

Prospectus

Metarock Group Limited ACN 142 490 579

Prospectus for a pro rata non-renounceable entitlement offer of 1 New Share for every 5.2 Existing Shares held by Eligible Shareholders at the Offer Price of \$0.15 per New Share to raise up to \$3.9 million, together with 1 New Option for every 3.25 New Shares issued, with an exercise price of \$0.23.

Prospectus for the Subscription Options proposed to be issued to M Resources pursuant to the Conditional Placement.

The last date for acceptance and payment under the Entitlement Offer will be 5.00pm (Sydney time) on Wednesday, 7 June 2023 (unless the Entitlement Offer is extended).

If you have any questions in relation to the Entitlement Offer you can contact the Metarock Shareholder Information Line from 8.30am to 5.00pm, Monday to Friday on 1800 262 299 (within Australia) or +61 1800 262 299 (outside Australia).

Lead Manager to the Entitlement Offer:
Wilsons Corporate Finance Limited (ACN 057 547 323)

IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. This Prospectus requires your immediate attention. It is an important document which is accompanied by a personalised Application Form and both documents should be read in their entirety. Please consult your stockbroker, accountant or other professional adviser if you have any questions.

**This Prospectus is not for release to US wire services or distribution in the United States
except by the Company to Approved US Shareholders.
No other person, including the Lead Manager, may distribute this Prospectus in the United States.**

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IMPORTANT INFORMATION

GENERAL

This Prospectus relates to an Entitlement Offer of New Shares and attaching New Options in Metarock Group Limited ACN 142 490 579 (**Metarock or Company**) and any Shortfall Offer of Shortfall Securities. This Prospectus also relates to an offer of Subscription Options pursuant to the Conditional Placement.

This Prospectus is dated 12 May 2023 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The expiry date of the Prospectus is 5.00pm (Sydney time) on the date that is 13 months after the date of this Prospectus (**Prospectus Expiry Date**). No securities will be issued on the basis of this Prospectus after the Prospectus Expiry Date.

The Company has applied or will apply within 7 days after the date of this Prospectus for quotation of the New Shares, New Options and Subscription Options on the Australian Securities Exchange (**ASX**). The New Options and Subscription Options will be quoted on ASX subject to satisfaction of the ASX Listing Rules criteria. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

PURPOSE OF THIS PROSPECTUS

This Prospectus is a 'transaction-specific' prospectus to which the special content rules under section 713 of the Corporations Act 2001 (**Corporations Act**) apply. Section 713 allows the issue of a more concise prospectus in relation to an offer of securities, or options to acquire securities, in a class which has been continuously quoted by the ASX in the three months prior to the date of the prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus does not include all information that would be included in a prospectus for an initial public offering.

This Prospectus is important and requires your immediate attention. You should read the entire Prospectus carefully before deciding whether to invest in New Securities. In particular you should consider the risk factors that could affect the performance of Metarock or the value of an investment in Metarock, some of which are outlined in Section 5.

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your

individual investment objectives, financial situation, tax position or particular needs. Before deciding whether to apply for New Securities, you should consider whether they are a suitable investment for you in light of your own investment objectives, financial situation, tax position and particular needs and having regard to the merits and risks involved. If, after reading this Prospectus, you have any questions about the Entitlement Offer, you should contact your stockbroker, solicitor, accountant and/or other professional financial adviser. The Company is not licensed to provide financial product advice in relation to the New Securities or any other financial products.

ON SALE RESTRICTIONS AND THIS PROSPECTUS

This Prospectus has been prepared, in part, to ensure that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 (**Instrument 2016/80**) is available in respect of the New Options and Subscription Options.

Instrument 2016/80 provides relief from the on-sale provisions of subsections 707(3) and (4) of the Corporations Act and will relieve the need for any further disclosure to be made under subsection 707(3) of the Corporations Act to enable the on-sale of Shares issued upon the exercise of options, within 12 months of the date of issue of those Shares. That will enable the Shares issued upon exercise of the options to be traded on ASX (subject to the grant of quotation by ASX).

This Prospectus has also been prepared, in part, to ensure that the on-sale of the Subscription Shares does not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

EXPOSURE PERIOD AND COOLING OFF RIGHTS

No exposure period applies to this Prospectus by operation of ASIC Corporations (Exposure Period) Instrument 2016/74.

Cooling-off rights do not apply to an investment in New Securities pursuant to this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

NON-RENOUNCEABLE OFFER

The right to participate in the Entitlement Offer is not transferable. Please carefully read and follow the instructions in this Prospectus and on the accompanying Application Form when subscribing for New Securities.

OBTAINING A PROSPECTUS AND AN APPLICATION FORM

Applications for New Securities offered pursuant to this Prospectus in respect of the Entitlement Offer can be submitted via BPAY® and an Application Form (if applicable). Eligible Shareholders will be able to access a copy of this Prospectus and a personalised Application Form from the Offer Website at <https://events.miraql.com/mye-offer>.

Paper copies of this Prospectus and an Application Form for the Entitlement Offer can be obtained free of charge during the Offer Period by calling Metarock Shareholder Information Line during the Offer Period on 1800 262 299 (within Australia) or +61 1800 262 299 (outside Australia).

Applications for Shortfall Securities under the Shortfall Offer may only be made by those personally invited to apply and must be made by an application form for Shortfall Securities included in or accompanying this Prospectus.

Applications for Subscription Options under the Conditional Placement may only be made by those personally invited to apply (being M Resources) and must be made by an original application form for Subscription Options included in or accompanying this Prospectus.

ELECTRONIC PROSPECTUS

This Prospectus is available electronically on the Offer Website. The Application Form accompanying the electronic version of this Prospectus must only be used within Australia and New Zealand. An Application Form cannot be downloaded without also downloading this Prospectus. Electronic versions of this Prospectus should be downloaded and read in its entirety.

STATEMENTS OF PAST PERFORMANCE

This Prospectus may include information regarding the past performance of Metarock. Investors should be aware that past performance of the Company, the price of the Company's Existing Shares or other securities provides no guidance or indication as to how the price of the New Securities will perform in the future.

FUTURE PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The pro forma financial information provided in this Prospectus is for illustrative purposes only and does not represent a forecast or expectation by the Company as to its future financial condition and/or performance. In particular, certain pro forma financial information and certain other qualitative assessments by Metarock in this Prospectus assume that proceeds of the Conditional Placement and the Entitlement Offer were received

by the Company on the relevant settlement dates for the Conditional Placement and Entitlement Offer.

This Prospectus contains certain "forward looking statements" and comments about future matters. Forward looking statements can generally be identified by the use of forward looking words such as "expect", "anticipate", "likely", "intend", "propose", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Prospectus speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward looking statements contained in this Prospectus are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Metarock, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the key risks outlined in Section 5 of this Prospectus for a non-exhaustive summary of certain general and specific risk factors that may affect Metarock. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the key risk factors outlined in Section 5 of this Prospectus. Investors should consider the forward looking statements contained in this Prospectus in light of those risks and disclosures.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. The Company has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. To the maximum extent permitted by law,

the Company and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such forward looking statements, or likelihood of fulfilment of any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

The forward looking statements are based on information available to the Company as at the date of this Prospectus. Except as required by law or regulation (including the ASX Listing Rules), the Company has no obligation to supplement, revise or update any forward looking statements, regardless of whether new information, future events or results or other factors affect the information contained in this Prospectus.

RISK FACTORS

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest. No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

TARGET MARKET DETERMINATION

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination as set out on the Company's website at www.metarock.com.au/investor-centre/asx/.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Securities or to otherwise permit a public offering of New Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this

Prospectus outside Australia should observe any such restrictions, including those set forth in Section 2.21. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

By returning a completed Application Form (if applicable) or making a payment by BPAY®, you will be taken to have given the representations and warranties set out in Section 2.12 and represented and warranted that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

The New Shares, the Options and the shares underlying the Options have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares and the Options will be offered and sold in the United States only by the Company to a limited number of shareholders of the Company who are "accredited investors" (as defined in Rule 501(a) under the US Securities Act). Any such US shareholder must complete and return to the Company a US Investor Certificate that is available from the Company.

PUBLICLY AVAILABLE INFORMATION

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website www.asx.com.au). This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX.

Investors should therefore have regard to publicly available information in relation to the Company before making a decision whether or not to invest in New Securities or the Company.

No person is authorised to give any information or to make any representation in relation to the Entitlement Offer which is not contained in this Prospectus and any such information may not be relied on as having been authorised by the Directors.

PRIVACY

If you apply for New Securities you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as a holder of New Securities, provide facilities and services that you request and

carry out appropriate administration. Company and tax laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

Each of the Company and the Share Registry may disclose your personal information for purposes related to your holding of New Securities to each other and to their respective agents and services providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth) (**Privacy Act**):

- in the case of the Company, to the Share Registry for ongoing administration of the Share and Option registers; and
- in the case of the Company and the Share Registry, to printers and mailing houses for the purposes of preparation and distribution of security holder information and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by emailing or writing to the Company through the Share Registry:

Link Market Services Limited
Level 21, 10 Eagle Street, Brisbane, QLD Australia,
4000
registrars@linkmarketservices.com.au

ENQUIRIES

Phone Metarock Shareholder Information Line on 1800 262 299 within Australia or on +61 1800 262 299 outside Australia between 8.30am and 5.00pm (Sydney time) Monday to Friday during the Offer Period.

If you have questions about the Entitlement Offer, please contact your solicitor, stockbroker, accountant and/or other professional financial adviser.

INTERPRETATION

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in Section 8.

All references in this Prospectus to \$, **AUD** or **dollars** are references to Australian currency, unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Unless otherwise stated, all references to time in this Prospectus relate to the time in Sydney, Australia.

KEY DATES

| Event | Date ¹ |
|--|-----------------------|
| Announcement of Entitlement Offer | Friday 12 May 2023 |
| Record date for the Entitlement Offer (7:00 pm Sydney time) | Wednesday 17 May 2023 |
| Entitlement Offer opens | Friday 19 May 2023 |
| Prospectus and Application Form made available | Friday 19 May 2023 |
| Settlement of Conditional Placement and issue of Subscription Shares to M Resources | Monday 22 May 2023 |
| Entitlement Offer closes (5:00 pm Sydney time) | Wednesday 7 June 2023 |
| Commencement of deferred settlement trading for New Shares and New Options ² | Thursday 8 June 2023 |
| Results of Entitlement Offer announced | Friday 9 June 2023 |
| Issue of New Shares and New Options under the Entitlement Offer and Subscription Options under the Conditional Placement | Thursday 15 June 2023 |
| Commencement of trading on a normal settlement basis of New Shares issued under the Entitlement Offer | Friday 16 June 2023 |
| Commencement of trading on a normal settlement basis of New Options issued under the Entitlement Offer ² | Friday 16 June 2023 |
| Commencement of trading on a normal settlement basis of Subscription Options issued under the Conditional Placement ² | Monday 19 June 2023 |
| Dispatch of holding statements for New Shares and New Options issued under the Entitlement Offer and Subscription Options issued under the Conditional Placement | Tuesday 20 June 2023 |

¹ The timetable is indicative only and subject to change. The Company retains the discretion, subject to the ASX Listing Rules and the Corporations Act, to alter any or all of these key dates at its discretion (generally or in particular cases), without prior notice, including extending the Closing Date or to withdraw the Entitlement Offer without prior notice. Applicants are encouraged to submit their payments for the New Shares as soon as possible.

² Admission of the New Options and Subscription Options to quotation on ASX is subject to the Quotation Conditions. Refer to Section 2.16 for further details.

