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30 July 2024

METAROCK GROUP LIMITED (ASX CODE: MYE)
QUARTERLY ACTIVITY REPORT – JUNE 2024

Highlights

- Sale of PYBAR business to Thiess was completed on 31 May, with net cash proceeds received of $46.2 million (after transaction costs and repayment of PYBAR's invoice finance facility), bringing Metarock's turnaround plan and recapitalisation to a successful conclusion.
- Q4 Revenue of $110 million was lower than the previous quarter due to the PYBAR sale, while EBITDA (before profit on sale of assets and PYBAR) remained healthy at $12.8 million (FY24 Q3: $12.1 million).
- FY24 full year underlying EBITDA (before profit on asset sales and year end audit adjustments) is circa $50 million.
- Mastermyne's projects performed well during the quarter, although future periods will be impacted by Glencore's decision to close its Integra mine several months earlier than anticipated and Anglo American's Grosvenor mine operations remain suspended following an ignition incident on 29 June.
- During the quarter, the Wilson Mining business unit executed a 5 year contract with Anglo American for fault consolidation products and services. The MyneSight business unit was successful with a proposal for the provision of training services to Coronado Global Resources' new Mammoth mine.
- Net cash at 30 June 2024 was $21.7 million, an improvement of $65.1 million from the 31 March 2024 net debt position of $43.4 million, underpinned by the PYBAR sale proceeds coupled with positive operating cash flow.
- The legacy Westpac invoice finance facility has been replaced post quarter end with a new $30 million debtor finance facility from Scottish Pacific.

Metarock Group Limited (ASX Code: MYE) ("Metarock" or "the Company"), a Mining Services business specialising in underground operations, is pleased to release its Quarterly Activities Report (including unaudited results) and Appendix 4C for FY24 Q4.

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Sale of PYBAR

Metarock completed the sale of its 100% interest in the PYBAR business ("PYBAR") to Thiess Pty Ltd, a wholly owned subsidiary of Thiess Group Holdings Pty Ltd ("Thiess") on 31 May 2024 (the "Transaction").

Net cash proceeds received from the sale (after transaction costs and cash transferred) was $46.2 million.

The Transaction completes the recapitalisation of Metarock's balance sheet and placed the Company in a net cash position, after repayment of: the PYBAR invoice finance facility; the outstanding deferred consideration relating to the original acquisition of PYBAR by Metarock; and the M Resources shareholder loan.

Metarock now comprises the Mastermyne business segment, which is a diversified mining services business trading through the following brands:

- Mastermyne - provides a range of specialist mining services to the underground coal mining sector;
- Wilson Mining - provides polymeric ground consolidation products and services to the hard rock and coal mining sectors; and
- MyneSight - provides accredited training, mine induction services and compliance management solutions to mine operators.

Operations

The financial results in FY24 Q4 reflected the Group's ongoing improved performance following the successful resolution of legacy issues, reduced debt burden and a firm refocus on core underground services operations. The Q4 results include PYBAR's contribution for two months up to completion of sale to Thiess on 31 May 2024.

Revenue of $110 million for the quarter was $8 million below the previous quarter, due to the sale of PYBAR. However, it generated a higher underlying (unaudited) EBITDA of $12.8 million before asset sales (FY24 Q3: $12.1 million).

Mastermyne's operations at its existing projects in NSW and QLD continued to perform to forecasts, whilst Wilson Mining had another good quarter underpinned by strong demand for its services supporting its clients' longwall operations.

Future periods will be impacted by Glencore's decision to close its Integra mine several months earlier than anticipated, with Mastermyne demobilising from site in July. In addition, Anglo American's Grosvenor mine operations remain suspended following an ignition incident on 29 June. Anglo American, has committed to the payment of contractors embedded in operations and staff roles at Grosvenor mine up to and including 31 August 2024 to allow time to develop an understanding of the mine's requirements going forward.

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During the quarter, the Wilson Mining business unit executed a 5 year contract with Anglo American for fault consolidation products and services across its three underground mines. This contract, with estimated annual revenues in the order of $10 million to $15 million, follows on from an existing contract expiring 30 June 2024, albeit at margins reflecting current market conditions.

The MyneSight business unit was successful with a proposal in relation to the provision of training services to Coronado Global Resources' new Mammoth mine.

Mastermyne's pipeline of opportunities remains significant across each of its businesses and geographical regions.

Quarterly cashflows

At the end of FY24 Q4, Metarock had $26.0 million of cash and up to $7.9 million of undrawn working capital facilities[1].

Overall net cash inflow for FY24 Q4 of $18.6 million represents a significant improvement on Q3 of $4.1 million inflow. Net cashflow for Q4 comprised:

- Cash inflows from operating activities of $3.5 million versus inflow of $19.3 million in Q3. Key items include:
    - lower customer receipts in Q4 compared to Q3 of $16.7 million due to the Q3 amount being elevated by delayed customer receipts at December 2023, and the Q4 amount reducing due to the sale of PYBAR;
    - Lower staff costs in Q4 of $6.8 million predominantly due to the sale of PYBAR; and
    - Operating, administrative and corporate costs increasing by $5.7 million in Q4 versus the prior quarter due to working capital timing.
- Cash inflows from investing activities of $42.3 million in Q4 versus outflows of $(1.5) million in Q3, due to the sale of PYBAR.
- Cash outflows from financing activities of $(27.1) million in Q4 versus outflows of $(13.7) million in Q3 due to the repayment of invoice finance facilities on sale of PYBAR and the $3.0 million repayment of a shareholder loan.

Please refer to the attached Appendix 4C for further details of the cashflows for FY24 Q4.

[1] Invoice financing facility availability of funds for drawdown varies with the value of qualifying invoices.

