



18 March 2024

METAROCK GROUP ENTERS BINDING AGREEMENT TO SELL THE PYBAR BUSINESS FOR \$65 MILLION

Transaction Highlights

- Sale of PYBAR to Thiess for \$65 million on an enterprise value basis
- Estimated net proceeds to Metarock of approximately \$36.3 million, after deducting PYBAR's outstanding debt and estimated transaction costs¹
- Board and management believe the Transaction represents compelling value for shareholders relative to the current market capitalisation of Metarock
- Headline purchase price represents a multiple of 2.8x annualised 1H FY24 EBITDA² and 4.7x FY23 normalised EBITDA of PYBAR³
- Post Transaction, Metarock will comprise the Mastermyne, Wilson Mining and MyneSight business units which contributed approximately 63% of total Metarock revenue and 61% of total Metarock EBITDA during 1H FY24
- Cash proceeds from the Transaction are expected to return the Company to a net cash position at completion, expected to be on 30 April 2024, providing the balance sheet strength and flexibility to capitalise on the \$2.2 billion pipeline of growth opportunities identified across Metarock's remaining business units
- The Transaction builds on the successful turnaround plan of the business following the recapitalisation undertaken in May 2023 underpinned by a \$25 million equity placement to M Resources Group, who are supportive of the Transaction
- All PYBAR employees to transfer with the business and benefit from Thiess' planned investment in growing the underground hard rock contracting services

¹ Based on the forecast balance of PYBAR's equipment finance facilities at the scheduled completion date of 30 April 2024, the last reported balance of PYBAR's invoice finance facility as at 31 December 2023 and estimated transaction costs of \$1.8 million. Refer to Annexure A for further details

² Refer to Metarock's FY24 half year results announced to the ASX on 28 February 2024

³ Refer to Metarock's FY23 annual report for the normalisation adjustments



Transaction Summary

Metarock Group Limited (ASX:MYE) (“Metarock” or “the Company”), is pleased to announce that it has entered into a binding Share Sale and Purchase Agreement (“SPA”) to sell 100% of its interest in the PYBAR business⁴ (“PYBAR”) to Thiess Pty Ltd, a wholly owned subsidiary of Thiess Group Holdings Pty Ltd (“Thiess”) (the “Transaction”).

Total headline consideration for the Transaction is \$65 million on an enterprise value basis. Metarock estimates net cash proceeds from the Transaction will be approximately \$36.3 million, after deducting PYBAR’s outstanding debt and estimated transaction costs⁵. Refer to Annexure A for a reconciliation between the Transaction enterprise value and estimated net cash proceeds. The final net proceeds are also subject to a customary net working capital adjustment at completion.

Under the terms of the SPA, all PYBAR employees will transfer with the business, including the senior management team led by James Glover, PYBAR CEO. Post Transaction, Thiess will continue to operate the business under the PYBAR brand and intends to retain PYBAR employees in recognition of their integral and important role in the ongoing successful operations and Thiess’ planned investment in growing the underground hard rock contracting business going forward.

Completion is subject to satisfaction or waiver of a number of conditions including a limited number of third party consents in respect of key customer contracts and leases,⁶ there being no material breach or termination of certain key customer contracts⁷, and there being no workplace fatality of any PYBAR employee or contractor during the period before completion. Completion of the transaction is expected to occur on 30 April 2024 (subject to satisfaction or waiver of the above mentioned conditions).

The cash proceeds from the sale will materially strengthen the balance sheet of Metarock and provide a platform for the Company to capitalise on the significant growth pipeline across its remaining business units, Mastermyne, Wilson Mining and MyneSight.

Metarock’s major shareholder, M Resources Group (“M Resources”), is fully supportive of the Transaction.

Metarock is being advised by Grant Samuel as financial advisor and Corrs Chambers Westgarth as legal advisor.

Thiess is being advised by Squire Patton Boggs as legal advisor.

