FY2023 FULL YEAR RESULTS

Metarock Group Limited (ABN 96 142 490 579)

Jon Romcke, Executive Chairman

Jeff Whiteman, Interim Chief Executive Officer

September 2023

Overview

FY2023 Group highlights

FY2023 HIGHLIGHTS

- Turnaround plan implemented from late 2022, resulting in exit from legacy loss-making/underperforming contracts (including Cook post year-end), divestment of non-core assets enabling material debt reduction, lower overheads and a recapitalisation including a $25m equity placement
- Core ongoing business units showing a significant uplift in 2H compared to 1H driven by exit of legacy contracts in Mastermyne Contracting and PYBAR, combined with strong demand for Wilson Mining services
- Management and board changes implemented to focus on turnaround plan, safety performance and governance

FINANCIAL OUTCOMES

- Revenue of $514m, toward upper end of guidance range of $490m-$520m and 14% increases on PCP
- Normalised* EBITDA of $38.5m, of which $29.7m was achieved in the second half (including $6m of non-recurring items)
- Statutory net loss after tax of $74m due to $73m (before tax) of write-offs and contract provisions from terminated and onerous contracts (split 1H: $59m; 2H: $14m)

RECAPITALISATION AND DEBT REDUCTION

- Equity injection of $25m via a strategic investment by M Resources Group
- Non-core asset sales have reduced debt levels from $102m at December 2022 to $54m (proforma) at June 2023
- Ongoing resizing of Group overheads to align with ongoing business structure
- PYBAR deferred consideration repayment restructured, part funded by a new $2m unsecured, subordinated loan from M Resources
- Westpac invoice finance facility extended to 30 September 2024

TURNAROUND PLAN HAS ACHIEVED ITS KEY MILESTONES IN 2H FY2023

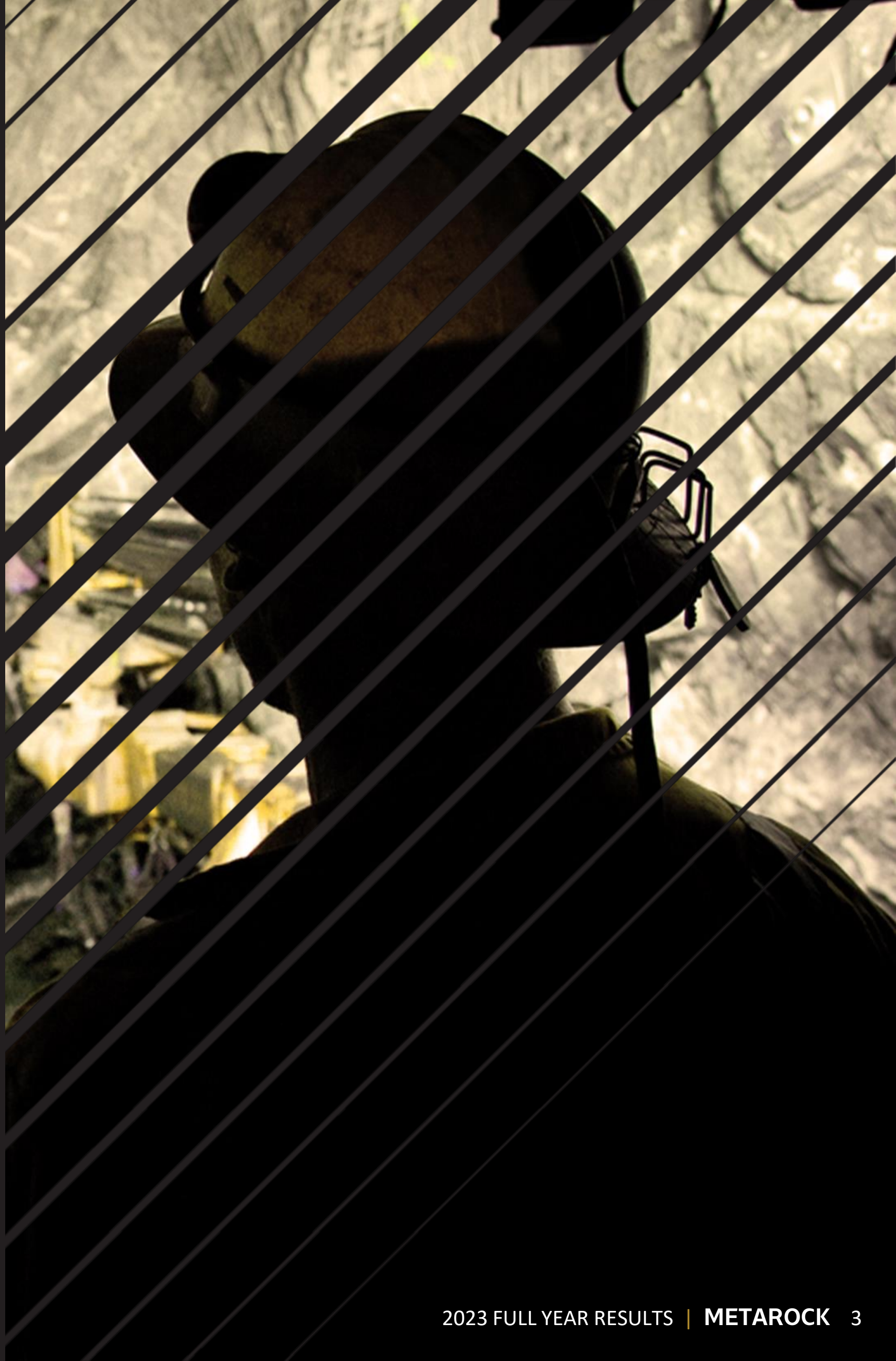
RECAPITALISATION COMPLETED AND LEGACY CONTRACTS ADDRESSED, LEAVING ONGOING PROFITABLE CORE BUSINESS UNITS

