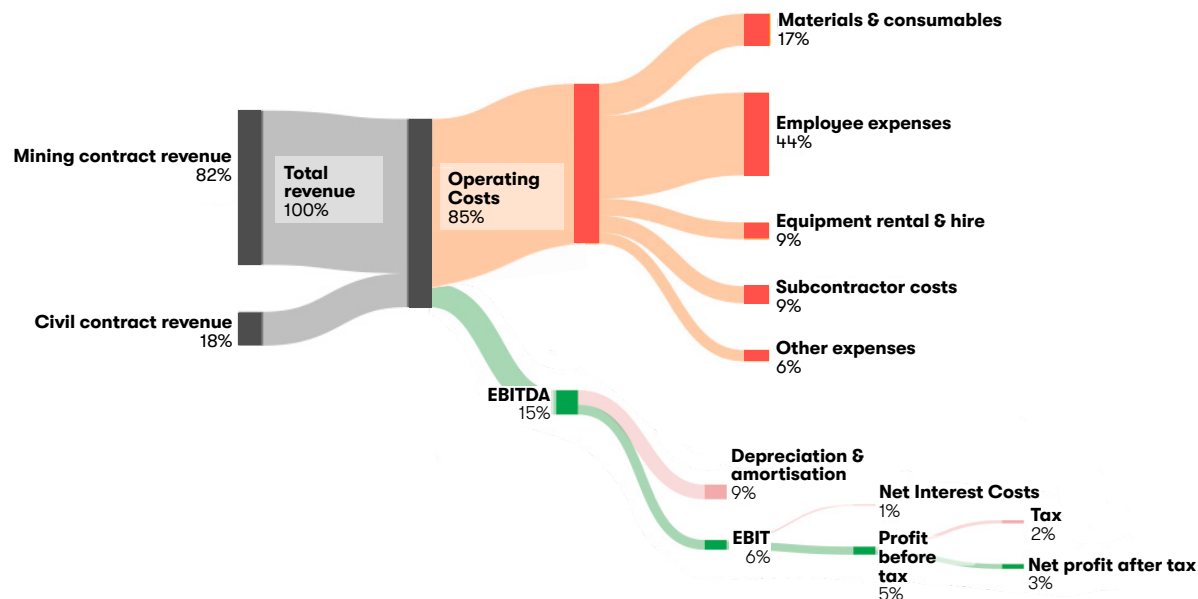
Financial review

Mining contractors operate in a capital-intensive and cyclical industry, where profitability, asset efficiency, and balance sheet strength directly influence their ability to win contracts and deliver projects reliably.

The diagram below presents a simplified financial flow for a representative mining contractor, showing how total revenue splits across mining and civil contracts, passes through operating costs, and ultimately produces net profit.

This financial flow underscores the tight margins in which mining contractors operate, demonstrating the need for strong cost control.

Example financial flow of a typical mining contractor (% of revenue)

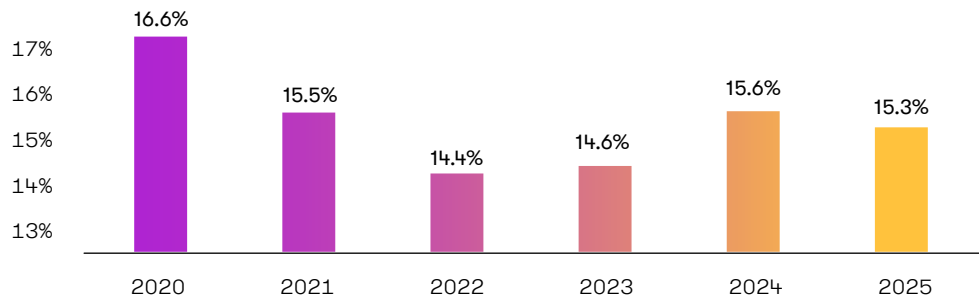


The following examines key financial trends across five ASX-listed mining contractors. While each company offers a different mix of services, this analysis aims to demonstrate broader financial trends across the industry.

Profitability

EBITDA margins slipped slightly in 2025, pausing a two-year recovery from 2022 lows caused by COVID-related labour and supply chain disruptions. While the dip is modest, it shows contractor margins’ sensitivity to operational pressures, contract structures, and broader market volatility. Maintaining profitability requires ongoing optimisation of operations, contract mix, and cost structures.