KEY DETAILS OF THE CAPITAL RAISING

| | |
|---|---|
| Entitlement Offer ratio | 1 New Share for every 5.2 Existing Shares held by Eligible Shareholders together with 1 New Option for every 3.25 New Shares subscribed for under the Entitlement Offer |
| Offer Price for New Shares | \$0.15 per New Share |
| Number of New Shares offered under the Entitlement Offer ¹ | 26,000,000 |
| Number of New Options offered under the Entitlement Offer ¹ | 8,000,000 |
| Number of Subscription Shares to be issued under the Conditional Placement | 166,666,667 |
| Number of Subscription Options to be issued under the Conditional Placement | 51,282,051 |
| Shares ² on issue as at the Prospectus Date | 130,992,547 |
| Shares ^{1,2} on issue on completion of the Entitlement Offer (assuming full subscription) and Conditional Placement | Up to 323,659,214 |
| Quoted Options ^{1,3} on issue on completion of the Entitlement Offer (assuming full subscription) and Conditional Placement | Up to 59,282,051 |
| Proceeds of the Entitlement Offer (assuming full subscription) ¹ and Conditional Placement (before costs and excluding funds from the exercise of Options, if any) | Up to \$28.9 million ⁴ |

Notes:

1. Approximate subject to rounding of Entitlements.
2. Excludes 3,332,007 Performance Rights on issue at the Prospectus Date, which are expected to vest and result in the issue of that number of Shares following completion of the issue of the Subscription Shares.
3. Assumes that the New Options and Subscription Options are admitted to quotation on ASX. If the New Options and Subscription Options are not admitted to quotation, they will still be issued but will be unquoted options and therefore the number of unquoted Options at the end of the Entitlement Offer will be 59,282,051 and there will be no quoted Options.
4. Comprising \$25.0 million from the Conditional Placement and up to \$3.9 million from the Entitlement Offer.

Chairman's Letter

12 May 2023

Dear Shareholder,

On behalf of the Directors of Metarock, it is my pleasure to invite you to participate in the Entitlement Offer.

Company Overview

Metarock is a leading Australian mining services group providing a diverse range of services and products to underground operations across the east coast of Australia.

The Company has been listed on the ASX since May 2010, originally as Mastermyne Group Limited under the code MYE:ASX before rebranding to Metarock Group Limited in November 2021 following shareholder approval of the PYBAR acquisition and change of company name.

Metarock has two operating segments for financial reporting purposes, being Mastermyne and PYBAR.

Turnaround Plan and Recapitalisation

On 17 March 2023, Metarock announced the key components of its strategy to recapitalise the Company after a series of one-off events, together with the crystallisation of a number of risks that were greater than anticipated, placed significant strain on the business' cashflow and balance sheet.

A fundamental element of the recapitalisation strategy is an equity capital raising to raise between \$25.0 million and \$28.9 million¹ (**Capital Raising**), comprising:

- (a) \$25 million² strategic placement to M Mining Services Pty Ltd ACN 666 168 627 as trustee for M Mining Services Trust (**M Resources**), subject to shareholder approval (**Conditional Placement**). Shareholder approval for the Conditional Placement was granted on 11 May 2023; and
- (b) a 1-for-5.2 pro rata non-renounceable entitlement offer to eligible Shareholders to raise up to \$3.9 million (**Entitlement Offer**).

The Capital Raising forms part of Metarock's wider recapitalisation strategy, which includes the extension of its existing working capital facilities to 30 September 2023 as announced to the ASX on 3 March 2023 and which has now completed, and an asset sales program as first announced to the ASX on 22 February 2023 which remains in progress.

In response to the challenges faced by the Company, a turnaround plan has been initiated which has delivered a pathway to return the business to previous levels of stability and profitability and position the business for future growth opportunities.

The key elements of the turnaround plan include:

- appointment of a new management team which commenced in late 2022;
- termination and settlement of Mastermyne's Crinum contract;
- in the PYBAR business unit, exiting the Thalanga contract and terminating the Peak contract by mutual agreement;
- sale of idle plant, including the Crinum coal equipment and various hard rock equipment. The sale of coal equipment is well progressed, with the first panel of major equipment divested to a third party in February 2023. A sales process for idle hard rock equipment has also commenced further reducing debt and consequently the debt servicing burden; and
- a recapitalisation of the business to improve liquidity and net debt positions via the Capital Raising described above.

Overview of the Conditional Placement

M Resources has agreed to subscribe for a \$25 million placement of 166,666,667 new fully paid ordinary shares at \$0.15 per share (**Subscription Shares**) and 51,282,051 options with an exercise price of \$0.23 (**Subscription Options**), pursuant to a subscription agreement with Metarock (**Subscription Agreement**), together the

¹ Excluding funds raised from any future exercise of options.

² Excluding funds raised from any future exercise of options.

Conditional Placement. M Resources also committed to provide interim debt financing of up to \$10.4 million to provide additional short-term working capital for the period to completion of the issue of the Subscription Shares. However the Company has been able to manage its cash flows to the extent that it has not had to utilise this interim facility and accordingly it has now lapsed. A summary of the key terms of the Subscription Agreement is set out in Section 6.10.

The Conditional Placement was approved by Shareholders on 11 May 2023.

Overview of the Entitlement Offer

Following the Conditional Placement, Metarock is undertaking an Entitlement Offer, to raise a further \$3.9 million³, of 1 New Share for every 5.2 Existing Shares held by Eligible Shareholders at 7:00pm (Sydney time) on Wednesday, 17 May 2023 (**Record Date**), together with 1 New Option for every 3.25 New Shares issued under the Entitlement Offer, with an exercise price of \$0.23. The Offer Price is \$0.15 per New Share, representing:

- a 2.8-3.1% premium to TERP⁴;
- a 7.1% premium to the last traded price close of \$0.140 on 11 May 2023; and
- a 1.3% discount to the 30-day volume weighted average price of \$0.152 to 11 May 2023.

Use of Proceeds from Capital Raising

Metarock intends to use the proceeds from the Conditional Placement and Entitlement Offer to improve cash flow, reduce net debt and secure the Company's funding position.

Top Up Facility

The Entitlement Offer incorporates a Top Up Facility under which Eligible Shareholders that have taken up their full Entitlement under the Entitlement Offer, can apply to take up additional New Shares and New Options in excess of their Entitlement which have not been taken up by other Shareholders pursuant to their Entitlements. Further details on the Top Up Facility are provided in Section 2.6.

Actions You Should Take

The Entitlement Offer is currently scheduled to close at 5:00pm (Sydney time) on Wednesday, 7 June 2023. If you wish to subscribe for New Shares and New Options under the Entitlement Offer, you must ensure that your payment and Application Form (if applicable) are received by this time in accordance with the instructions set out in Section 2.9.

Board Changes

Subject to completion of the issue of the Subscription Shares, M Resources will have the right to appoint three members to the Board, including the right to appoint an independent Chair. On completion of the issue of the Subscription Shares to M Resources, three current independent non-executive directors (Colin Bloomfield, Julie Whitcombe and Gabriel Meena) intend to retire from the Board and Murray Smith (nominated by M Resources) will be appointed to the Board, joining the existing non-executive directors Andrew Watts and Paul Rouse and the Managing Director, Paul Green. M Resources will nominate its two remaining director nominees after the Entitlement Offer has been completed.

The Board would like to thank the retiring directors for their significant contribution to Metarock over many years.

Prospectus

This Prospectus contains important information regarding the Entitlement Offer, and I encourage you to read it carefully before making any investment decision, having particular regard to the 'Risk Factors' outlined in Section 5. If you have any questions, you should consult your financial or other professional adviser.

³ Estimated proceeds of the offer of New Shares before costs and subject to rounding.

⁴ The Theoretical Ex rights Price (TERP) is calculated by reference to Metarock's share price on 11 May 2023 of \$0.140 per Share, being the last trading date prior to the announcement of the Entitlement Offer on 12 May 2023, with the range determined by the level of subscriptions in the Entitlement Offer (between 100% and 0% subscribed). TERP is a theoretical calculation only and the actual price at which Metarock's shares trade immediately after the ex date of the Entitlement Offer will depend on many factors and may not approximate TERP.

On behalf of the Directors, we thank you for being an investor in Metarock, invite you to consider participating in the Entitlement Offer and look forward to your support as we continue to deliver on the turnaround plan.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Colin Bloomfield', with a horizontal line underneath.

Mr Colin Bloomfield
Non-Executive Chairman
Metarock Group Limited

1. INVESTMENT OVERVIEW

The information below is a selective overview of the Entitlement Offer. Participants should read this Prospectus in full before deciding to invest in New Securities.

| TOPIC | SUMMARY |
|---|--|
| What is the Capital Raising | <p>On 17 March 2023, Metarock announced an equity capital raising to raise between \$25.0 million and 28.9 million⁵ (Capital Raising), comprising:</p> <p>(a) \$25 million⁶ strategic placement to M Resources, subject to shareholder approval (Conditional Placement). Shareholder approval for the Conditional Placement was granted on 11 May 2023; and</p> <p>(b) a 1-for-5.2 pro rata non-renounceable entitlement offer to eligible Shareholders to raise up to \$3.9 million (Entitlement Offer).</p> <p>The Capital Raising forms part of Metarock's wider recapitalisation strategy, which includes the extension of its existing working capital facilities as announced to the ASX on 3 March 2023 and an asset sales program.</p> |
| What is the Entitlement Offer? | <p>The Entitlement Offer provides Eligible Shareholders with the opportunity to subscribe for 1 New Share for every 5.2 Existing Shares held on the Record Date, together with 1 New Option for every 3.25 New Share issued, with an exercise price of \$0.23. The Offer price is \$0.15 per New Share.</p> <p>The Entitlement Offer is non-renounceable. This means that Eligible Shareholders who do not take up their Entitlements by 5.00pm (Sydney time) on 7 June 2023, will not receive any payment or value for those Entitlements, and their proportionate equity interest in the Company will be diluted.</p> <p>If you take up all of your Entitlement, you may also apply for Additional New Shares and accompanying New Options under the Top Up Facility (see Section 2.6 for instructions on how to apply for Additional New Shares).</p> <p>The Company reserves the right to modify or terminate the Entitlement Offer at any time including closing the Entitlement Offer early. The Company will notify the ASX of any modification to, or termination of, the Entitlement Offer.</p> |
| What is the Offer Price? | The New Shares will be offered at a price of \$0.15 per New Share. |
| Am I eligible to participate in the Entitlement Offer? | Only Eligible Shareholders are entitled to participate in the Entitlement Offer. Refer to Section 2.5 for eligibility criteria. Nominees or custodians holding Existing Shares on behalf of one or more beneficial holders should refer to Section 2.15. |
| Is the Entitlement Offer conditional? | <p>No. The issue of New Shares and New Options under the Entitlement Offer is not conditional on Shareholder approval. Further, the issue of New Shares and New Options will not count towards the Company's placement capacity under ASX Listing Rule 7.1 or 7.1A as it falls under an exemption in ASX Listing Rule 7.2.</p> <p>The Conditional Placement was subject to a shareholder approval condition, which was satisfied by the grant of shareholder approval for the Conditional Placement on 11 May 2023.</p> |

⁵ Excluding funds raised from any future exercise of options.