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Debt facilities and position

The Group's total borrowing facilities decreased significantly to $12.2 million in Q4 following the sale of PYBAR to Thiess.

Net cash as at 30 June 2024 was $21.7 million, versus $43.4 million of net debt at the end of Q3, was facilitated by the sale of PYBAR coupled with positive operating cash flow.

Upon completion of the PYBAR sale on 31 May 2024, $46.2 million of net cash consideration was received and $17.2 million of equipment finance facilities were transferred to Thiess.

The following loan amounts were repaid in full by Metarock during Q4:

- PYBAR invoice finance facility - $8.3 million;
- Shareholder loan - $3.0 million; and
- PYBAR deferred consideration - $3.9 million.

Subsequent to the period end, the remaining Westpac invoice finance facility, which had a reduced limit of $7.5 million, has been replaced by a new $30 million debtor finance facility from Scottish Pacific Business Finance Pty Ltd with a minimum term of two years. Scottish Pacific has also approved a new $5 million equipment finance facility, subject to execution of documentation.

The Company has no remaining debt facilities with Westpac, which has now released its general security.

Refer to the Section 7 (and Appendix 1) of the attached Appendix 4C for further details of the Group's borrowing facilities.

Approved for distribution by the Board of Directors of Metarock Group Limited.

Andrew Ritter, Company Secretary

Further information:

Jon Romcke, Executive Chair – 07 4963 0400

Jeff Whiteman, Managing Director & CEO – 07 4963 0400

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

Metarock Group Limited

ABN	**Quarter ended ("current quarter")**
96 142 490 579	30 June 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	117,729	502,605
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(40,656)	(159,489)
	(c) advertising and marketing	(66)	(172)
	(d) leased assets	(1,599)	(7,261)
	(e) staff costs	(66,318)	(302,461)
	(f) administration and corporate costs	(3,843)	(17,023)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	115	258
1.5	Interest and other costs of finance paid	(1,924)	(7,199)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	57	389
1.8	Insurance proceeds	-	93
1.9	**Net cash from operating activities**	**3,495**	**9,740**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	(3,914)	(8,914)
	(b) businesses	-	-
	(c) property, plant and equipment	(310)	(4,218)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities (net of cash transferred)	48,601	48,601
	(b) businesses	(21)	2,098
	(c) property, plant and equipment	299	32,343
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (costs to sell entity)	(2,396)	(2,396)
2.6	**Net cash from investing activities**	**42,259**	**67,514**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	762
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	2,110	4,789
3.6	Repayment of borrowings	(29,243)	(69,670)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash used in financing activities**	**(27,133)**	**(64,119)**

4.	**Net increase in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,415	12,901
4.2	Net cash from operating activities (item 1.9 above)	3,495	9,740
4.3	Net cash from investing activities (item 2.6 above)	42,259	67,514
4.4	Net cash used in financing activities (item 3.10 above)	(27,133)	(64,119)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**26,036**	**26,036**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	26,036	7,415
5.2	Call deposits	-	-
5.3	Bank overdrafts (included in Section 7.3)	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**26,036**	**7,415**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (see Note 1 below)	125
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Note 1: Comprises:

- $104k payments of rent for business premises to Watty Pty Ltd, a company owned by Mr A. Watts
- $300k payments to Directors
- $50k payment of rent for business premise to M Resources
- $329k receipts from M Mining Pty Ltd for equipment hire.

Amounts paid and received are at arm's length and are subject to normal payment terms.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities (see Note 1 below)	4,237	4,237
7.2	Credit standby arrangements	-	-
7.3	Other (See Note 2 below)	8,000	86
7.4	**Total financing facilities**	12,237	4,323

7.5	**Unused financing facilities available at quarter end (see Note 3)**	7,914

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Note 1: Loan facilities comprise Equipment Finance term facilities.

Note 2: Other comprises Invoice Finance Facility, Corporate Credit Card facility and Bank Guarantee facility. Only these unused facilities have been included in Item 8.3 below.

Note 3: Available funding has been determined as the difference between the facility limit and the drawn balance. Given the inherent nature of invoice finance facilities, the amount available to draw on a given day varies with the value of qualifying invoices.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from operating activities (item 1.9)	3,495
8.2	Cash and cash equivalents at quarter end (item 4.6)	26,036
8.3	Unused finance facilities available at quarter end (item 7.3)	7,914
8.4	Total available funding (item 8.2 + item 8.3)	33,950
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	*N/A*

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: *N/A*

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: *N/A*

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8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: *N/A*	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2024.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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Appendix 1

Metarock Group Limited had access to the following undrawn borrowing facilities at the June 2024 quarter end:

	Facility Limit	Undrawn Amount
	$'000	$'000
Loans - Secured		
Equipment finance facility – term facilities (i)	4,237	-
Total Loans (7.1)	**4,237**	**-**
Other facilities - Secured		
Corporate credit card facility (ii)	150	146
Bank guarantee facility (ii)	350	268
Invoice finance facility (iii)	7,500	7,500
Total Other facilities – Secured (7.3)	**8,000**	**7,914**
Total facilities (7.4, 7.5)	**12,237**	**7,914**

(i) Equipment finance facility

Term facilities comprise agreements with De Lage Landen.

The facilities are fixed rate, Australian dollar denominated loans which are carried at amortised cost and repayable monthly in arrears over a term of up to five years. The specific term and interest rate varies by agreement and is set at the outset of each advance.

(ii) Corporate credit card and bank guarantee facilities

The corporate credit card and bank guarantee facilities are held with Westpac and are due to mature on 30 September 2024.

(iii) Invoice finance facility

The invoice finance facility was held with Westpac and had a limit of $7.5 million at the quarter end, subject to a draw down allowance of 60% of approved debtors and interest charged at a variable rate.

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