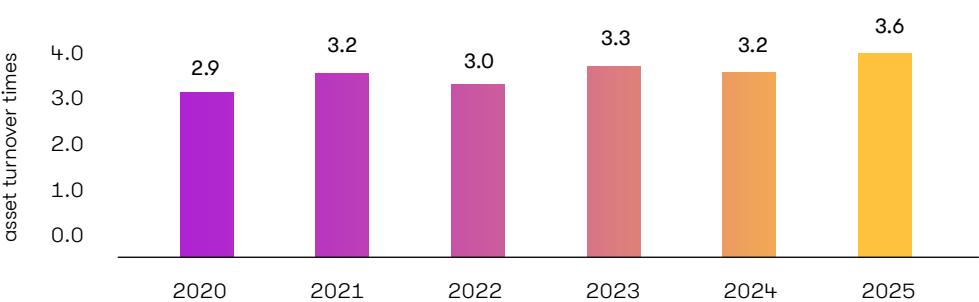
EBITDA margin



Capital efficiency

Improving revenue generation from existing fleet assets is a key priority for delivering strong returns on capital. The Fixed Asset Turnover ratio, which measures how much revenue is generated per dollar of fixed assets (for a contractor, this is primarily its mining fleet) has trended upwards since 2020, reflecting better fleet use and the growth of less capital-intensive revenue streams, particularly in mineral processing and civil contracting. Strong asset efficiency allows contractors to maintain competitive pricing while supporting operational flexibility.

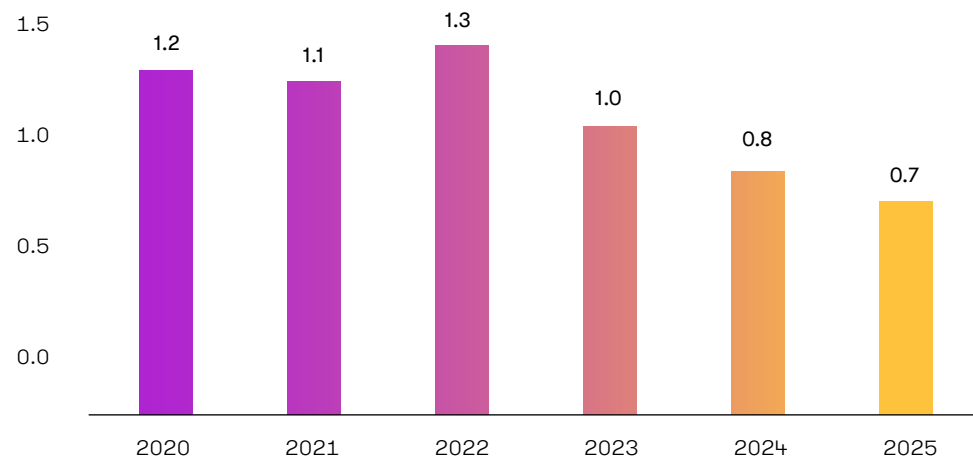
Fixed asset turnover



Leverage

Contractors have strengthened their balance sheets, with Net Debt/EBITDA ratios falling since 2022 as surplus cashflow has been applied to reduce debt. This financial discipline provides greater flexibility to pursue strategic investments, navigate cyclical downturns, and capitalise on emerging opportunities.

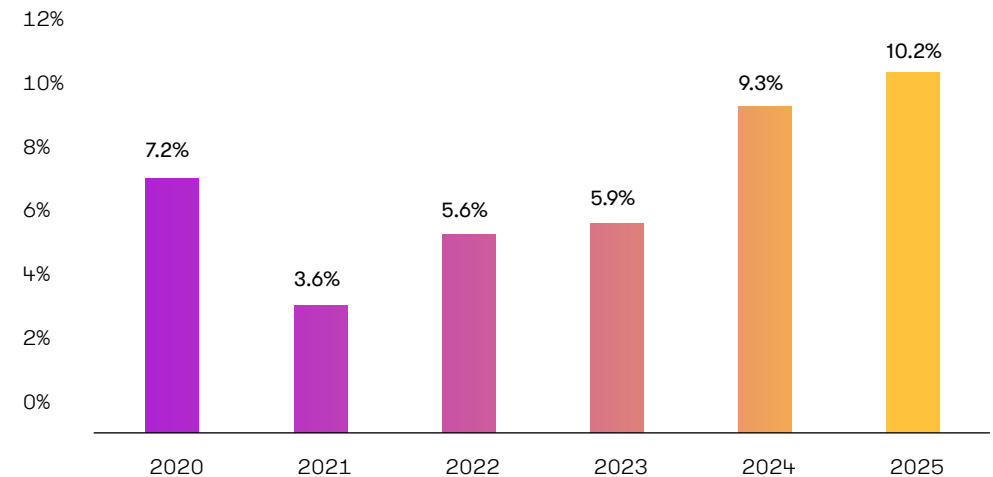
Net Debt/EBITDA



Return on Equity (ROE)

Despite profit margin pressure, mining contractors have improved ROE, demonstrating disciplined capital management and increasing profits from lower capital-intensive services. Contractors sustaining ROE growth are effectively converting operational improvements and diversified services into shareholder value, a key indicator of long-term financial health and strategic execution.