⁶ Excluding funds raised from any future exercise of options.

| TOPIC | SUMMARY |
|---|--|
| Is the Entitlement Offer underwritten? | No. The Entitlement Offer will not be underwritten. Refer to Section 2.14. |
| Are the Directors participating in the Entitlement Offer? | <p>Paul Rouse and Andrew Watts, the continuing non-executive directors and substantial shareholders of the Company, have each confirmed that they intend to participate in the Entitlement Offer to the extent of their full Entitlement.</p> <p>Of the retiring Directors, Gabriel Meena and Julie Whitcombe have confirmed that they intend to participate in the Entitlement Offer to the extent of their full Entitlement.</p> |
| Do I have to participate in the Entitlement Offer? | No. Participation in the Entitlement Offer is optional. |
| Can I transfer my Entitlement to participate in the Entitlement Offer? | No. You cannot transfer your right to acquire New Shares or New Options under the Entitlement Offer to anyone else. |
| How many New Shares will I receive if I participate in the Entitlement Offer? | <p>Under the Entitlement Offer, Eligible Shareholders may subscribe for 1 New Share for every 5.2 Existing Shares held with no minimum subscription.</p> <p>The Entitlement Offer also incorporates a Top Up Facility under which Eligible Shareholders who have subscribed for their full Entitlement can apply for Additional New Shares and accompanying New Options (in excess of their Entitlement). The issue of Additional New Shares and accompanying New Options will depend on there being a shortfall in the take up of Entitlements under the Entitlement Offer.</p> |
| How many New Options will I receive if I participate in the Entitlement Offer? | You will receive 1 New Option for every 3.25 New Shares issued to you under the Entitlement Offer. |
| What are the terms of the New Options and Subscription Options? | <p>Each New Option is exercisable at \$0.23. The exercise period for the New Options expires at 5.00pm (Sydney time) on 31 May 2028. Any New Options not exercised before this date will lapse.</p> <p>The Company will apply for quotation of the New Options on ASX, subject to satisfaction of the ASX Listing Rules criteria, as set out in Section 2.16.</p> <p>The full terms of the New Options are set out in Section 6.5.</p> <p>The Subscription Options will be issued on the same terms as the New Options. Together the New Options and Subscription Options will form a single class of Options.</p> |
| What is the use of the funds raised under the Entitlement Offer? | The Entitlement Offer is being undertaken to raise up to \$3.9 million (excluding any funds from the exercise of the New Options and Subscription Options) and to allow Eligible Shareholders to invest at the same offer price per Share and the same exercise price per Option as the Conditional Placement. The proposed use of the funds is set out in Section 3.3. |
| Do I have to pay brokerage on the New Shares and New Options? | No brokerage, commission or other participation costs are payable by you in respect of the acquisition of New Shares and New Options under the Entitlement Offer. |

| TOPIC | SUMMARY |
|--|---|
| <p>What are the risks of subscribing for New Shares and Options under the Entitlement Offer?</p> | <p>An investment in the Company is subject to a range of risks, including (but not limited to):</p> <ul style="list-style-type: none"> • Customer demand and outlook for the minerals exploration and mining industry; • Loss of customer contracts and levels of new work; • Key personnel, labour shortages and cost of labour increases; • Health and safety risk; • Increased competition from new and existing competitors; • Tender process risk; • Business interruptions; • Critical supply risk; • Operational risks; • Insurance risks; and • Financing risks. <p>The list of risks is not exhaustive. Further details of these risks and other risks associated with an investment in the Company are set out in Section 5.</p> |
| <p>What do I do if I receive more than one Application Form?</p> | <p>Eligible Shareholders who receive more than one Application Form under the Entitlement Offer may apply on different Application Forms for New Shares and New Options.</p> |
| <p>How do I Participate in the Entitlement Offer?</p> | <p>Refer to Sections 2.8 and 2.9 for details of how to apply for New Shares and New Options under the Entitlement Offer.</p> |
| <p>When will I receive my New Shares and New Options?</p> | <p>New Shares and New Options offered under the Entitlement Offer are expected to be issued on 15 June 2023.</p> |
| <p>When can I trade my New Shares and New Options issued under the Entitlement Offer?</p> | <p>It is expected that New Shares and, subject to satisfaction of the ASX Listing Rule criteria set out in Section 2.16, the New Options issued under the Entitlement Offer will commence trading on ASX on a normal settlement basis on 16 June 2023.</p> <p>You should confirm your shareholding before trading any New Shares you believe you have acquired under the Entitlement Offer.</p> |
| <p>What are the rights and liabilities attaching to the New Shares issued under the Entitlement Offer?</p> | <p>New Shares issued under the Entitlement Offer will rank equally in all respects with Existing Shares.</p> <p>The rights and liabilities attaching to New Shares are set out in Section 6.4.</p> |
| <p>What are the rights and liabilities attaching to the New Options issued under the Entitlement Offer?</p> | <p>The rights and liabilities attaching to New Options are set out in Section 6.5.</p> <p>Shares issued on exercise of a New Option will rank equally in all respects with the Shares then on issue.</p> <p>The Subscription Options will be issued on the same terms as the New Options.</p> |

| TOPIC | SUMMARY |
|---|--|
| <p>How can Eligible Shareholders obtain further information?</p> | <p>If you would like further information you can:</p> <ul style="list-style-type: none"> • phone the Metarock Shareholder Information Line +61 1800 262 299 between 8.30am and 5.00pm (Sydney time) Monday to Friday during the Offer Period; • contact your stockbroker, accountant, solicitor and/or other professional adviser; and/or • visit the Company's website at https://www.metarock.com.au/. |

2. DETAILS OF THE ENTITLEMENT OFFER

2.1 Background to Capital Raising

On 17 March 2023, Metarock announced the key components of its strategy to recapitalise the Company after a series of one-off events, together with the crystallisation of a number of risks that were greater than anticipated, placed significant strain on the business' cashflow and balance sheet.

A fundamental element of the recapitalisation strategy is an equity capital raising to raise between \$25.0 million and \$28.9 million⁷, comprising:

- (a) \$25 million⁸ strategic placement to M Mining Services Pty Ltd ACN 666 168 627 as trustee for M Mining Services Trust (**M Resources**), subject to shareholder approval (**Conditional Placement**). Shareholder approval for the Conditional Placement was granted on 11 May 2023; and
- (b) a 1-for-5.2 pro rata non-renounceable entitlement offer to eligible Shareholders to raise up to \$3.9 million (**Entitlement Offer**).

The Capital Raising forms part of Metarock's wider recapitalisation strategy, which includes the extension of its existing working capital facilities to 30 September 2023 as announced to the ASX on 3 March 2023 which has now been completed, and an asset sales program as first announced to the ASX on 22 February 2023 which remains in progress.

2.2 Entitlement Offer

Under this Prospectus, the Company invites each Eligible Shareholder to subscribe for 1 New Share for every 5.2 Existing Shares held on the Record Date at the Offer Price of \$0.15 per New Share, and 1 New Option for every 3.25 New Shares issued. Any fractional Entitlements will be rounded up to the nearest whole number of New Shares or New Options (as applicable).

The Entitlement Offer is non-renounceable. This means that Eligible Shareholders who do not take up their Entitlements by 5.00pm (Sydney time) on 7 June 2023 will not receive any payment or value for those Entitlements, and their proportionate equity interest in the Company will be diluted.

Eligible Shareholders are also invited to apply for Additional New Shares (and accompanying New Options) beyond their Entitlement under the Top Up Facility (described in Section 2.6 below).

Under the Entitlement Offer, the Company is seeking to raise up to \$3.9 million through the issuance of approximately 26.0 million New Shares to Eligible Shareholders. The purpose of the Entitlement Offer and the intended use of funds raised pursuant to the Entitlement Offer are set out in Sections 3.2 and 3.3.

The issue of New Shares and New Options under the Entitlement Offer is not conditional on Shareholder approval and will not count towards the Company's placement capacity under ASX Listing Rule 7.1 or 7.1A as it falls under an exemption in ASX Listing Rule 7.2. The New Shares offered under this Prospectus will rank equally with the Existing Shares on issue as at their date of issue. The material rights and liabilities attaching to the New Shares and New Options are set out in Sections 6.4 and 6.5 respectively.

Under the Entitlement Offer, Eligible Shareholders are invited to:

- (a) take up all or part of their Entitlement; and
- (b) if eligible, subscribe for Additional New Shares (and accompanying New Options) under the Top Up Facility as described in Section 2.6,⁹

at the Offer Price of \$0.15 per Share.

If you are an Eligible Shareholder, a personalised Application Form setting out your Entitlement will be provided to you via the Offer Website or you may request that a paper Application Form be mailed to you.

The Entitlement Offer is expected to open on 19 May 2023 and close at 5:00pm (Sydney time) on 7 June 2023, or such later date as determined by the Company in its absolute discretion, subject to compliance with the ASX Listing Rules. The New Shares subscribed for under the Entitlement Offer are expected to be issued on 15 June 2023 and commence trading on a normal settlement basis on 16 June 2023.

⁷ Excluding funds raised from any future exercise of options.

⁸ Excluding funds raised from any future exercise of options.

⁹ Any remaining Shortfall Securities may be taken up under the Shortfall Offer as described in Section 2.7.

New Options subscribed for under the Entitlement Offer are expected to be issued on 15 June 2023 and, subject to satisfaction of the Quotation Conditions as set out in Section 2.16, are expected to commence trading on a normal settlement basis on 16 June 2023.

2.3 Offer Price

New Shares

The Offer Price for the New Shares is \$0.15 per New Share. The Offer Price represents:

- a 2.8-3.1% premium to TERP¹⁰;
- a 7.1% premium to the last traded price close of \$0.140 on 11 May 2023; and
- a 1.3% discount to the 30-day volume weighted average price of \$0.152 to 11 May 2023.

The Offer Price of New Shares under the Entitlement Offer is fixed, regardless of any changes in the market price of Shares during the Offer Period.

New Options

Participants issued New Shares pursuant to the Entitlement Offer will receive their New Options for nil consideration. The exercise price per New Option is \$0.23.

2.4 Offer Period

The Entitlement Offer is expected to open on 19 May 2023 and close at 5:00pm (Sydney time) on 7 June 2023.

The Company reserves the right to:

- extend the Entitlement Offer;
- close the Entitlement Offer early; or
- withdraw the Entitlement Offer,

at any time. The Company will announce to ASX any such extension, early closure or withdrawal. Eligible Shareholders who wish to apply for New Shares and New Options under the Entitlement Offer are encouraged to make their Application as soon as possible.

2.5 Participation in the Entitlement Offer

Participation in the Entitlement Offer is optional, subject to the eligibility criteria set out below and the terms and conditions of this Prospectus. The Entitlement Offer is only open to Eligible Shareholders. An **Eligible Shareholder** is a person who:

- (i) was registered as the holder of Shares as at 7.00pm (Sydney time) on the Record Date;
- (ii) has a registered address in Australia or New Zealand or is an Approved US Shareholder;
- (iii) is not in the United States nor acting for the account or benefit of a US Person except for any Approved US Shareholder; and
- (iv) does not hold Shares on behalf of another person who resides outside Australia or New Zealand except for any Approved US Shareholder.

Any Shareholders who are not Eligible Shareholders are **'Ineligible Shareholders'**. Where this Prospectus has been despatched to Ineligible Shareholders, this Prospectus is provided for information purposes only. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Further information for applicants and other persons outside Australia is set out in Section 2.21. Shareholders who are nominees, trustees or custodians are advised to seek independent professional advice.

¹⁰ The Theoretical Ex rights Price (TERP) is calculated by reference to Metarock' share price on 11 May 2023 of \$0.140 per Share, being the last trading date prior to the announcement of the Entitlement Offer on 12 May 2023, with the range determined by the level of subscriptions in the Entitlement Offer (between 100% and 0% subscribed).. TERP is a theoretical calculation only and the actual price at which Metarock's shares trade immediately after the ex date of the Entitlement Offer will depend on many factors and may not approximate TERP.

Joint holders of Shares will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder.

The Company reserves the right to reject any Application for New Shares and New Options under this Prospectus to the extent it considers that the Application (whether alone or in conjunction with other Applications) does not comply with these requirements. If you are in any doubt about the Entitlement Offer, whether you should participate in the Entitlement Offer or how such participation will affect you, you should seek independent financial and taxation advice before making a decision as to whether or not to take up any New Shares and New Options under the Entitlement Offer.

2.6 **Top Up Facility**

Any New Shares and New Options not taken up by the Closing Date and any Entitlements of Ineligible Shareholders may be made available to those Eligible Shareholders who took up their full Entitlement and applied for Additional New Shares (and accompanying New Options) under the Top Up Facility.

There is no guarantee that those Shareholders will receive the number of Additional New Shares (and accompanying New Options) applied for under the Top Up Facility, or any. The number of Additional New Shares (and accompanying New Options) available under the Top Up Facility will not exceed the shortfall from the Entitlement Offer. The Directors, after consultation with the Lead Manager, reserve the right to allot and issue Additional New Shares (and accompanying New Options) under the Top Up Facility at their discretion having regard to the pro rata entitlements of Eligible Shareholders who apply for Additional New Shares (and accompanying New Options).