** Normalisations relate to contract termination costs, onerous contract provisions and asset write-offs and impairments. Operating losses on legacy contracts have not been adjusted.. Non-recurring 2H EBITDA items predominantly related to elevated level of demand for Wilson Mining services.*

Safety

Achieving consistent, positive safety outcomes remains a key focus for Metarock

- Building on the work completed to date in adopting the recommendations from the independent organisational safety review commissioned by the Board in 2022, Metarock has commenced implementing an integrated, group-wide plan with a core theme of ‘*Elevating Safety Performance*’ (‘ESP’)
- Core ESP components include:
  - Refresh of the Mastermyne and PYBAR workplace cultures (given the consequential adverse effects of the challenges of the past two years on the business' operations) to be driven primarily through active operational leadership
  - Ensuring that appropriate critical controls to prevent serious injury and life changing events are not only in place, but that our workforce fully understands them and are empowered to enact them as required
  - Restructured safety responsibilities with additional resources employed to conduct safety audits across the business and coach our people directly on projects
  - Refining further our opportunity and tender risk evaluation processes
  - Engaging meaningfully with our clients in relation to safety performance on their projects



Statutory Versus Normalised Results

Statutory net loss after tax of $74m was impacted by asset impairments and contract losses from terminated and onerous contracts amounting to $73m (before tax) and $57m (after tax)

Normalisations:

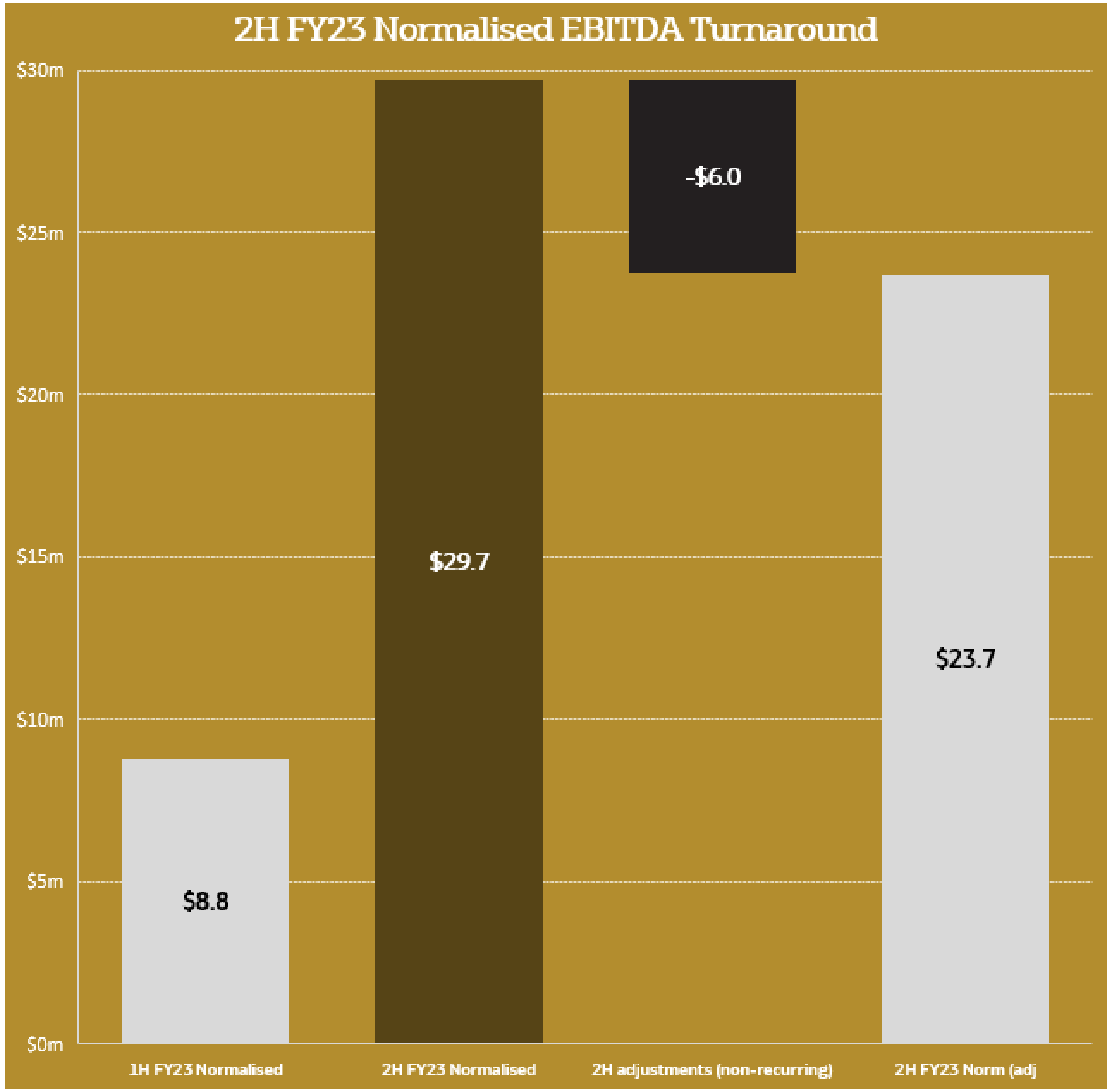
- Crinum - $22.1m (before tax) of asset write-offs and unrecovered costs following termination of the contract
- PYBAR - $37.4m (before tax) of asset impairments, bad debts and intangible asset write-offs from contract terminations and underperformance in other contracts
- Cook - $10.4m (before tax) of asset impairments and onerous contract provisions and $1.2m (before tax) of termination provisions being brought forward when contract ceased and deemed onerous at year end
- Of the $73m (before tax) items incurred in FY2023, $59m were incurred in 1H and $14m in 2H (primarily relating to Cook)

Statutory to normalised results reconciliation (FY2023)	$000							
	Statutory Results	Crinum Impact	PYBAR Impact	Cook Impact	Other Impacts	Normalised Results	Normalised FY2022 (PCP)	Change
Revenue (& other income)	521,276	(6,995)			(1,755)	512,526	452,698	13.2%
EBITDA	(34,193)	22,146	37,410	11,542	1,564	38,469	38,591	(0.0%)
EBITDA Margin	(6.6%)					7.5%	8.5%	(1.0%)
Depreciation	(31,827)					(31,827)	(28,536)	11.5%
EBITA	(66,020)	22,146	37,410	11,542	1,564	6,642	10,055	(33.9%)
Amortisation	(3,945)					(3,945)	(4,298)	(8.2%)
Net Finance Expenses	(9,770)					(9,770)	(4,022)	142.9%
Profit Before Income Tax	(79,735)	22,146	37,410	11,542	1,564	(7,073)	1,735	(507.7%)
Income Tax	5,724	(6,644)	(4,890)	(3,463)	(546)	(9,819)	881	(1,214.5%)
Net Profit/(loss) After Tax	(74,011)	15,502	32,520	8,079	1,018	(16,892)	2,616	(745.7%)

** Normalisations relate to contract termination costs, onerous contract provisions and asset write-offs and impairments. Operating losses on legacy contracts have not been adjusted.*

