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31 October 2024

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

Highlights

- FY25 Q1 revenue of $62.5 million compared to $76.0 million (excluding PYBAR) in FY24 Q4, with the reduction due mainly to lower Wilson Mining product volumes and suspension of the Grosvenor Mine project.
- EBITDA of $3.6 million (FY24 Q4: $12.6 million - reflecting the divestment of PYBAR on 31 May 2024 and the lower activity levels in Mastermyne in Q1).
- Net cash of $25.8 million (FY24 Q4: Net cash $21.7 million) underpinned by positive net cashflow from operating activities of $3.9 million plus a final settlement payment of $0.3 million for the PYBAR sale.
- Greater certainty now achieved over manning levels at Anglo American mines following the underground fire event at Grosvenor mine on 29 June 2024 and consequential suspension of Mastermyne's primary services at that mine. Approximately 140 Grosvenor roles were lost from 1 September 2024, albeit 61 of those roles were able to be redeployed. Our manning levels (approximately 225 roles) at nearby Moranbah North mine have been unaffected and are anticipated to remain so. Mastermyne's contract covering both of these mines, which was due to expire on 5 October, was extended for 6 months to align with the Anglo American SMC sale process.
- Mastermyne was nominated preferred contractor for the Ventilation Control Devices Installation work scope at Peabody's Centurion Mine with a direction to mobilise in early October. The contract is worth approximately $15 million over 3 years.
- A 12 month extension of Mastermyne's contract for Longwall Services at Whitehaven's Narrabri Mine, through to October 2025, is in the process of being finalised, with an annual value of approximately $15 million.
- Further near term contract opportunities are under active discussion with a number of clients and targets.

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Metarock Group Limited (ASX Code: MYE) ("Metarock" or "the Company"), a Mining Services business specialising in underground operations, is pleased to release its Quarterly Activity Report and Appendix 4C for FY25 Q1 (incorporating unaudited results).

Operations

Revenue of $62.5 million was $48.4 million below the prior quarter, predominantly as a result of the divestment of PYBAR on 31 May 2024. Revenue was $13.5 million lower than FY24 Q4 excluding PYBAR, mainly due to lower Wilson Mining product demand compared to recent quarters given the timing of various client's planned activity, plus the suspension of our primary services at Grosvenor Mine (announced 31 July 2024). The latter impacted from 1 September 2024 as noted below. The Group generated an EBITDA of $3.6 million (FY24 Q4: $12.6million).

An evolving situation through the quarter regarding the potential impacts on Mastermyne of the underground fire event at Grosvenor mine on 29 June 2024 has now reached a level of greater certainty. Our workforce at that mine remained employed through to 31 August 2024, at which time, approximately 140 roles were lost with our production services being suspended (announced 31 May 2024), albeit 61 roles were able to be redeployed to other projects. A small team is continuing through to early 2025 with recovery works, and our pre-existing manning levels (approximately 225 roles) at nearby Moranbah North mine are being maintained. Mastermyne's contract covering both of these mines, which was due to expire on 5 October, was extended for 6 months to align with the Anglo American SMC sale process timeline. As the largest and one of the longest serving contractors on site, Mastermyne anticipates that it will retain and potentially grow its ongoing work scope at these mines beyond FY25 Q3. Finally, whilst our manning levels at Aquila mine are scheduled to reduce from approximately 70 roles to 31 in the near term, discussions are underway in relation to an extension of this contract.

NSW operations continued to perform well, although impacted by Glencore's decision to close its Integra mine several months earlier than planned, with Mastermyne completing its demobilisation from site during July. All employees were redeployed to other projects. A 12 month extension is in the process of being finalised for Mastermyne's contract for Longwall Services at Whitehaven's Narrabri Mine through to October 2025, with an annual value of approximately $15 million.

Mastermyne's opportunity pipeline remains significant across each of its lines of business and geographical regions underpinned by continued strong demand in the coal sector. This includes a number of near term contract opportunities under active discussion.

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Quarterly cashflows

At the end of FY25 Q1, Metarock had $30.5 million of cash and up to $30.1 million of undrawn working capital facilities[1].