The Company may allocate all, or a lesser number, of Additional New Shares (and accompanying New Options) for which an application has been made under the Top Up Facility. If applications are scaled back, there may be a different application of the scale-back policy to each Applicant, having regard to the pro rata entitlement offer of the Applicant. Eligible Shareholders who apply for Additional New Shares (and accompanying New Options) under the Top Up Facility will be bound to accept any lesser number of Additional New Shares (and accompanying New Options) allocated to them.

Applying for Additional New Shares and accompanying New Options

Eligible Shareholders who wish to apply for Additional New Shares (and accompanying New Options) under the Top Up Facility can do so by paying the Application Monies for an amount equal to the Offer Price multiplied by the number of New Shares and Additional New Shares that you are applying for. If you do not receive all of the Additional New Shares you applied for, any excess Application Monies will be returned to you without interest.

Takeover law requirements

It is the responsibility of each Eligible Shareholder to ensure that it will not breach the takeovers provisions under the Corporations Act by applying for Additional New Shares (and accompanying New Options) under the Top Up Facility. These provisions are set out in section 606 of the Corporations Act. No Eligible Shareholder will be permitted to acquire Additional New Shares (and accompanying New Options) under the Top Up Facility to the extent the Directors consider (acting reasonably) that doing so would result in a contravention of the takeovers limits in section 606 of the Corporations Act (in circumstances where an exception in section 611 of the Corporations Act does not apply).

2.7 **Shortfall Offer**

A shortfall may arise if Applications received for New Shares under the Entitlement Offer and Additional New Shares under the Top Up Facility (if any) are less than the number of New Shares offered.

The offer to issue Shortfall Securities is a separate offer pursuant to this Prospectus (**Shortfall Offer**). The Shortfall Offer will be on the same terms and conditions as the Entitlement Offer, except as set out in this Prospectus. The issue price for each New Share to be issued under the Shortfall Offer will be the Offer Price (the same issue price as under the Entitlement Offer) and the New Shares issued under the Shortfall Offer will be accompanied by 1 New Option for every 3.25 New Shares issued to the participant, consistent with the Entitlement Offer.

Subject to the terms of the Offer Management Agreement, the Directors reserve the right to place Shortfall Securities within three months after the Closing Date to either existing or new Shareholders at their discretion. Accordingly, the Shortfall Offer will remain open for up to three months following the Closing Date unless closed earlier at the Directors' discretion (**Shortfall Offer Closing Date**).

If the Directors exercise their discretion to close the Shortfall Offer under this Prospectus, the Company reserves the right to conduct any alternative shortfall offer of any remaining Shortfall Securities at any

time or times within three months after the Closing Date, which shortfall offer may be made under a separate prospectus or other relevant form of offer document.

The Shortfall Offer is not open to the general public. Investors will be invited by the Lead Manager to participate and will be provided with a copy of the Prospectus and a Shortfall Security application form.

It is possible there may be no Shortfall Securities available for issue.

Eligible Shareholders who applied for Additional New Shares (and accompanying New Options) under the Top Up Facility will receive their Additional New Shares (and accompanying New Options) applied for under the Top Up Facility before any allocation of the Shortfall Securities is made, subject at all times to the Directors' discretion to scale back applications under the Top Up Facility as set out in Section 2.6.

The Shortfall Securities will be allocated by the Lead Managers in consultation with the Company in accordance with the terms of the Offer Management Agreement. Decisions regarding the allocation of Shortfall Securities will be final and binding on applicants under the Shortfall Offer. The Directors reserve the right to issue to an applicant a lesser number of Shortfall Securities than applied for, to decline an application for Shortfall Securities, or to proceed without issuing Shortfall Securities. As such, there is no guarantee that any Shortfall Securities applied for will be issued. Directors cannot be issued New Shares (and accompanying New Options) under the Shortfall Offer without prior Shareholder approval.

It is the intention that any shortfall under the Entitlement Offer will be allocated in the following order of priority:

- (a) Additional New Shares (and accompanying New Options) under the Top Up Facility, subject to the Directors' discretion to scale back applications as set out in Section 2.6;
- (b) Shortfall Securities under the Shortfall Offer, subject to the terms of the Offer Management Agreement.

The Company reserves the right not to allocate or issue New Shares (and accompanying New Options) under the Top Up Facility or Shortfall Offer where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant regulation or law. Applicants under the Top Up Facility or Shortfall Offer must consider whether or not the issue of the New Shares (and accompanying New Options, or the exercise of New Options) applied for would breach the Corporations Act, the Listing Rules or any other relevant regulation or law having regard to their own circumstances.

Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Securities.

2.8 Applications under the Entitlement Offer

If you are an Eligible Shareholder you may:

- (i) take up all of your Entitlement and, if you wish, also apply for Additional New Shares and accompanying New Options under the Top Up Facility;
- (ii) take up part of your Entitlement and allow the balance to lapse; or
- (iii) decline to exercise your Entitlement, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you are an Eligible Shareholder and wish to take up all or part of your Entitlement, or you wish to also apply for Additional New Shares and accompanying New Options, you should:

- (i) read this Prospectus in full;
- (ii) consider the risks associated with the Entitlement Offer, as summarised in Section 5 of this Prospectus, in light of your personal circumstances;
- (iii) decide whether to participate in the Entitlement Offer; and
- (iv) make payment and apply for New Shares and New Options in accordance with Section 2.9.

Any fractional Entitlements will be rounded up to the nearest whole number of New Shares or New Options (as applicable).

Any Application Monies received for more than an Applicant's final allocation of New Shares, and where applicable Additional New Shares, (and only where the amount is \$1.00 or greater) will be refunded, without interest.

The Entitlement Offer is non-renounceable, which means that Shareholders may not transfer their rights to any New Shares or New Options offered under the Entitlement Offer. You cannot withdraw or revoke your Application once you have paid via BPAY®.

2.9 Payment of Application Monies

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that if you pay by BPAY® you do not need to submit the Application Form but are taken to have made the declarations in that Application Form.

If you wish to take up all of your Entitlement, you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of Offer Shares comprising your Entitlement).

If you wish to take up part of your Entitlement and reject the balance, you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of Entitlement Shares you are taking up – you will need to calculate this number yourself).

If you wish to take up all of your Entitlement and apply for Additional New Shares (and accompanying New Options) under the Top Up Facility, you must include in your payment an amount equal to the number of Additional New Shares you wish to apply for.

New Zealand holders who are not be able to make a payment using BPAY® should see their personalised Application Form or contact the Metarock Shareholder Information Line on +61 1800 262 299 to obtain EFT payment details. New Zealand holders paying by EFT must complete and return their Application Form by email in accordance with the EFT payment instructions in the Application Form.

It is your responsibility to ensure that your payment is received by the Share Registry by no later than 5.00pm (Sydney time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. No interest will be paid on any application monies received or refunded.

2.10 Declining all or part of your Entitlement

If you decide not to take up all or part of your Entitlement, the Entitlement which is unexercised will lapse and may be taken up by Eligible Shareholders under the Top Up Facility or Shortfall Offer. Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on the ASX nor any other financial markets, nor can it be privately transferred.

If you decide not to participate in the Entitlement Offer, you do not need to fill out or return the accompanying Application Form. By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares and New Options had you taken up your Entitlement and you will not receive any value for your Entitlement. Your proportionate interest in Metarock will also be diluted to the extent that New Shares are issued under the Entitlement Offer and further diluted on the exercise of any New Options.

2.11 Ineligible Shareholders

If you are an Ineligible Shareholder, you may not take up any of, or do anything in relation to, your Entitlement under the Entitlement Offer.

2.12 Effect of making an Application

If you apply for New Shares and New Options under the Entitlement Offer (including by making a payment by BPAY®), you:

- will be deemed to have represented and warranted that you are an Eligible Shareholder, that you have read and understood the terms and conditions of participating in the Entitlement Offer as set out in this Prospectus, that you subscribe for New Securities in accordance with those terms and conditions and that you agree to be bound by the Constitution as in force from time to time;
- declare that all details and statements in your Application Form are true, complete and not misleading;

- acknowledge that you have not been provided with investment advice or financial product advice by the Company or its Directors and have made your own enquiries before making an investment decision;
- agree that your Application is made on the terms and conditions of the Entitlement Offer set out in this Prospectus, the Application Form and the Constitution;
- accept that you will not be able to withdraw or revoke your Application or BPAY® payment once you have sent it in (or paid it, as the case may be);
- acknowledge that the Company may at any time determine that your Application is valid, in accordance with the terms and conditions set out in this Prospectus, even if the Application is incomplete, contains errors or is otherwise defective;
- accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on the Company's register of members;
- acknowledge that the Company is not liable for any exercise of its discretions referred to in this Prospectus;
- are in compliance with all relevant laws and regulations (including, without limitation, section 1043A of the Corporations Act and laws and regulations designed to restrict terrorism financing and/or money laundering);
- acknowledge that the market price of the New Securities may rise or fall between the date the Entitlement Offer opens and the date of issue of the New Securities to you under the Entitlement Offer and that the price you pay per New Security under the Entitlement Offer may exceed the market price of the New Securities at the time the New Securities are issued to you under the Entitlement Offer;
- acknowledge that the New Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States and accordingly, the New Securities may not be offered or sold except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws;
- acknowledge, represent and warrant that:
 - you are not in the United States and are not a US Person and are not acting for the account or benefit of, a US Person unless you are an Approved US Shareholder;
 - you are not otherwise a person to whom it would be illegal to make an offer or issue New Securities; and
 - you will not submit any acceptance form for the Entitlement Offer, an Application or an Application Form or otherwise purchase New Securities under the Entitlement Offer on behalf of any such person;
- acknowledge that, if you are acting as a nominee or custodian:
 - each beneficial holder on whose behalf you are submitting an Application or an Application Form is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States) unless the person is an Approved US Shareholder who has completed and delivered to the Company a US Investor Certificate in a form reasonably acceptable to the Company, and is not otherwise a person to whom it would be illegal to make an offer or issue New Shares or New Options; and
 - you have not and will not submit an Application or an Application Form on behalf of, any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States, unless the person is an Approved US Shareholder who has completed and delivered to the Company a US Investor Certificate in a form reasonably acceptable to the Company;
- acknowledge that you have not and will not send this Prospectus or any other document relating to the Entitlement Offer to any person in the United States or elsewhere outside Australia and New Zealand;
- authorise the Company to register you as the holder(s) of New Securities (including any Additional New Shares and accompanying New Options) allotted to you;

- declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Application (if you are a natural person);
- acknowledge that after the Company receives your payment of Application Monies through BPAY® or other means, you may not withdraw your Application or funds provided except as allowed by law;
- authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Securities (including any Additional New Shares and accompanying New Options) to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Application Form;
- acknowledge that neither the Company nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date; and
- acknowledge and agree that determination of eligibility of investors for the purposes of the Entitlement Offer was made by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company, and the Company and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law.

2.13 **Offer of Subscription Options**

Pursuant to this Prospectus, the Company is offering the Subscription Options to M Resources. A copy of this Prospectus and an application form will be provided to M Resources as the sole participant in the offer of Subscription Options under the Conditional Placement.

2.14 **Not underwritten**

The Entitlement Offer and Conditional Placement are not underwritten.

2.15 **Notice to nominees and custodians**

The Entitlement Offer is only made to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee, or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Entitlement Offer). Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws and may only participate in the Entitlement Offer on behalf of beneficial shareholders who are resident in Australia or New Zealand except for any Approved US Shareholder. Any person that is in the United States with a holding through a nominee and that is not an Approved US Shareholder may not participate in the Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States. The Company assumes no obligation to advise you on any applicable foreign laws. Payment by BPAY® or other means will be taken to constitute a representation and warranty that there has been no breach of these restrictions or applicable laws.

2.16 **ASX listing**

Application for official quotation of the New Shares, New Options and Subscription Options offered under this Prospectus has been made prior to, or will be made within seven days of, the date of this Prospectus.