Return on Equity



Industry dynamics affecting mining contractors



Commodity price outlook

Unlike mine owners, mining contractor's revenue are not directly affected by commodity prices, earnings however are closely tied to commodity market conditions. When prices rise, mine owners typically expand production and invest in new projects, driving higher demand for contractors. Conversely, weaker prices often lead to scaled-back operations or deferred investment in increased production.

Contracts often include clauses allowing mine owners to adjust the scope of work in response to market conditions. For example, during periods of low prices, mine owners may scale back pre-stripping activities, directly impacting contractor revenue. In more severe cases, production may be suspended entirely if operations become cashflow negative, placing contractors on standby rates or even risking contract termination due to non-payment.

Contract mining in Australia remains heavily concentrated in coal, iron ore, and gold, while copper and lithium represent smaller but steadily growing segments. Nickel, once a prominent source of contract work up to the early 2020s, has seen a sharp decline due to the rise of lower-cost nickel laterite production in Indonesia, which has significantly disrupted the Australian nickel industry and with it contractor nickel activity.

Since mid-2024, both coking and thermal coal markets have been in decline, leading to receivership of two coal mining companies and workforce reductions at several others. Iron ore prices, while below 2021–2022 highs, continue to deliver strong profits for the iron ore mine owners and will continue to support substantial contractor work. Meanwhile, gold is trading at record levels, and copper is showing a steady upward trend.

Market developments

Rising gold prices have encouraged private mining contractors, particularly in Western Australia, to pursue profit-sharing or joint venture-style arrangements. Departing from traditional margin-based commercial contracting models, these contractors contribute capital for mine establishment in exchange for a share of future profits or an equity position. This structure aligns their interests with those of the mine owner and enables them to benefit not only from commodity price appreciation but also from operational cost improvements. ASX-listed Mineral Resources Limited and later Develop Ltd pioneered similar approaches, positioning themselves not just as contractors but as owners with control over the mining asset. The key difference with this later model from the private mining contractors is the mine owner retains control with the contractor obtaining a minority but influential equity like position.

This development is not surprising as mining contractors with a deep knowledge of costs and technical capability are well placed to assess the feasibility of a mine, especially balancing risk and reward and, once in operation, work closely with mine owners to manage risk.

Another development is the increasing activity of international players in Australia. North American Construction Group Ltd entered the market via the Mackellar Mining Pty Ltd (Mackellar) acquisition in 2023, Buma Australia Pty Ltd acquired Downer Group's Mining East Division in 2021, and Terra Mining Pty Ltd now operates with backing from Chinese group JCHX Mining Management Co. Ltd. Macmahon Holdings Limited's (Macmahon) major shareholder is Indonesian copper miner PT Amman Mineral Internasional Tbk. This reflects growing foreign interest and intensifying competition, highlighting the need for local contractors to differentiate through scale, capability, or flexible commercial models.

M&A activity

Organic growth remains the primary driver for mining contractors growth, but strategic M&A continues to enhance capabilities, expand geographic reach, and capture opportunistic growth. The sector's M&A history demonstrates a consistent approach to strengthening service offerings and market position, as illustrated in the adjacent table below. Over the past 12 months, activity has been relatively subdued, with notable transactions including:

1. Macmahon's acquisition of Decmil Group Pty Ltd (2024), accelerating diversification into civil infrastructure.
2. NRW Mining Pty Ltd's acquisition of HSE Mining Pty Ltd's assets and contracts at South Walker Creek (2024), expanding its footprint in Queensland.

The last major transactions exceeding A\$300m were in 2023, and included Perenti Limited's acquisition of DDH1 Limited, strengthening its drilling capabilities and operational scale, and North American Construction Group Ltd's acquisition of MacKellar, marking its Australian market entry.

The table below records the history of 6 large mining contractors operating today. It's a story of acquisitions and consolidation.