FY23 Normalised EBITDA

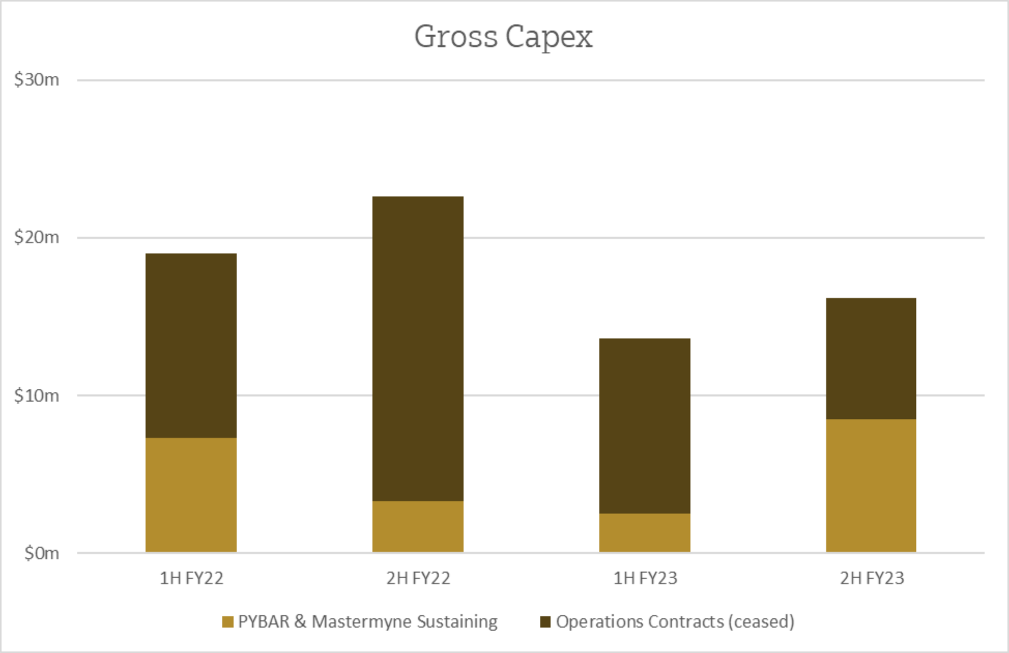
Material turnaround in second half EBITDA performance (on a normalised basis)