However official quotation of the New Options and Subscription Options is dependent on the satisfaction of the Quotation Conditions, including ASX Listing Rule 2.5, condition 6, which requires that there are at least 100,000 Options, on issue and 50 holders of Options with a marketable parcel (excluding restricted securities). As at the Prospectus Date, the Company cannot guarantee that the Quotation Conditions will be satisfied. If the Quotation Conditions are not satisfied, the New Options and Subscription Options will continue to be issued but will not be quoted on the ASX.

If the New Shares are not admitted to official quotation by ASX before the expiration of three months after the date of this Prospectus, or such period as varied by ASIC, the Company will not issue any New

Shares and will repay all Application Monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities offered for subscription.

2.17 **Issue of New Shares, New Options and Subscription Options**

The issue of New Securities under the Entitlement Offer will take place as soon as practicable after the Closing Date of the Entitlement Offer.

The Company expects that the New Shares offered under the Entitlement Offer and New Options offered under the Entitlement Offer will be issued on 15 June 2023 and (subject to satisfaction of the Quotation Conditions as set out in Section 2.16) will commence trading on ASX on a normal settlement basis on 16 June 2023. The Company expects that the Subscription Options will be issued on 15 June 2023 and will commence trading on ASX on a normal settlement basis on 19 June 2023. These dates are subject to change at the absolute discretion of the Company.

Pending the issue of the New Securities or payment of refunds under this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

2.18 **Defects in Application Forms**

If an Application Form is not completed correctly or if the accompanying payment is for the wrong amount, the Company may, in its absolute discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

2.19 **Refunds**

Refunds under the Entitlement Offer may be paid under various circumstances. If a refund is made, payment will be by cheque mailed to your address as shown on the Company's share register or by deposit into your previously nominated bank account. You will not receive any interest on funds refunded to you.

2.20 **Costs of participation**

No brokerage, commissions or other transaction costs will be payable by Eligible Shareholders in respect of the Application for, and allotment of, New Securities under the Entitlement Offer.

2.21 **International offer restrictions**

This Prospectus does not constitute an offer of New Shares or New Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the New Shares and New Options may not be offered, sold or issued, in any country outside Australia except to the extent permitted below.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of the New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021. In addition, the Company is issuing the New Options to existing shareholders of the Company for no consideration.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

The New Shares, the Options and the shares underlying the Options have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered, sold or issued in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares and the Options will be offered and sold in the United States only to a limited number of Approved US Shareholders. Any such US shareholder must complete and return to the Company a US Investor Certificate that is available from the Company.

Other jurisdictions

It is not practicable for the Company to comply with the securities laws of all overseas jurisdictions in which Shareholders reside, having regard to the number of overseas Shareholders, the number and value of those Shares and Options which the overseas Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended, and the New Securities will not be issued, to any Shareholder with a registered address that is outside of Australia or New Zealand except for Approved US Shareholders. However, the Company may (in its absolute discretion) extend the Entitlement Offer to Shareholders with registered addresses outside Australia and New Zealand in accordance with applicable law.

2.22 Modification and termination of the Entitlement Offer

The Company may modify or terminate the Entitlement Offer at any time including closing the Entitlement Offer early. The Company will notify the ASX of any modification to, or termination of, the Entitlement Offer. An omission to give notice of any modification to, or termination of, the Entitlement Offer or failure of ASX to receive such notice will not invalidate the modification or termination.

The Company may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Entitlement Offer, whether generally or in relation to any participant or application, and the decision of the Company will be conclusive and binding on all participants and other persons to whom the determination relates.

The Company reserves the right to waive strict compliance with any provision of the terms and conditions of this Prospectus. The powers of the Company under this Prospectus may be exercised by the Directors or any delegate of the Directors.

2.23 Rights and liabilities attaching to New Shares

The New Shares to be issued pursuant to the Entitlement Offer are of the same class and will rank equally in all respects with the Existing Shares. The rights and liabilities attaching to the New Shares are further described in Section 6.4.

2.24 Rights and liabilities attaching to New Options

The rights and liabilities attaching to the New Options are set out in Section 6.5.

Shares issued on exercise of a New Option will rank equally in all respects with the Shares then on issue.

The New Options and Subscription Options will be issued on the same terms and will form a single class of Options.

2.25 Rights and liabilities attaching to Subscription Options

The rights and liabilities attaching to the Subscription Options are set out in Section 6.5.

Shares issued on exercise of a Subscription Option will rank equally in all respects with the Shares then on issue.

The New Options and Subscription Options will be issued on the same terms and will form a single class of Options.

2.26 CHES and issuer sponsorship

The Company operates an electronic CHES sub-register and an electronic issue sponsored sub-register. These two sub-registers make up the Company's register of Securities.

The Company will not issue a share certificate to a security holder. Rather, a holding statement (similar to a bank statement) will be dispatched to security holders as soon as practicable after issue to them of New Securities. The holding statement will be sent either by CHES (if the security holder elects to hold the New Securities on the CHES sub-register) or by the Company's Share Registry (if the security holder elects to hold the New Securities on the issuer sponsored sub-register).

The statement will set out details of the New Securities issued under this Prospectus and the Holder Identification Number (if the security holder elects to hold the New Securities on the CHESSE sub register) or Shareholder Reference Number (if the security holder elects to hold the New Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the ASX Listing Rules and the Corporations Act.

2.27 **Taxation**

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Entitlement Offer, by consulting their own professional tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

2.28 **Enquiries**

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor.

3. PURPOSE AND EFFECT OF THE CONDITIONAL PLACEMENT AND ENTITLEMENT OFFER

3.1 Overview of the Conditional Placement

As announced to the market on 17 March 2023, Metarock and M Resources have entered into a Subscription Agreement which sets out the terms and conditions of the Conditional Placement. Pursuant to the Subscription Agreement, the Company has agreed to allot and issue to M Resources:

- (a) 166,666,667 Shares at an issue price of \$0.15 per Share; and
- (b) 51,282,051 Options each with an exercise price of \$0.23.

A summary of the material terms of the Subscription Agreement is set out in Section 6.10 of this Prospectus.

The Conditional Placement was approved by Metarock Shareholders on 11 May 2023.

Pursuant to the terms of the Subscription Agreement, Metarock has also agreed that three persons nominated by M Resources may be appointed to the Board of Metarock as Directors (including an independent chair). It is currently intended that M Resources will appoint Murray Smith as Director upon the completion of the issue of the Subscription Shares, at which time Colin Bloomfield, Gabriel Meena and Julie Whitcombe intend to retire from the Board. M Resources will nominate its two remaining director nominees after the Entitlement Offer has been completed.

M Resources does not presently have a relevant interest in any of the Company's Shares. However, subject to completion of the Conditional Placement, M Resources will have a relevant interest in 166,666,667 Shares representing a voting power in the Company of at least 51% upon the successful completion of the entire Capital Raising. M Resources will also have a relevant interest in 51,282,051 Options. Shareholders are referred to section 3.10 for further details of the voting power of M Resources as a result of the Conditional Placement and Entitlement Offer.

3.2 Purpose of the Entitlement Offer

The Entitlement Offer is being offered to Eligible Shareholders at the same Offer Price per Share and the same exercise price per Option as the Conditional Placement and may raise gross proceeds of up to \$3.9 million (assuming full subscription) before costs (excluding any funds raised on exercise of New Options). The funds raised will be applied as described in the table below.

Any funds raised through the future exercise of Options issued under this Prospectus are proposed to be directed to working capital and/or to reduce net debt.

3.3 Use of funds

The Company intends to use the proceeds of the Entitlement Offer (excluding any funds raised on exercise of Options), together with the proceeds of the Conditional Placement, as follows.

| SOURCES OF FUNDS | AMOUNT | USE OF FUNDS | AMOUNT |
|----------------------------|---------------------------|---|--------------------------|
| Conditional Placement | \$25.0m | Increase working capital and reduce net debt ^{1,2} | \$22.4m - \$26.3m |
| Entitlement Offer proceeds | Up to \$3.9m ² | Transaction Costs | \$2.6m |
| Total | \$25.0m - \$28.9m | Total | \$25.0m - \$28.9m |

¹ Including payments under ATO payment plan and deferred PYBAR consideration due 1 September 2023.

² Range between nil and full subscription of the Entitlement Offer.

The above represents a statement of the Company's current intentions as at the Prospectus Date. Investors should note that this may change depending on a number of factors, including the changes in the competitive environment, business performance, strategic and operational considerations, regulatory developments, and market and general economic conditions. The Board reserves the right to alter the way funds are applied on this basis.

Please refer to Section 6.8 for further details relating to the estimated expenses of the Entitlement Offer.

3.4 Effect of the Entitlement Offer and Conditional Placement

If the Entitlement Offer is fully subscribed, the Company expects that it will issue approximately 26,000,000 New Shares for total consideration of approximately \$3.9 million. During the Entitlement Offer, the Company will also issue 166,666,667 Subscription Shares to M Resources under the Conditional Placement for total consideration of \$25.0 million.

If the Entitlement Offer is fully subscribed and then all of the New Options issued under the Entitlement Offer, and all of the Subscription Options issued under the Conditional Placement, are exercised, an additional 59,282,051 new Shares will be issued for total consideration of approximately \$13.6 million.

Accordingly, up to 253,948,718 new Shares may be issued under, or in connection with, the Entitlement Offer and Conditional Placement.

Metarock notes that no consideration will be received by the Company on the issue of the New Options or Subscription Options. There is no certainty that all or some of those Options will be exercised and new Shares issued as a result and consequently, there is no certainty that the Company will receive proceeds from the exercise of New Options or Subscription Options.

3.5 Effect of the Entitlement Offer and Conditional Placement on capital structure

The table below illustrates the capital structure of the Company as at the Prospectus Date and on completion of the Entitlement Offer (assuming full subscription) and Conditional Placement.

| <i>CURRENT CAPITAL STRUCTURE</i> | ASSUMING FULLY SUBSCRIBED ENTITLEMENT OFFER | | ASSUMING 0% SUBSCRIBED ENTITLEMENT OFFER | |
|---|--|---------------|---|---------------|
| | NUMBER | % | NUMBER | % |
| Shares on issue as at the Prospectus Date | 130,992,547 | 97.5% | 130,992,547 | 97.5% |
| Performance Rights on issue at the Prospectus Date | 3,332,007 | 2.5% | 3,332,007 | 2.5% |
| Options on issue at the Prospectus Date | - | 0.0% | - | 0.0% |
| Total Securities on issue at the Prospectus Date | 134,324,554 | 100.0% | 134,324,554 | 100.0% |
| <i>IMPACT OF NEW SHARES AND SUBSCRIPTION SHARES</i> | NUMBER¹ | % | NUMBER | % |
| Shares and Performance Rights ² on issue as at the Prospectus Date | 134,324,554 | 41.1% | 134,324,554 | 44.6% |
| Subscription Shares to be issued under the Conditional Placement | 166,666,667 | 51.0% | 166,666,667 | 55.4% |
| New Shares offered under the Entitlement Offer | 26,000,000 | 8.0% | - | 0.0% |
| Total Shares and Performance Rights on issue after completion of the Conditional Placement and Entitlement Offer² | 326,991,221 | 100.0% | 300,991,221 | 100.0% |
| <i>IMPACT OF NEW OPTIONS AND SUBSCRIPTION OPTIONS</i> | NUMBER¹ | % | NUMBER | % |
| Total Shares and Performance Rights on issue after completion of the Conditional Placement and Entitlement Offer ² | 326,991,221 | 84.7% | 300,991,221 | 85.4% |
| Subscription Options to be issued under the Conditional Placement | 51,282,051 | 13.3% | 51,282,051 | 14.6% |
| New Options offered under the Entitlement Offer | 8,000,000 | 2.1% | - | 0.0% |

| | | | | |
|---|--------------------|---------------|--------------------|---------------|
| Fully diluted Shares, Performance Rights and Options after completion of the Conditional Placement and Entitlement Offer² | 386,273,272 | 100.0% | 352,273,272 | 100.0% |
|---|--------------------|---------------|--------------------|---------------|

Note:

1. Ignores impact of rounding of Entitlements.
2. There are 3,332,007 Performance Rights on issue at the Prospectus Date, which are expected to vest and result in the issue of that number of Shares following completion of the issue of the Subscription Shares.

