



19 October 2022

## ASX Announcement

### Market update: Strategy and Contracts, Revised FY23 Earnings Guidance and Appointment of new Managing Director

Metarock Group Limited (ASX Code: MYE) (“Metarock” or “the Company”) today announces an update to the Company’s strategy, aimed at consolidating a period of rapid growth, reducing costs and returning the Company to profitability. The Company also provides updates on key contracts, revised earnings guidance for FY23 and organisational changes.

Metarock’s operations have rapidly expanded over the last twelve months as the Company entered the hard rock sector and commenced mine operations in the coal sector. These moves have been built on the Company’s stable base of a long established and successful Mastermyne contracting business and the strong performance of Wilson Mining Services since acquisition by the Company.

While the foundation businesses continue to perform strongly, delays at Crinum Mine and poor results from the Pybar Mining Services business have led to under-performance of the Company. As a result, the Board has repositioned Metarock’s strategy aimed at restoring profitability and reducing gearing to target levels.

#### Gregory Crinum underground mine contract termination

Since the roof collapse at Gregory Crinum underground mine on 14 September 2021, services under the Contract with Sojitz Gregory Mining Pty Limited (“the Principal”) dated 28th May 2021 have been significantly delayed. Metarock has terminated the Contract, with effect from 5.00pm on 21 October 2022 due to extended Force Majeure, resulting from the Company’s inability to access the mine to perform the contracted services for a continuous period exceeding 180 days.

Metarock has also submitted a claim with the Principal for drift recovery costs incurred which have been fully expensed by the Company.

#### Anglo American contract extension

Metarock is pleased to advise the renewal of the Moranbah Regional Underground Mining Support and Development Services contract (“Contract”) with Anglo American’s steelmaking coal business for a further two year period, under the existing option extension provision. The extension applies to the existing contract at Anglo American’s Moranbah North and Grosvenor mines through to 5 October 2024.



Work under the contract extension is forecast to contribute revenues of approximately \$190 million over the two-year term. The revenue and EBITDA contribution from the contract extension was included in the Company's FY23 guidance provided on 30 August 2022 with the release of the FY22 Annual Financial Report.

### Revised earnings guidance

The termination of the Gregory Crinum contract will materially reduce the risk profile of the Company's coal operations. The majority of work the Company performs in the coal sector is on a cost-plus basis which provides predictable cash flows. Other fixed price and purchase order work has proven to be reasonably reliable over time and especially strong in periods of buoyant coal markets, as the sector is currently experiencing.

Work performed by Pybar Mining Services is a mixture of fixed price and cost-plus work. Consistent with prior acquisitions undertaken by the Company, legacy contracts in this business are being progressively re-set on revised terms and conditions as renewals occur.

Continued tightness in the labour markets across the mining industry is affecting the ramp up of new projects and revised guidance reflects a conservative view of this situation.

As a result of the strategy update, the Company will pursue opportunities to reduce costs and balance sheet leverage. The period of high growth capex has been completed and future capital outflows will reduce significantly in line with historical sustaining capital expenditure levels. The Company will prioritise the sale of surplus mining equipment while coal market conditions are strong, resulting in a significant reduction in gearing levels.

Updated guidance for FY23 is provided in the table below.

FY23 guidance	Revenue (AUD Millions)	Normalised* EBITDA (AUD Millions)
Prior guidance (announced to ASX on 30 August 2022)	600 - 650	50 - 55
Revised guidance (19 October 2022)	530 - 580	34 - 40

*\* Normalised guidance adds back drift recovery costs incurred on the Gregory Crinum contract in FY23 year to date (consistent with the presentation of FY22 proforma results)*

The above guidance above does not include any previously noted recovery of costs claimed from the Principal of Gregory Crinum.

The revised FY23 revenue guidance includes part-year contributions from new contracts including Cook, Narrabri and Malabar mine operations. These contracts add additional revenue to the Group in FY24 on a full year basis.



Importantly, after the Gregory Crinum contract termination, Metarock's order book stands at a very strong \$1.3 billion (previously \$1.9 billion) providing revenue certainty for the Company over the term of the contracted order book.

### Organisational Changes

Given that the Company is undertaking a period of consolidation, Managing Director Tony Caruso will be leaving the Company after a suitable handover period. Tony has been CEO of Mastermyne and subsequently Metarock for over 15 years and he has built a considerable legacy during that time. The Group's footprint has expanded to cover most of Australia and the capability to conduct the full range of mining services in both hard rock and coal mines.

Mr Caruso said, "I am proud to be part of an organisation that has grown to be one of Australia's leading Mining Services providers. I am prouder still of the wonderful people we have at all levels within our Company and I wish them all the success in the years to come."

The Board of Metarock is pleased to announce that Paul Green will become the new Managing Director, effective immediately. Paul has been with the group for 2.5 years, most recently in the role of CEO Mastermyne. His leadership has been critical to the continued health of our business.

Paul has over 25 years' experience in operational management, strategic and organisational change roles in the Australian coal mining industry. Paul has previously held General Manager and Site Senior Executive roles in Qld underground (longwall and bord and pillar) and open cut mines and in NSW underground (longwall) coal mines.

Paul provides Metarock with a strong understanding of the key drivers for our contracting business, an acute understanding of our clients' needs, and recognises the importance of maintaining our well regarded culture that underpins the outcomes for the business.

Mr Green said, "I am very excited by this opportunity and the privilege to work with such a wonderful group of people."

Tony Caruso will assist Paul Green during the handover period to ensure a smooth transition to his new responsibilities.

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

### Further information:

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