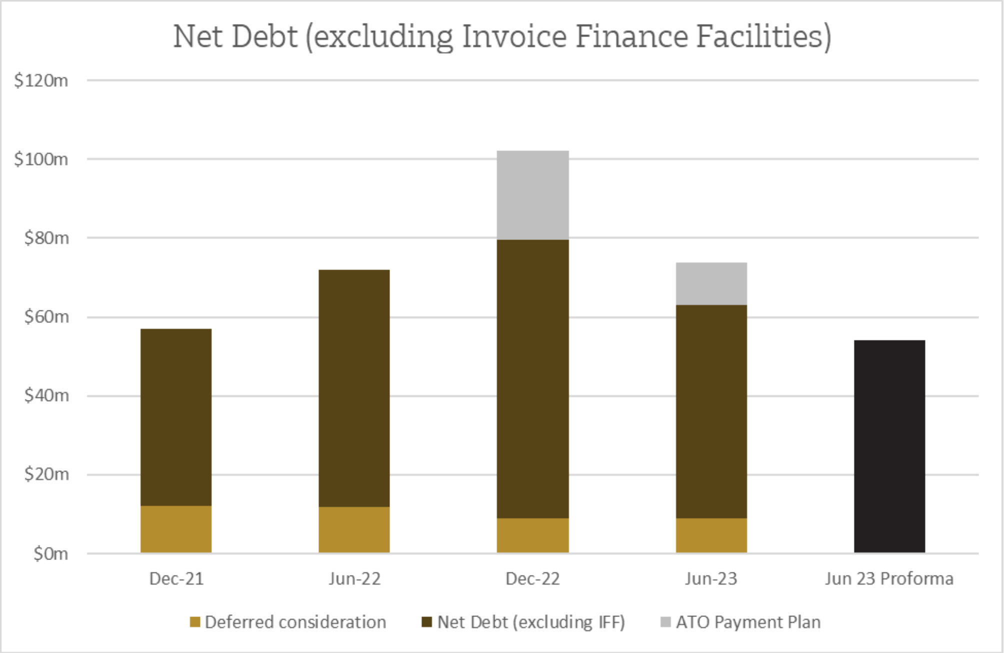


- On a full-year basis, normalised EBITDA was $38.5m, above prior guidance of $31m
- 2H FY2023 normalised EBITDA of $29.7m versus $8.8m in 1H FY2023, noting that 2H included one-off positive impacts (mainly related to elevated demand for Wilson Mining services). Excluding the latter results in recurring normalised 2H EBITDA of $23.7m
- 1H impacted by operating losses on legacy projects including Crinum and Thalanga
- 2H reflects the benefit of eliminating the operating losses from legacy contracts in Mastermyne Contracting and PYBAR, combined with strong demand for Wilson Mining services
- Normalised (recurring) EBITDA Margin in 2H FY2023 of 9% returning to historical levels

2H FY2023 Focus on long-term debt reduction

Assets sales in 2H and post 30 June 2023 has reduced net debt* by approximately $48 million to $54 million





- $50m capex relating to the new plant and equipment required for the Cook and Crinum contracts was a major driver for increasing net debt to December 2022. With these contracts now ceased, these assets were surplus to requirements and prioritised for sale to reduce debt levels
- Sustaining capex for Mastermyne and PYBAR businesses increased in 2H FY2023, largely relating to new and refurbished plant for new, higher margin contracts (Rosebery and Maxwell)
- The Group maintains a valuable fleet of mining equipment (across the PYBAR and Mastermyne business) to support its contract services

- Net debt* peaked in December 2022 at $102m due to the $50m capex for Cook and Crinum, coupled with unrecovered Crinum costs ($38m spanning FY2022 and FY2023), Thalanga costs ($8m in FY2023) and the final earn-out payment for Wilson Mining
- Since December 2022, debt has been reduced by $48m via sales of non-core assets, largely comprising the plant intended to be deployed at the Cook and Crinum contracts, and $25m equity placement
- On a proforma basis, net debt* at 30 June 2023 (including asset sales settled in July 2023) was $54m

* Net debt excludes Invoice Finance Facility balances and lease liabilities, but includes Deferred Consideration and ATO Payment Plan

Divisional Overview - Mastermyne

Divisional performance impacted by Crinum and Cook operations contracts (now ceased), but core Coal Contracting business **performed strongly**

- Mine Operations contracts (now ceased):
  - Crinum - Significant costs continued into 1H on Crinum drift recovery until termination of the contract in October 2022. Deed of Settlement executed in February 2023 resulting in significant write-offs in 1H, and some further asset write-offs in 2H.
  - Cook - Contract services ceased in August 2023 by mutual agreement with the client. Contract deemed onerous at year-end and significant asset write-offs and contract losses recognised.
- The Coal Contracting division has continued to see strong demand for its services underpinned by strong coal prices and Mastermyne's leading market position
- Coal Contracting revenue increased in 2H, underpinned by extension of contract services with Anglo-American and new activities commenced at their Grosvenor mine.
- 2H results were bolstered by a strong performance from the Wilson Mining business unit

$322.2m

Normalised Revenue

Up 12% on PCP

$(10.7m)

Statutory EBITDA

Impacted by significant write-offs at Crinum and Cook operations contracts (now ceased)

$24.6m

Normalised* EBITDA

* After adding back normalisation adjustments noted on slide 4

Divisional Overview - PYBAR

1H challenges from Peak and Thalanga contracts (now ceased) with 2H showing improvement and new contracts commencing

- 1H results for PYBAR were significantly impacted by Thalanga insolvency events and the onerous Peak contract (both of which were terminated during the year)
- Second half performance of $13.0m normalised EBITDA (versus $0.9m in 1H) was underpinned by the removal of the negative operating impact of terminated contracts and further supported by the commencement of the MMG Rosebery project (April 2023)
- The underperformance in the PYBAR business versus pre-acquisition expectations led to a significant impairment of goodwill, brands and customer contracts, reflected in the statutory result
- Pre-mobilisation work was completed for the Maxwell mine drifts construction contract, which commenced in July 2023
- Post year-end, a variation valued at approximately $25m has been secured for Glencore's Blackrock mine extending the current project through to July 2024
- Whilst PYBAR's financial performance fell short of acquisition assumptions, the business is improving post the distraction and impact of the terminated contracts and is well positioned for continued earnings recovery