3.6 Effect of Entitlement Offer on Shareholdings

The Entitlement Offer will have the effect of diluting the post-Conditional Placement percentage Shareholdings of Shareholders who do not participate in the Entitlement Offer (including under the Top Up Facility). In particular:

- (a) Shareholders who do not take up their full Entitlement under the Entitlement Offer will have their percentage Shareholding in the Company diluted as a result of the issue of New Shares under the Entitlement Offer and further diluted on the exercise of any New Options;
- (b) Eligible Shareholders who take up their full Entitlement under the Entitlement Offer will maintain (and if the Entitlement Offer is not fully subscribed may increase) their post-Conditional Placement percentage Shareholding under the Entitlement Offer (which may be further increased on the exercise of any New Options by those Shareholders);
- (c) Eligible Shareholders who take up their full Entitlement under the Entitlement Offer and receive Additional New Shares (and accompanying New Options) under the Top Up Facility will increase their post-Conditional Placement percentage Shareholding in the Company under the Entitlement Offer to the extent they receive Additional New Shares under the Top Up Facility (which may be further increased on the exercise of any New Options by them);
- (d) the proportional Shareholdings of Ineligible Shareholders will be diluted by the Entitlement Offer, and further diluted on the exercise of any New Options.

Examples on how the dilution may impact Shareholders is set out in the table below. The table assumes that the Subscription Shares under the Conditional Placement are issued during the Entitlement Offer, that the Eligible Shareholders do not participate in the Top Up Facility and that no options are exercised after the Prospectus Date and before completion of the Entitlement Offer.

| Holder | Record Date holding | % holding at Record Date | % holding on completion of the Entitlement Offer, assuming offer is fully subscribed* | | % holding on completion of the Entitlement Offer, assuming 0% subscribed* | |
|--------|---------------------|--------------------------|---|---|---|---|
| | | | If apply for full Entitlement under the Entitlement Offer | If no New Shares subscribed for under the Entitlement Offer | If apply for full Entitlement under the Entitlement Offer** | If no New Shares subscribed for under the Entitlement Offer |
| 1 | 10,000,000 | 7.6% | 3.1% | 2.6% | 3.3% | 2.8% |
| 2 | 5,000,000 | 3.8% | 1.5% | 1.3% | 1.7% | 1.4% |
| 3 | 1,000,000 | 0.8% | 0.3% | 0.3% | 0.3% | 0.3% |
| 4 | 250,000 | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% |

* % holdings on completion of the Entitlement Offer reflect the issue of the Subscription Shares under the Conditional Placement during the Entitlement Offer. Shares on issue on completion of the Entitlement Offer assume 3,332,007 Performance Rights vest and are exercised prior to completion of the Entitlement Offer. Holdings are shown based on a fully diluted capital base (i.e. including options), but assume that no options have been exercised in calculating holders' % holdings.

** Assumes the holder in question is the only shareholder to participate in the Entitlement Offer.

3.7 Dilutive effect of the issue of New Options under this Prospectus

In the event that all of the New Shares offered under the Entitlement Offer are issued, and that 3,322,007 Performance Rights vest and are exercised between the Prospectus Date and completion of the Entitlement Offer, the Company will have on issue 326,991,221 Shares on completion of the Entitlement Offer.

In the event that the Entitlement Offer is fully subscribed and then all of the New Options are exercised (and no other Shares are issued between completion of the Entitlement Offer and the Option Expiry Date), there would be a total of 334,991,221 Shares on issue on or before the Option Expiry Date of 31 May 2028. In the event that all of the Subscription Options are also exercised, there would be a total of 386,273,272 Shares on issue on or before the Option Expiry Date of 31 May 2028.

3.8 Effect of the Entitlement Offer on control of the Company

The Company does not anticipate that the acquisition of New Shares and New Options by any participating Shareholder under the Entitlement Offer will result in any participating Shareholder obtaining a relevant interest in 20% or more of the Company's Shares. Accordingly, subject to completion of the Conditional Placement, the Entitlement Offer is not of itself expected to have a material effect on control of the Company.

See section 3.10 below regarding the combined effect of the Conditional Placement and the Entitlement Offer on the control of the Company.

3.9 Details of substantial holders

Based on publicly available information as at the Prospectus Date, there are currently 5 Shareholders who (together with their associates) have a relevant interest in 5% or more of the Shares on issue (see table below).

| Shareholder ¹ | Number of Shares held at Prospectus Date | Shares as a % of total Shares as at Prospectus Date |
|---------------------------------------|--|---|
| Paul Rouse (Non-Executive Director) | 14,573,661 | 11.1% |
| Andrew Watts (Non-Executive Director) | 12,262,245 | 9.4% |
| Kenneth Kamon | 10,864,436 | 8.3% |
| Darren Hamblin | 9,631,898 | 7.4% |
| Brendan Rouse | 7,958,728 | 6.1% |

¹. Includes associates as notified by the Shareholder to the Company.

3.10 Impact of the Conditional Placement and Entitlement Offer on M Resources' Security holdings and Voting Power

M Resources holds no Shares or Options at the Prospectus Date and has agreed to subscribe for the Conditional Placement under the Subscription Agreement. After the issue of the Subscription Shares and Subscription Options to M Resources under the Conditional Placement (refer to Section 6.10), the voting power of M Resources will depend upon the outcome of the Entitlement Offer and the exercise or non-exercise of the New Options and Subscription Options.

The following table shows the expected Security holdings of M Resources before and after the impact of Options assuming the Entitlement Offer is fully subscribed or fully unsubscribed. M Resources does not have an entitlement to participate in the Entitlement Offer.

| Security holdings | Assuming fully subscribed Entitlement Offer | | | | Assuming 0% subscribed Entitlement Offer | | | |
|---|---|-------------|-----------------------------|-----------------|--|-------------|-----------------------------|-----------------|
| | Excluding impact of Options | | Including impact of Options | | Excluding impact of Options | | Including impact of Options | |
| | Number of Shares | % of Shares | Number of Securities | % of Securities | Number of Shares | % of Shares | Number of Securities | % of Securities |
| Existing Shares and Performance Rights on | 134,324,554 | 41.1% | 134,324,554 | 34.8% | 134,324,554 | 44.6% | 134,324,554 | 38.1% |

| | | | | | | | | |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| issue at the Prospectus Date | | | | | | | | |
| M Resources (Subscription Shares) | 166,666,667 | 51.0% | 166,666,667 | 43.1% | 166,666,667 | 55.4% | 166,666,667 | 47.3% |
| M Resources (Subscription Options) | - | - | 51,282,051 | 13.3% | - | - | 51,282,051 | 14.6% |
| Entitlement Offer New Shares | 26,000,000 | 8.0% | 26,000,000 | 6.7% | - | - | - | - |
| Entitlement Offer New Options | - | - | 8,000,000 | 2.1% | - | - | - | - |
| Total Securities on issue post Conditional Placement and Entitlement Offer² | 326,991,221 | 100.0% | 386,273,272 | 100.0% | 300,991,221 | 100.0% | 352,273,272 | 100.0% |

Note:

1. Ignores impact of rounding of Entitlements.
2. There are 3,332,007 Performance Rights on issue at the Prospectus Date, which are expected to vest and result in the issue of that number of Shares following completion of the issue of the Subscription Shares.

On the assumption that the Entitlement Offer is fully subscribed, M Resources' voting power following the issue of the Subscription Shares and Subscription Options under the Conditional Placement, and the issue of the New Shares and New Options under the Entitlement Offer, would be between 51.0% (before the impact of the Subscription Options and New Options) and 56.4% (after the impact of the Subscription Options and New Options, assuming all New Options are exercised in full).

Assuming that the Entitlement Offer is fully subscribed and that none of the New Options are exercised, M Resources' voting power would be between 51.0% (if no Subscription Options are exercised) and 57.6% (assuming all of the Subscription Options are exercised).

If the Entitlement Offer has no subscriptions, M Resources' voting power following the issue of the Subscription Shares and Subscription Options under the Conditional Placement would be between 55.4% (if no Subscription Options are exercised) and 61.9% (assuming all of the Subscription Options are exercised).

4. FINANCIAL INFORMATION

4.1 Historical and pro forma balance sheet

This Section 4 contains a summary of the historical financial information for Metarock as of 31 December 2022 (**Historical Financial Information**) and a pro forma historical statement of the financial position assuming the pro forma adjustments occurred as of 31 December 2022 (**Pro Forma Historical Financial Information**) (collectively, **Financial Information**). The Financial Information has been prepared to illustrate the effect of the pro forma adjustments described in Section 4.3 below.

| 31 December 2022 (\$A '000s) | Statutory (reviewed) | Debt and Payables adjustments ¹ | Proforma before Capital Raising | Conditional Placement ² | Proforma after Conditional Placement | Entitlement Offer ³ | Proforma (unaudited) after Capital Raising |
|---|----------------------|--|---------------------------------|------------------------------------|--------------------------------------|--------------------------------|--|
| Assets | | | | | | | |
| Cash and Cash Equivalents | 3,616 | -4,065 | -449 | 22,615 | 22,166 | 0 - 3,705 | 22,166 - 25,871 |
| Trade and Other Receivables | 75,577 | | 75,577 | | 75,577 | | 75,577 |
| Inventories and Other Assets | 19,773 | | 19,773 | | 19,773 | | 19,773 |
| Assets classified as held for resale | 28,572 | -11,393 | 17,179 | | 17,179 | | 17,179 |
| Total Current Assets | 127,538 | -15,458 | 112,080 | 22,615 | 134,695 | 0 - 3,705 | 134,695 - 138,400 |
| Deferred Tax Asset | 4,256 | | 4,256 | | 4,256 | | 4,256 |
| Property, Plant and Equipment | 75,897 | 1,723 | 77,620 | | 77,620 | | 77,620 |
| Right-Of-Use Assets | 19,606 | | 19,606 | | 19,606 | | 19,606 |
| Intangible Assets | 16,111 | | 16,111 | | 16,111 | | 16,111 |
| Total Non-Current Assets | 115,870 | 1,723 | 117,593 | | 117,593 | | 117,593 |
| Total Assets | 243,408 | -13,735 | 229,673 | 22,615 | 252,288 | 0 - 3,705 | 252,288 - 255,993 |
| Liabilities | | | | | | | |
| Trade and Other Payables | 75,264 | -5,943 | 69,321 | | 69,321 | | 69,321 |
| Borrowings | 55,792 | 295 | 56,087 | | 56,087 | | 56,087 |
| Lease Liabilities | 5,994 | | 5,994 | | 5,994 | | 5,994 |
| Employee Benefits | 20,816 | | 20,816 | | 20,816 | | 20,816 |
| Other Liabilities | 10,933 | | 10,933 | | 10,933 | | 10,933 |
| Liabilities directly associated with assets classified as held for sale | 22,672 | -10,143 | 12,529 | | 12,529 | | 12,529 |
| Total Current Liabilities | 191,471 | -15,791 | 175,680 | | 175,680 | | 175,680 |
| Borrowings | 20,572 | 1,178 | 21,750 | | 21,750 | | 21,750 |
| Lease Liabilities | 11,177 | | 11,177 | | 11,177 | | 11,177 |
| Employee Benefits | 697 | | 697 | | 697 | | 697 |
| Total Non-Current Liabilities | 32,446 | 1,178 | 33,624 | | 33,624 | | 33,624 |
| Total Liabilities | 223,917 | -14,613 | 209,304 | | 209,304 | | 209,304 |
| Net Assets | 19,491 | 878 | 20,369 | 22,615 | 42,984 | 0 - 3,705 | 42,984 - 46,689 |
| Equity | | | | | | | |
| Share capital | 87,904 | | 87,904 | 22,615 | 110,519 | 0 - 3,705 | 110,519 - 114,224 |
| Other reserves | -23,942 | | -23,942 | | -23,942 | | -23,942 |
| Retained earnings/(accumulated losses) | -44,471 | 878 | -43,593 | | -43,593 | | -43,593 |
| Total Equity | 19,491 | 878 | 20,369 | 22,615 | 42,984 | 0 - 3,705 | 42,894 - 46,689 |

¹ Includes debt and payables adjustments post 31 December 2022 to account for sale of Crinum panel 1, ATO debt repayments to date and Rosebery capex and asset finance to date.