	Thiess Holdings Pty Ltd	Macmahon Holdings Limited	Perenti Limited	NRW Limited	Buma Australia Pty Ltd	North American Construction Group Limited
1920s	Roche Brothers founded					
1930s	Thiess Brothers founded					
1940s	Leighton Contractors founded			Golding Contractors established		
1950s				BGC Contracting founded		NACG founded in Canada
1960s	Henry Walker founded	Macmahon founded				
1970s						
1980s	Eltin founded Leighton Holdings acquires Thiess	Macmahon acquires FK Kanny & Sons GBF Underground Mining Group founded	Ausdrill founded Barmenco founded			
1990s	Downer Mining established from the acquisition of Roche Brothers Pybar founded Henry Walker and Eltin merge	Macmahon acquires National Mine Management	African Mining Services (AMS) founded by Ausdrill	NRW founded NRW acquires Ophthalmia	Downer Mining established from the acquisition of Roche Brothers Buma founded in Indonesia	
2000s	MACA (Mining and Civil Australia) founded in Western Australia Leighton Contractors acquires Henry Walker Eltin	Macmahon acquires Henry Walker Eltin's NT Operations	DDH1 founded African Underground Mining Services (AUMS) founded by Ausdrill and Barmenco			
2010s	Leighton Holdings changes name to Cimic Group and consolidates its mining contracting businesses under Thiess	Macmahon acquires GBF Underground Mining Group	Ausdrill acquires Barmenco and becomes 100% owner of AUMS Perenti established as holding company of Ausdrill, Barmenco, AMS and AUMS	NRW acquires Golding Contractors NRW establishes Action Drill and Blast NRW acquires BGC Contracting		
2020s	Macca acquires Downer Mining West Thiess acquires Macca Thiess acquires Pybar	Macmahon acquires Decmil Macmahon acquires Pit N Portal	Perenti acquires DDH1	NRW acquires Primero NRW acquires HSE	Buma establishes in Australia and acquires Downer Mining East	NACG establishes presence in Australia with acquisition of Mackellar

Key messaging from 2025 CEO Annual Reports

Mining contractor CEOs are projecting a confident outlook for FY26, underpinned by strong order books, strategic diversification, and a clear focus on innovation and sustainability to drive long-term growth.



Positive FY26 outlook with strategic diversification

Contractors remain optimistic about FY26, supported by robust order books and a diversified pipeline spanning surface, underground, and civil infrastructure projects. Strategic priorities include expanding into new geographies and securing higher-value work.



Growth and strong revenue visibility

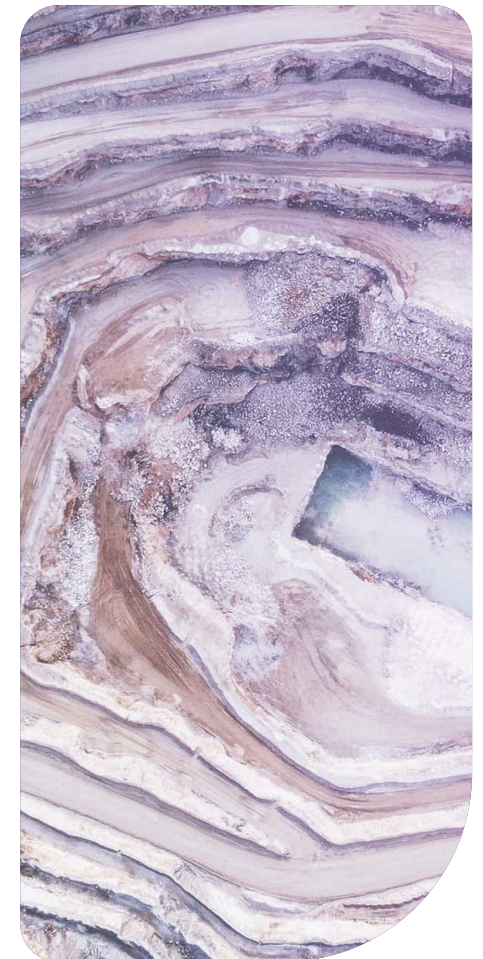
Enduring client relationships and multi-year contract structures are providing stable, predictable revenue streams. High levels of tendering activity continue to support strong work-in-hand positions, reinforcing confidence in sustained growth.



Innovation and sustainability as competitive differentiators

Contractors are investing in mine electrification, automation, and emissions reduction technologies. These initiatives are not only strengthening ESG credentials but also unlocking new revenue streams.

Taken together, these themes demonstrate leadership intent on building resilience and positioning their businesses for long-term success.