\$190.3m

Normalised Revenue

Up 15% on PCP
(only 8 months in prior period)

\$(23.5m)

Statutory EBITDA

Impacted by losses at Peak and Thalanga and impairment of intangibles

\$13.9m

Normalised* EBITDA

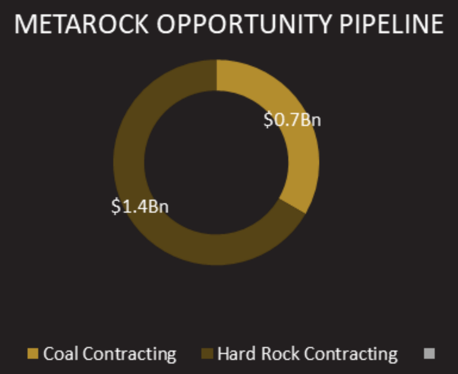
* After adding back normalisation adjustments noted on slide 4

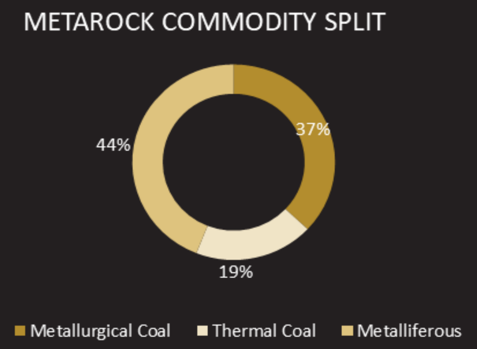
Group Outlook

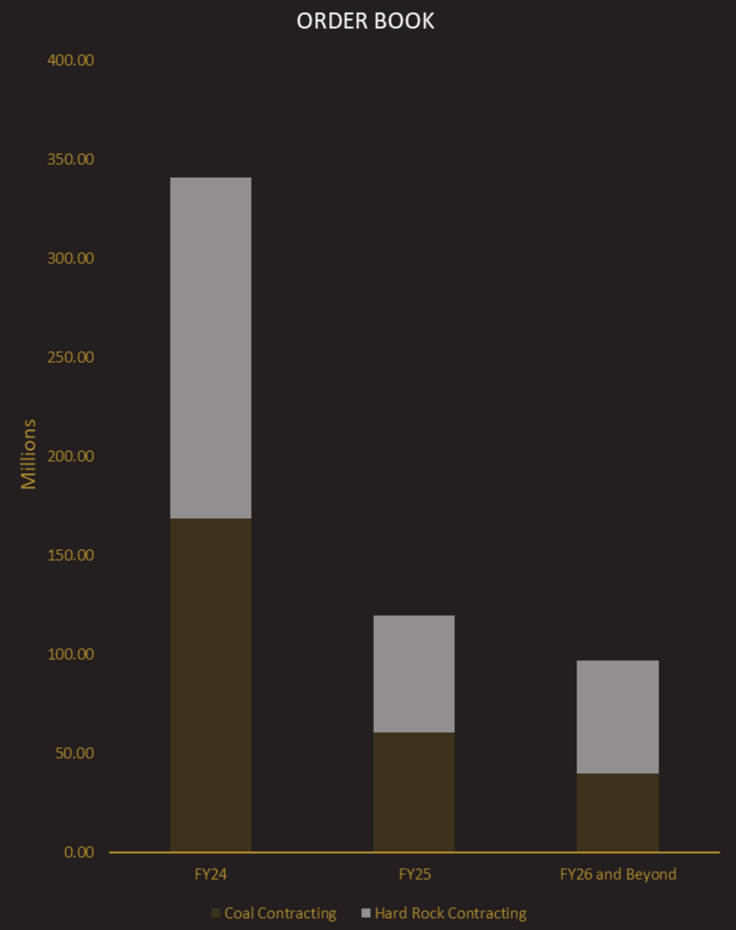
FY24 underpinned by strong orderbook with growing pipeline of opportunities in core service offerings

- Total order book currently stands at **$558m**
  - Reduced from FY22 due to terminated contracts
  - Includes recent award for PYBAR of an extension at Blackrock mine to July 2024

- Opportunity pipeline with a total contract value of **$2.1bn** includes active tenders and short to medium term prospects across both coal and hard rock:
  - Mastermyne: **$0.7bn**
  - PYBAR: **$1.4bn**