⁴ By sale of 100% of its shareholding in Pybar Holdings Pty Limited.

⁵ Based on the forecast balance of PYBAR’s equipment finance facilities at the scheduled completion date of 30 April 2024, the last reported balance of PYBAR’s invoice finance facility as at 31 December 2023 and estimated transaction costs of \$1.8 million.

⁶ Key customer contracts are PYBAR’s Maxwell, Carrapateena and Savage River contracts. The key lease consent relates to PYBAR’s lease of commercial premises in Orange, NSW from Rovest Holdings Pty Ltd atf March Pines Super Fund

⁷ As above and including PYBAR’s MMG contract.



Transaction Benefits

The Transaction is expected to deliver the following key benefits:

- The agreed purchase consideration represents compelling value for Metarock's shareholders:
 - The estimated net proceeds of \$36.3 million compare favourably relative to the current market capitalisation of Metarock of \$58.2 million⁸
 - The agreed enterprise value of \$65 million represents a multiple of 2.8x annualised first half FY24 EBITDA⁹ and 4.7x FY23 normalised EBITDA¹⁰ of PYBAR. By comparison, Metarock's last closing share price implies a multiple of 2.2x annualised first half FY24 EBITDA and 3.4x FY23 normalised EBITDA¹⁰
 - The agreed enterprise value is at a premium to the valuation range of PYBAR determined by KPMG in its independent expert report prepared in April 2023 relating to the placement of shares to M Resources.¹¹
- The Transaction completes the re-capitalisation of Metarock's balance sheet:
 - Expected to result in a net cash position at completion, scheduled for 30 April 2024, as compared to the Company's net debt position of \$59.5¹² million at 31 December 2023
 - Approximately \$3.9 million of the net proceeds to be used to fully repay the outstanding deferred consideration relating to the original acquisition of PYBAR by Metarock, with a further \$3.0 million to be applied to the full repayment of the outstanding M Resources shareholder loan
 - Metarock's 31 December 2023 pro forma net debt position adjusted for the Transaction is presented in Annexure B.
- The Transaction establishes a robust growth platform which will enable Metarock to capitalise on the significant growth pipeline across its remaining business units. The Transaction accelerates the Company's growth plans and delivers tangible value to shareholders.

Metarock Group post Transaction

Upon completion of the sale of PYBAR, Metarock will comprise the Mastermyne business segment, which is a diversified underground mining services business across the following brands:

⁸ Market capitalisation based on closing share price as at 15 March 2024 and 306,525,971 shares on issue

⁹ Refer to Metarock's FY24 half year results announced to the ASX on 28 February 2024.

¹⁰ Refer to Metarock's FY23 annual report for the normalisation adjustments.

¹¹ Refer to the Notice of General Meeting announced to the ASX on 11 April 2023

¹² Net debt excludes AASB16 finance leases



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

In 1H FY24, the Mastermyne business segment generated approximately \$147.0 million of revenue and \$18.1 million of EBITDA, which represented approximately 63% of total Metarock Group revenue and 61% of total Metarock Group EBITDA. Refer to Annexure C for a summary of the pro forma impact of the Transaction on Metarock's 1H FY24 and FY23 key financial metrics.

Transition Services Arrangement

As part of the Transaction, Metarock and Thiess will enter into a Transition Services Agreement ("TSA") for the provision of transitional services post completion of the Transaction. Under the terms of the TSA, Metarock will provide Thiess with information technology, human resource, finance, tax and other customary transitional services, while Thiess will provide Metarock with certain reverse transitional services. The TSA is for an initial term of 6 months, on a cost reimbursable basis, with options to extend this period if required.

Board Commentary

Metarock Group Executive Chair, Jon Romcke said:

"The agreed transaction represents a great outcome for Metarock shareholders. The purchase consideration represents compelling value for the PYBAR business, which will continue to grow as part of Thiess' global mining services platform.