What's in store for 2026

Mining contractors are entering 2026 in a period of both opportunity and challenge. Shifts in commodity markets, international competition, and renewed appetite for M&A are set to redefine competitive dynamics, while innovative approaches like profit-sharing agreements are creating new ways to capture value.

Based on insights from current industry dynamics and our financial review, we anticipate the following developments for mining contractors in 2026.

Coal market headwinds prompt contractors to diversify

Mining contractors with significant coal exposure are expected to face continued revenue and margin pressure. Mine owners are scaling back pre-stripping activities to conserve cash, exercising their contractual rights to reduce production. Because mining contracts have high operating leverage, reduced volumes magnify fixed costs such as equipment financing and project overheads, making profitability increasingly sensitive to activity fluctuations.

While managing cost structures and maintaining flexibility will be essential to navigate coal market headwinds, these measures alone will not be sufficient. Diversifying into other commodities will be a strategic imperative. This will include an increase in the pursuit of opportunities in iron ore and gold, with an eye on copper, particularly as three major open-pit copper projects, Eva (owned by Harmony Gold Australia Pty Ltd), Nifty (owned by Cyprium Metals Ltd), and Hillside (owned by Rex Minerals Ltd), are expected to commence from late 2026 to 2027, all planning to engage contractors. Expansion into lithium and nickel will depend on a recovery in commodity prices, which currently constrain new project activity.

M&A activity set to increase

Australia's mining contractor sector has a long history of acquisitions (see [page 12](#)), and with strong balance sheets and a renewed appetite for growth, large-scale M&A is expected to regain momentum.

Key areas of activity are likely to include:

1. Distressed asset acquisitions – particularly in coal, particularly offering deep value opportunities.
2. Capital light vertical integrations – focused on civil infrastructure and mineral processing.
3. Bolt-on acquisitions of adjacent businesses – designed to reduce competition, enhance capabilities, and grow revenue.

A new dynamic is the growing international interest, particularly from Indonesia. PT Petrosea Tbk has established a Brisbane office, and PT United Tractors Tbk, owner of Indonesia's largest mining contractor, PT Pamapersada Nusantara (Pama), was reportedly a bidder for Queensland's Ravenswood Gold Pty Ltd. This trend could accelerate cross-border deals and influence competitive dynamics in Australia.

Expansion of profit-sharing mining contracts

With gold prices remaining elevated, profit-sharing mining contracts are expected to grow and potentially extend into other commodities. While private contractors have led adoption, larger players may increasingly participate to capture margins and gain some direct exposure to the commodity price cycle. International entrants such as Buma, which was set to acquire a 50% share of the Dawson coal mine under the now-terminated Peabody-Anglo American transaction, are likely to explore similar arrangements. While this model has primarily been applied to open-cut mines, there is no inherent reason it couldn't be extended to underground operations.



Supporting you through insight, strategy, and execution

As Australia's mining contractors navigate shifting commodity markets, evolving contract models, and emerging growth opportunities, our team helps turn insight into action. We combine deep sector knowledge with financial, tax, and advisory expertise to support strategic decision-making and long-term value creation.

Our capabilities and advisory services:

- **Financial advisory** – Capital raising, strategy development, industry research and analysis
- **Tax strategy & compliance** – Optimising tax structures, leveraging innovation incentives, and governance requirements
- **M&A** – Corporate Development advice including acquisitions, divestments, and strategic partnerships
- **Sustainability & ESG guidance** – Reporting, regulatory compliance, and strategy for responsible operations
- **Restructuring** – Advising on operational and financial changes to optimise performance and drive long-term performance.

By combining our capabilities with sector insights, we help clients respond to market volatility, capture growth opportunities such as profit-sharing contracts or diversification, and position their business for long-term success in 2026 and beyond. We support businesses in understanding trends, exploring opportunities, and confidently shaping their future in a dynamic mining environment. Contact us for a tailored discussion on your priorities and how to position for sustainable growth.



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PEOPLE NATIONALLY

1,500+

NATIONAL REVENUE (AUD)

\$396m

PARTNERS NATIONALLY

182

OFFICES NATIONWIDE

6

PEOPLE GLOBALLY

76,000+

GLOBAL REVENUE (USD)

\$8.0b

OFFICES GLOBALLY

750+

MARKETS

156+

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Language is a powerful tool. No single set of definitions can describe how every person experiences life, or how they define themselves. We acknowledge the diversity of self-identity and intersectionality, particularly within gender, culture, sexual orientation, disability and First Nations language groups. It is always our intention to be inclusive and respectful and we acknowledge that not everyone will identify with the terms we have chosen.

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