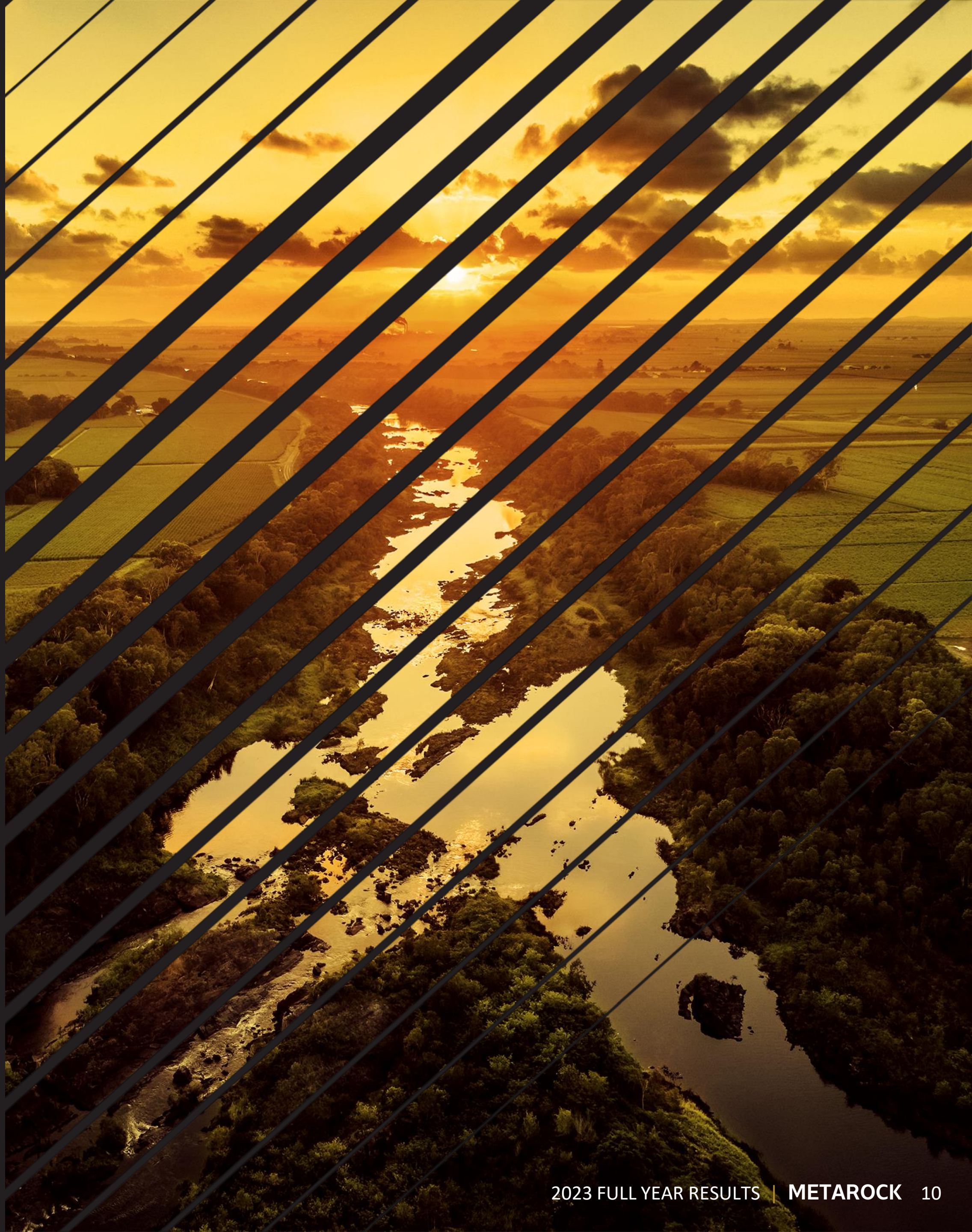
Summary

FY2023 results heavily impacted by previous growth strategies, but turnaround plan implemented in 2H achieved key milestones