Overall net cash inflow for FY25 Q1 of $4.5 million (FY24 Q4: $4.1 million) represents the Group's continued commitment to operational stability and positive cashflow.

Net cashflow for Q1 comprised:

- Cash inflows from operating activities of $3.9 million for the quarter, representing a slight increase from the $3.5 million reported in FY24 Q4, despite the sale of PYBAR.
- Cash flows from investing activities included the final payment of $0.3 million for the PYBAR sale.
- Cash flows from financing activities of $0.4 million.

Please refer to the attached Appendix 4C for further details of the FY25 Q1 cashflows.

Debt facilities and net cash

The Group's maximum available working capital facilities increased significantly during the quarter with the transition from the legacy $7.5 million Westpac invoice finance facility to a new $30 million debtor financing facility from Scottish Pacific Business Finance Pty Ltd ('ScotPac') with a minimum term of two years. As at 30 September 2024, the ScotPac facility was undrawn.

Net cash as at 30 September 2024 was $25.8 million (FY24 Q4: Net cash $21.7 million).

Refer to 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:

Peter Barker, Interim Chair – 07 4963 0400

Jeff Whiteman, Managing Director & CEO – 07 4963 0400

[1] Invoice financing facility limit available for drawdown varies daily with the value of qualifying invoices.

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 September 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	68,839	68,839
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(17,674)	(17,674)
	(c) advertising and marketing	(33)	(33)
	(d) leased assets	(1,513)	(1,513)
	(e) staff costs	(41,983)	(41,983)
	(f) administration and corporate costs	(3,437)	(3,437)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	149	149
1.5	Interest and other costs of finance paid	(479)	(479)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	9	9
1.8	Other (provide details if material)	-	-
1.9	**Net cash from operating activities**	**3,878**	**3,878**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(94)	(94)
	(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 (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities (net of cash transferred)	334	334
	(b) businesses	-	-
	(c) property, plant and equipment	2	2
	(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 (provide details if material)	-	-
2.6	**Net cash from investing activities**	**242**	**242**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	1,892	1,892
3.6	Repayment of borrowings	(1,506)	(1,506)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from financing activities**	**386**	**386**

4.	**Net increase in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	26,036	26,036
4.2	Net cash from operating activities (item 1.9 above)	3,878	3,878
4.3	Net cash from investing activities (item 2.6 above)	242	242
4.4	Net cash from financing activities (item 3.10 above)	386	386

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**30,542**	**30,542**

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	30,328	26,036
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits)	214	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**30,542**	**26,036**

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)	633
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:

- $124k payments of rent for business premises to Watty Pty Ltd, a company owned by Mr A. Watts
- $821k payments to Directors including short-term incentives
- $17k 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)	4,623	4,623
7.2	Credit standby arrangements	-	-
7.3	Other (See Note 2 below)	30,213	85
7.4	**Total financing facilities**	34,836	4,708

7.5	**Unused financing facilities available at quarter end (see Note 3)**	30,128

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 and Insurance Premium Funding.

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)	3,878
8.2	Cash and cash equivalents at quarter end (item 4.6)	30,542
8.3	Unused finance facilities available at quarter end (item 7.5)	30,128
8.4	Total available funding (item 8.2 + item 8.3)	60,670
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: 31 October 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 September 2024 quarter end:

	Facility Limit	Undrawn Amount
	$'000	$'000
Loans - Secured		
Equipment finance facility – term facilities (i)	3,488	-
	3,488	-
Loans - Unsecured		
Other finance facilities (iv)	1,135	-
Total Loans (7.1)	**4,623**	**-**
Other facilities - Secured		
Corporate credit card facility (ii)	130	128
Bank guarantee facility (ii)	83	-
Invoice finance facility (iii)	30,000	30,000
Total Other facilities – Secured (7.3)	**30,213**	**30,128**
Total facilities (7.4, 7.5)	**34,836**	**30,128**

(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 13 December 2024.

(iii) Invoice finance facility

The invoice finance facility held with Scottish Pacific Business Finance Pty Ltd commenced on 23 July 2024. The facility has a limit of $30 million with a minimum term of two years.

(iv) Insurance premium funding

Insurance premium funding associated with the prepayment of the premiums for the FY25 insurance program.

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