² Net of transaction costs.

³ Range shown depicts net proceeds expected to be received by Metarock from the Entitlement Offer, based on a range of outcomes between fully unsubscribed to fully subscribed, i.e. \$0.0-3.9m in gross proceeds less \$0.0-0.2m in incremental transaction costs.

4.2 Basis of preparation for the Financial Information

The basis of preparation for the Historical Financial Information is in accordance with the Company's accounting policies, as described in its financial reports, and the recognition and measurement principles of the Australian Accounting Standards.

The Historical Financial Information is based on the reviewed balance sheet as of 31 December 2022. The Financial Information is therefore based on the previously released reviewed financial statements for the half year ended 31 December 2022, plus the unaudited pro forma adjustments outlined in Section 4.3.

The stated basis of preparation for the Pro Forma Historical Financial Information is in a manner consistent with the recognition and measurement principles of the Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 4.3, as if those events or transactions had occurred as of 31 December 2022.

4.3 **Pro forma adjustments**

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information and has been prepared on the basis of the following pro forma adjustments:

- (a) The impact of debt and payables adjustments after 31 December 2022 to account for the sale of Crinum panel 1, Australian Taxation Office debt repayments, and the capex and asset finance required for commencement of the Rosebery contract;
- (b) The impact of 166.7 million New Shares and 51.3 million New Options being issued under the Conditional Placement and the associated receipt of gross proceeds of \$25.0 million; and
- (c) The impact on completion of the Entitlement Offer of between zero (fully unsubscribed) and 26.0 million New Shares (fully subscribed) being issued under the Entitlement Offer (together with up to 8.0 million New Options which are unexercised) and the associated receipt of gross proceeds of between zero and \$3.9 million less between zero and \$0.2 million in incremental transaction costs; and
- (d) The impact of transaction costs relating to the Conditional Placement and Entitlement Offer.

The Pro Forma Historical Financial Information has not been prepared on a fully diluted basis meaning that it assumes none of the New Options to be issued as part of the Entitlement Offer have been exercised.

The Pro Forma Historical Financial Information has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company. The Financial Information is presented in abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

5. RISK FACTORS

As with any share investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

This Section 5 identifies and highlights some of the risks that potential investors should consider prior to entering into the investment opportunity referred to in this Prospectus. However, the following is not, and does not purport to be, a comprehensive statement of all relevant risks and is not listed in order of importance. Potential investors should seek their own financial or other professional advice in relation to the risks and must make their own assessment regarding an investment in the Company.

5.1 Specific risks

(a) **Customer demand and outlook for the minerals exploration and mining industry**

Metarock's business depends on, amongst other things, levels of mineral exploration, development and production activity and market demand for metallurgical coal, and hard rock and other commodities. Demand for commodities depends on a number of factors outside the control of Metarock including but not limited to, continued global economic growth and continued international demand. It is also noted that commodity prices are volatile and industry experience indicates that when commodity prices fall below certain levels, mining expenditure and activity decline in the following 12 months. A sustained fall in commodity prices, or a reduction in exploration, development and or production activities and market demand could cause a decline in the demand for mining services, which could in turn have an adverse effect on Metarock's business, financial position, resulting operations and prospects.

(b) **Loss of customer contracts and levels of new work**

As with any contractual arrangement, there is a risk of disagreement between the parties or a dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Metarock's operations and performance, particularly if the disagreement or dispute concerns payment. Early or unforeseeable closure of a mine could also result in the loss of expected revenues, and additional expenses for demobilisation, maintenance and storage or equipment used at that time.

(c) **Key personnel, labour shortages and cost of labour increases**

Metarock's ability to remain productive, profitable and competitive depends on its ability to attract and retain appropriately skilled and experienced personnel. It is essential that appropriately skilled staff be available in sufficient numbers to support Metarock's operations. Loss of key staff or failure to attract new staff may have an adverse impact on Metarock's business, financial performance or otherwise of the Company and in particular its ability to fulfill contracts and expand its business. Metarock may also face industrial disputes arising from claims for higher wages or better conditions which could disrupt its business and have an impact on Metarock's performance.

(d) **Health and safety**

Site safety and occupational health and safety outcomes are critical to Metarock's reputation and its ability to be awarded contracts. Industrial accidents may occur in the course of Metarock's operations and the risks include injuries associated with the servicing and operation of mining machinery, vehicle accidents on-site, fatigue and related accidents, technical malfunctions, faulty equipment, equipment failure and collisions and fatalities. In the event of an accident, the Company could incur a substantial liability. An industrial accident could negatively impact growth prospects and adversely affect the reputation, brand, financial performance and/or financial position of the Company.

(e) **Increased competition from new and existing competitors**

A significant portion of the mining services business is dependent upon obtaining work through a competitive tender process. Despite Metarock's demonstrated ability to compete effectively in the markets in which it operates, the competitive nature of the industry means that there can be no assurance that Metarock will be able to continue to compete successfully

against current or future competition. The entry of new competitors could also result in reduced operating margins and loss of market share.

(f) **Tender process risk**

The Company utilises extensive skills and expertise when pricing and negotiating for new contracts and uses all reasonable efforts to ensure that those tenders accurately reflect the scope of work, the perceived risks and the reasonable costs and expenses involved in taking on that contract. Despite these safeguards, it is always possible that the terms and conditions of the tender or final contract, or the tender estimate or final estimate, is either onerous or not reflective of the actual position, which could result in cost and / or time overruns. This may have an adverse impact on Metarock's financial performance and may impact the Company's ability to maintain existing contracts or win future contracts.

(g) **Business interruptions**

Metarock operates in an industry where industrial disputes and environmental issues, including inclement weather, may delay contract performance or result in a complete shutdown of a project. Whilst Metarock seeks to mitigate these and other risks by securing clients in multiple geographic locations, such issues may ultimately have an adverse effect on Metarock's business, financial performance and/or financial position of the Company.

(h) **Critical supply risk**

Metarock requires access to plant and various supplies to undertake the work under its contracts. Whilst the Company has processes in place to reduce the reliance on individual suppliers, in some instances, for example, specialist chemical supplies, there are limited alternatives. A disruption to the supply of critical products may have an adverse impact on the financial performance and/or financial position of the Company.

(i) **Operational risks**

Metarock and its customers are exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, information technology system failures, external services failures, industrial action or disputes and natural disasters. A disruption to the operations of Metarock or its customers may have an adverse impact on the financial performance and/or financial position of the Company.

(j) **Insurance risks**

Metarock maintains insurance within ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that Metarock will be able to continue to obtain such insurance or, if available, that such coverage may be obtained at reasonable rates or that any coverage Metarock arranges will be adequate and available to cover any such claims. There also remains a risk that Metarock's existing insurance coverage will be insufficient to meet a very large claim or a number of large claims.

(k) **Financing Risks**

Metarock relies on a combination of sources of funding to finance its ongoing operations. Metarock's working capital facilities are currently due to expire on 30 September 2023. Metarock intends to extend or refinance these working capital facilities, however, there is no guarantee that the current lender or any new lenders will agree to an extension or refinance. An inability to extend or refinance these working capital facilities, or secure alternative funding, or a material increase in the cost of such funding, may adversely impact the performance and financial position of Metarock.

(l) **Other risks**

- (i) Metarock may experience unexpected increases in operation costs;
- (ii) Metarock is subject to risks associated with operating in remote locations;
- (iii) Metarock is subject to the risk of early mine closures; and

- (iv) Metarock is subject to the risk of its contracts being terminated early due to external factors.

5.2 General Risks

(a) General economic and financial market conditions

As Metarock is an ASX listed company, it is subject to the general market risk that is inherent in all securities traded on a stock exchange. Accordingly, Metarock may experience fluctuations in its share price regardless of Metarock's operating performance. Metarock's business is also exposed to changes in general global economic conditions. For example, adverse macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility may influence Metarock's clients to defer or cancel expenditure or lead to downward pricing pressure.

Some of the factors which may adversely impact the price of the New Securities include:

- (i) general market conditions, including investor sentiment and share price volatility;
- (ii) general economic conditions including interest rates and exchange rates, changes to government fiscal, monetary or regulatory policies and settings;
- (iii) the demand for, and supply of, capital;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) acts of terrorism, natural disasters or other force majeure events; and
- (vi) changes in government regulation.

The equity markets have in the past and may in the future be subject to significant volatility. No assurance can be given that Metarock's offer of New Shares or New Options will trade at or above the Offer Price or Exercise Price. None of Metarock, its directors or any other person guarantees the performance of the Shares.

(b) New Options

The New Options may not be quoted on ASX (refer to Section 2.16 for further details). If the New Options are not quoted on ASX there will be no secondary market for the New Options. This may adversely affect the option holder's ability to sell their New Options at a desired price, if at all.

(c) Risk of dilution

Shareholders who do not take up their full Entitlement under the Entitlement Offer will have their percentage Shareholding in the Company diluted following the issue of New Shares under the Entitlement Offer and further diluted on the exercise of any New Options. Shareholders may also have their investment diluted by future capital raisings by Metarock.

(d) Dividends

The payment of any future dividends will be at the discretion of the Metarock Board, and will depend (among other things) on the performance and financial circumstances of Metarock at the relevant time. There is no guarantee that dividends will be paid by Metarock.

(e) Taxation

Future changes in Australian, and international taxation laws, including changes in the interpretation or application of the law by the courts or taxation authorities in jurisdictions where Metarock operates, may affect taxation treatment of an investment in Metarock's Shares, or the holding and disposal of those Shares. Taxation laws and the interpretation of those laws in jurisdictions where Metarock operates may also impact the Metarock's future tax liabilities.

Personal tax liabilities are the responsibility of each individual investor. Metarock is not responsible for tax or tax penalties incurred by investors.

(f) **Litigation Risk**

In the ordinary course of its business, Metarock may be subject to the risk of litigation and other disputes with its clients, employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgements and/or damage to Metarock's reputation, which ultimately is likely to have an adverse effect on Metarock's financial performance.

(g) **Changes in accounting policy / standards**

Australian Accounting Standards (**AAS**) are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of either Metarock or its Directors. The AASB may, from time to time, introduce new or refined AAS. This may affect the way that Metarock measures and recognises accounting items, which could have an adverse impact on the reported financial position of Metarock and may affect the comparability of results from year to year. There is also a risk that the interpretation of existing AAS may differ. Any changes to the AAS or to the interpretations of those standards may adversely affect Metarock's reported financial performance and position.

(h) **Impact of COVID-19**

The COVID-19 pandemic has to date created significant economic and social challenges in Australia and around the world. There is continued uncertainty in relation to the ongoing impacts of the pandemic which, to date, have included a general contraction in output, increased levels of unemployment and restrictions on movement. The Company will continue to closely monitor developments related to COVID-19 and is cognisant of its duty to responsibly manage and, where possible, mitigate the risks posed by the global pandemic.

(i) **Regulatory risks**

Changes in legislative and administrative regimes which are not specifically noted above, interest rates, other legal and government policies, including in relation to environment laws and climate change in Australia and internationally and the COVID-19 pandemic may have an adverse effect on the assets, operations and ultimately the financial performance of Metarock and the market price of Shares.

(j) **Combination of risks**

Metarock may be subject to a combination of risks, including any of the risks outlined in this Section 5 which in aggregate could affect the financial performance, position, prospects and valuation of Metarock.