- 1H impacted financially and operationally by legacy challenges arising from previous growth strategies, including entry into 'whole of mine' operations simultaneously with a major acquisition
- Management changes implemented to focus on business consolidation and turnaround plan to recapitalise the business, reduce debt and deliver a return to profitability
- Turnaround plan has achieved its key objectives in 2H with underlying earnings much improved, legacy contract issues resolved, materially lower debt than mid-year peak and recapitalisation of the balance sheet well progressed
- The core Mastermyne and PYBAR businesses are performing well, the FY2024 outlook is underpinned by the order book and a robust opportunity pipeline for new projects, contract extensions and scope variations presents a sustainable growth path

METAROCK'S TURNAROUND PLAN IS WELL PROGRESSED

FY2024 UNDERPINNED BY STRONG ORDER BOOK AND IMPROVED MARGINS HAVING EXITED ONEROUS CONTRACTS



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APPENDIX

Cash Flow

Cash position at 30 June 2023 was strengthened from the net proceeds of an equity placement to M Resources and the proceeds from surplus asset sales to repay debt and provide working capital funding

- Cash increased by $7.7m in FY2023
- Net operating cash flow was negatively impacted by working capital movements resulting mainly from the impairment of receivables and contract assets relating to Crinum and Thalanga as well as a decrease in payables following the cessation of the Peak, Thalanga and Crinum contracts, offset by a $12.5m tax refund received in the first half of FY2023
- The Company entered into a payment plan with the ATO towards the end of 1H FY2023 which is being repaid monthly over CY2023
- Net borrowings reduced in 2H FY2023 from the proceeds of surplus asset sales
- Financing cashflows benefited from the net proceeds of the equity placement to M Resources in May 2023

$AUD millions	FY2023	FY2022
EBITDA (Statutory)	**(34.2)**	**17.5**
Movements in Working Capital	(26.0)	7.7
Non-Cash Items	56.1	1.4
Interest Costs	(8.8)	(3.9)
Income Tax Receipts / (Payments)	12.5	(2.3)
Net Operating Cash Flow	**(0.4)**	**20.4**
Net Capex (Includes Intangibles)	(5.7)	(40.6)
Net Borrowings / (Repayments)	(5.7)	16.9
Payments for Acquisitions	(3.8)	(13.6)
Proceeds from issue of shares (net of share issue costs)	23.3	-
Free Cash Flow	**7.7**	**(16.9)**
Dividends to Owners	-	(2.3)
Net Increase / (Decrease) in Cash and Cash Equivalents	**7.7**	**(19.2)**
Cash and Cash Equivalents at Beginning of Period	5.2	24.4
Cash and Cash Equivalents at End of Period	**12.9**	**5.2**

30 June 2023 Balance Sheet

Movements in assets:

- Receivables lower due to cessation of a number of contracts throughout FY2023
- Tax receivable was collected in 1H FY2023
- Assets held for sale (being surplus assets for Crinum and Cook contracts) reclassified from PP&E and disclosed as current asset
- Intangible assets decreased due to goodwill and brand value write-offs during FY2023

Movements in liabilities:

- Trade payables decreased primarily due to the cessation of the Peak, Thalanga and Crinum contracts.
- Borrowings decreased with reclassification of equipment finance loans to liabilities directly associated with assets held for sale and repayments from asset sales.
- Deferred tax liabilities have reduced as temporary differences on PPE and intangibles unwind.

$AUD (000's)	FY23	FY22
Assets		
Cash and Cash Equivalents	12,902	5,229
Trade and Other Receivables	75,604	84,042
Inventories and Other Assets	19,017	23,133
Current Tax Receivables	-	12,299
Assets classified as held for sale	33,906	-
Total Current Assets	141,429	124,703
Property, Plant and Equipment	53,772	110,666
Right-Of-Use Assets	17,568	19,648
Intangible Assets	14,186	44,136
Total Non-Current Assets	85,526	174,450
Total Assets	**226,955**	**299,153**
Liabilities		
Trade and Other Payables	55,230	69,246
Loans and Borrowings	40,686	62,981
Lease Liabilities	7,144	6,127
Employee Benefits	19,211	23,822
Liabilities directly associated with assets classified as held for sale	30,499	-
Other Liabilities	16,675	15,197
Total Current Liabilities	169,445	177,373
Borrowings	15,423	21,027
Lease Liabilities	8,675	11,201
Deferred Tax Liabilities	-	5,735
Employee Benefits & Other Liabilities	657	630
Total Non-Current Liabilities	**24,755**	**38,593**
Total Liabilities	**194,200**	**215,966**
Net Assets	**32,755**	**83,187**

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FY2023

RESULTS