The transaction significantly strengthens Metarock's balance sheet and is expected to return the Company to a net cash position, allowing it to focus on the Mastermyne, Wilson Mining and MyneSight businesses. The transaction removes the remaining constraints over the Company's ability to pursue the significant growth opportunities in the pipeline and represents a further key milestone in the successful turnaround of the Metarock Group."



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

Further information:

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Annexure A: Reconciliation between agreed Enterprise Value and Estimated Net Cash Proceeds at scheduled completion

The estimated net cash proceeds calculated below are an estimate based on the forecast balance of PYBAR's equipment finance facilities outstanding at the scheduled completion date of 30 April 2024 and the last reported balance of PYBAR's invoice finance facility at 31 December 2023. Actual net cash proceeds received at completion will differ based on any changes in the amount drawn under the invoice finance facility (which varies on a given day with the value of qualifying invoices held by PYBAR) and should there be any changes to the repayment profile of PYBAR's equipment finance facilities in the period between 31 December 2023 and the schedule completion date of 30 April 2024.

\$ million	
Agreed Enterprise Value	65.0
Less: PYBAR equipment finance facilities (forecast balance at 30 April 2024 based on fixed repayment schedule terms of PYBAR's various finance lease agreements)	(18.7)
Less: PYBAR invoice finance facility balance (last reported balance at 31 December 2023)	(8.3)
Less: Estimated transaction costs	(1.8)
Less: Capital gains tax	-
Estimated Net Cash Proceeds¹³	36.3

¹³ Estimated net cash proceeds assumes PYBAR is sold on a cash free basis and excludes the impact of the net working capital completion adjustment



Annexure B: Metarock pro forma net debt position as at 31 December 2023

The Transaction's impact on Metarock's net debt position is shown on a pro forma basis below assuming the Transaction was completed as at 31 December 2023. Metarock's actual Net Debt position at the scheduled completion date of 30 April 2024 will differ and the Company expects this position to be improved further and likely to be a net cash position, as a result of de-leveraging over the period between 31 December 2023 and the scheduled completion date of 30 April 2024.

\$ million	31-Dec-23	Transaction Impact	Shareholder Loan & Deferred Consideration Repayment	Pro-Forma 31-Dec-23
Debt Facilities				
Equipment finance facilities	27.3	(25.2)	-	2.1
Invoice finance facility	30.0	(8.3)	-	21.7
Other finance facilities	0.4	-	-	0.4
Shareholder loan	2.3	-	(2.3)	-
Total Debt Facilities	60.0	(33.5)	(2.3)	24.2
Liabilities directly associated with assets classified as held for sale	2.8	-	-	2.8
Total Borrowings	62.8	(33.5)	(2.3)	27.1
Cash	3.3	29.8	(9.9)	23.2
Net Debt	59.5	(63.3)	7.6	3.9
Other				
PYBAR deferred consideration ¹⁴	6.9	-	(6.9)	-
Net Leverage Ratio¹⁵	1.0 x			0.1 x

¹⁴ The actual amount outstanding in relation to the PYBAR deferred consideration at 30 April 2024 is expected to be approximately \$3.9 million as a result of monthly repayments from January 2024

¹⁵ Net Leverage Ratio calculated as Net Debt / 1H FY24 annualised EBITDA



Annexure C: Transaction impact on Metarock's 1H FY24 and FY23 reported metrics

\$ million	1H FY24			FY23		
	Metarock Group	PYBAR Contribution	Metarock Group (Pro forma adjusted for transaction)	Metarock Group	PYBAR Contribution	Metarock Group (Pro forma adjusted for transaction)
Revenue	234.4	87.5	147.0	514.2	187.4	326.8
EBITDA	29.7	11.6	18.1	(34.2)	(23.5)	(10.7)
Profit Before Tax	10.9	(0.2)	11.1	(31.2)	(3.7)	(27.4)
Total Assets	186.3	75.8	110.5	227.0	85.3	141.6
Total Liabilities	141.8	74.5	67.3	194.2	85.8	108.4