6. ADDITIONAL INFORMATION

6.1 Continuous disclosure obligations

As the Company is an ASX listed company, Metarock is a 'disclosing entity' for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities, subject to certain exceptions.

Price sensitive information is publicly released to the ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

In accordance with section 713 of the Corporations Act, the Company is entitled to issue a 'transaction-specific' prospectus in respect of the Entitlement Offer.

In general terms, a 'transaction-specific prospectus' is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2022;
 - (ii) the half-year financial report of the Company lodged with ASIC for the half-year ended 31 December 2022; and
 - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (i) would reasonably require for the purpose of making an informed assessment of;
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
 - B. the rights and liabilities attaching to the securities being offered under this Prospectus; and
- (ii) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Entitlement Offer and the offer of the Subscription Options under the Conditional Placement. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with the ASX prior to the date of this Prospectus and following lodgement of the annual financial report for the year ended 30 June 2022 with ASX on 30 August 2022.

| May 2023 | |
|-----------------------|---|
| 12th | At the time of this Prospectus, the proposed announcements are as follows (subject to ASX approval): <ul style="list-style-type: none"> • Capital Raising Announcement; and • Investor Presentation |
| 11th | Results of Meeting |
| 11th | Chairman's Address to Shareholders |
| April 2023 | |
| 28th | Quarterly Activities/Appendix 4C Cash Flow Report |
| 11th | Notice of General Meeting/Proxy Form |
| March 2023 | |
| 24th | Appendix 3B (Proposed issue of securities) |
| 24th | Reinstatement to Official Quotation |
| 17th | Investor Briefing Call Details |
| 17th | Capital Raising & Strategic Investment |
| 17th | HY 2023 Results Presentation |
| 17th | Appendix 4D & HY 2023 Financial Report |
| 16th | Peak Mines contract update |
| 3rd | Extension of Working Capital Facilities |
| February 2023 | |
| 27th | Voluntary Suspension from Official Quotation |
| 27th | Pause in Trading |
| 22nd | Sale of First Panel of Major Equipment |
| 20th | Sojitz Gregory Crinum Mine update & HY results timing |
| 6th | Change of Directors Interest Notice - P Green |
| 6th | Appendix 3G (Notification of Unquoted Equity Securities) |
| 6th | Appendix 3H (Notification of cessation of securities) |
| January 2023 | |
| 31st | Quarterly Activities/Appendix 4C Cash Flow Report |
| December 2022 | |
| 5th | Thalanga Mining Contract Update |
| 2nd | Sojitz Gregory Crinum Mine project update |
| 1st | Update to Company's Constitution |
| November 2022 | |
| 29th | Results of Meeting |
| 29th | Chairman's Address to Shareholders |
| 8th | Expiry of voluntary escrow arrangements |
| 8th | Award of Three Year Contract for Rosebery Mine |
| 7th | Award of Drift Construction Contract |
| October 2022 | |
| 31st | Thalanga Mining Contract Update |
| 31st | Quarterly Activities/Appendix 4C Cash Flow Report |
| 28th | Notice Of Annual General Meeting |
| 28th | Annual Report to Shareholders |
| 28th | Appendix 4G & Corporate Governance Statement |
| 24th | Managing Director Appointment Key Terms & Appendix 3X |
| 21st | Final Directors Interest Notice |
| 19th | Market update - Revised FY23 Guidance and New MD appointment |
| 7th | Appointment of new CFO and Company Secretary |
| 4th | Date of AGM and Director Nominations |
| September 2022 | |
| 2nd | Contracts update |
| August 2022 | |
| 30th | FY2022 Results Presentation |

| | |
|------|--|
| 30th | FY2022 Results Announcement |
| 30th | Appendix 4E & FY2022 Annual Financial Report |
| 19th | Conference Call Details 2022 Full Year Results |

6.2 Design and distribution obligations

On 5 October 2021, the new product design and distributions obligations under the Corporations Act (**DDO Obligations**) took effect. The DDO Obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a target market determination that explains the target market for certain securities, any distribution conditions and any information related to reviewing and monitoring conduct in relation to the target market determination.

The Company has prepared a target market determination in respect of the Options which is available on the Company's website at <https://www.metarock.com.au/investor-centre/asx/>.

6.3 Litigation

As outlined in section 5.1(d), industrial accidents may occur in the course of the Company's operations as a mining services business. The Company is currently involved in personal injury or insurance claims in respect of such matters in the ordinary course of its business and may become involved in litigation or court proceedings in relation to the resolution of such matters or in relation to related regulatory investigations. Subject to any insurances available to the Company in relation to a particular matter, the investigation and resolution of such matters may involve material expense. In relation to incidents at Crinum in September 2021 and Moranbah North in March 2022 and August 2022, as at the date of this Prospectus, those matters remain under investigation by Resources Safety and Health Queensland.

As noted in the Company's half-year financial report for the half-year ended 31 December 2022, the Company may pursue legal proceedings to pursue payout of a customer receivable from the Company's insurers. A contingent asset related to the insurance payout was not recognised at 31 December 2022 as receipt of the amount is dependent on the outcome of the court proceedings.

Other than in relation to the potential for litigation to arise in relation the matters mentioned above, at the date of this Prospectus, the Company is not engaged in any material litigation and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

6.4 Rights and liabilities attaching to the Shares

The following is a general description of some of the significant rights, liabilities and obligations attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Constitution (a copy of which is available for inspection at the Company's registered office during normal business hours and on the Company's website at <https://www.metarock.com.au/company-profile/corporate-governance/>).

(a) Meeting of Members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

(b) Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has (a) on a show of hands, one vote and (b) on a poll, one vote for each Share held. On a poll, every member (or their proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid Share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid Share bears to the total amounts paid and payable (excluding amounts credited) on that Share. Amounts paid in advance of a call are ignored when calculating the proportion.

(c) Ranking of Shares

At the date of this Prospectus, all shares are of the same class and rank equally in all respects. Specifically, the New Shares offered under this Prospectus will rank equally with the Company's Existing Shares.

(d) **Variation of class rights**

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied:

- (i) with the written consent of the holders of at least 75% of the issued shares in the particular class; or
- (ii) by a special resolution passed at a separate meeting of the holders of shares in that class.

(e) **Dividend rights**

The Board may declare or determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend, the time for the payment of the dividend and the method of payment of the dividend. If a dividend is declared or determined to be payable, Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment.

(f) **Transfer of Shares**

Shares can be transferred by a proper instrument of transfer. The instrument of transfer must be in writing or any other form approved by the Directors, stamped (if required by law), and signed by the transferor and the transferee. Except where the operating rules of an applicable CS facility licensee, being the ASTC Operating Rules provide otherwise, until the transferee has been registered, the transferor is deemed to remain the holder of the Shares, even after signing the instrument of transfer.

Where permitted by law, the board may resolve to refuse to register a transfer if the transferee will hold less than a marketable parcel on registration or there is a lien on any of the Shares.

(g) **Rights on winding up**

On a winding up of a company the Company, any surplus assets of the Company remaining after the payment of its debts must be divided among the Shareholders in the proportion to the capital paid up (including amounts credited).

If the Company is wound up, the liquidator may with the sanction of a special resolution, divide the assets of the Company amongst Shareholders as the liquidator sees fit. The liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

6.5 **Rights and liabilities attaching to New Options and Subscription Options**

The New Options and Subscription Options to be issued under this Prospectus will be issued on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for 1 Share on exercise of the Option.

(b) **Exercise Price**

The exercise price of each Option will be \$0.23 (**Exercise Price**).

(c) **Option Expiry Date**

The Options will expire at 5.00pm (Sydney time) on 31 May 2028 (**Option Expiry Date**).

Any Options not exercised before 5.00pm (Sydney time) on the Option Expiry Date will automatically lapse at that time.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Option Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised in whole or in part (subject to the minimum amount noted below) during the Exercise Period by notice in writing to the Company in the manner specified on the holding statement (**Notice of Exercise**), together with payment of the Exercise Price

for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

A minimum of 10,000 Options may be exercised under each Notice of Exercise. If a Shareholder holds less than 10,000 Options, all of the Options held by them must be exercised in one Notice of Exercise.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the applicable Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 20 Business Days after the relevant Exercise Date, or such other period required by the ASX Listing Rules, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of the Options specified in the Notice of Exercise; and
- (ii) if an ASX listed company at the time, apply for official quotation on ASX of Shares issued on the exercise of the Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options will rank equally in all respects with the Shares then on issue.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, return or cancellation of capital), all rights of a holder of the Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options and unless Shares have been allotted in respect of the Options before the record date for determining entitlements to the issue.

(k) **Change in Exercise Price**

There will be no change to the applicable Exercise Price of an Option or the number of Shares over which an Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).

(l) **Bonus issue**

If before the expiry of any Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue.

(m) **Voting**

Holders of Options have no voting rights until the Options are exercised and Shares are issued on exercise of those Options in accordance with the ASX Listing Rules.

(n) **Quotation**

Subject to meeting the requirements of the Quotation Conditions, the ASX Listing Rules and the Corporations Act, the Company intends to apply for quotation of the Options on ASX. The Company makes no guarantee that it will make any such application or that, if an application is made, that it will be successful.

For such time as the Company is listed on the ASX, the ASX Listing Rules will apply to the Options.

(o) **Transferability**

The Options are freely transferable subject to registration of the transfer with the Company, subject to any restrictions under applicable law and any restrictions or escrow arrangements imposed by ASX.

(p) **Governing Law**

The terms and conditions of the Options are governed by the law applicable in Queensland, Australia. Any person who applies for Options submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

Refer also to Section 6.12.

6.6 **Interests of Directors, experts and advisors**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director or proposed Director;
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (c) promoter of the Company; or
- (d) underwriter (but not sub-underwriter) to the Offers;
- (e) financial services licensee named in this Prospectus as a financial services licensee involved in the Offers,

holds, or has held within 2 years before the date of this Prospectus, any interest in the Offers or in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers.

Other than as set out in Section 6.7 or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a Director or proposed Director to induce them to become, or to qualify as, a director of the Company; or
- (b) for services provided in connection with the formation or promotion of the Company or the Offers by any Director or proposed Director, any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, any promoter of the Company, any underwriter (but not sub-underwriter) to the Offers or any financial services licensee named in this Prospectus as a financial services licensee involved in the Offers.

6.7 **Details of interests**

(a) **Directors' security holdings**

The relevant interests of the Directors in securities of the Company as at the Prospectus Date are as follows:

| Director | Shares | Performance Rights | Options |
|------------------|---------------|---------------------------|----------------|
| Colin Bloomfield | 1,100,000 | Nil | Nil |
| Andrew Watts | 12,262,245 | Nil | Nil |
| Paul Rouse | 14,573,661 | Nil | Nil |
| Julie Whitcombe | 94,000 | Nil | Nil |
| Gabriel Meena | 100,000 | Nil | Nil |
| Paul Green | Nil | 1,264,999 | Nil |

(b) **Directors' participation in the Entitlement Offer**

Paul Rouse and Andrew Watts, the continuing non-executive directors and substantial shareholders of the Company, have each confirmed that they intend to participate in the Entitlement Offer to the extent of their full Entitlement.

Of the retiring Directors, Gabriel Meena and Julie Whitcombe have confirmed that they intend to participate in the Entitlement Offer to the extent of their full Entitlement.

(c) **Directors' remuneration**

- (i) As non-executive Chair, Mr Colin Bloomfield is currently paid \$100,000 in directors fees per annum, plus superannuation.
- (ii) As a non-executive Director, Mr Andrew Watts is currently paid \$60,000 in directors fees per annum, plus superannuation.
- (iii) As a non-executive Director, Mr Paul Rouse is currently paid \$60,000 in directors fees per annum, plus superannuation.
- (iv) As a non-executive Director, Ms Julie Whitcombe is currently paid \$65,000 in directors fees per annum, plus superannuation.
- (v) As a non-executive Director, Mr Gabriel Meena is currently paid \$65,000 in directors fees per annum, plus superannuation.
- (vi) As Managing Director, Mr Paul Green is currently paid a salary of \$521,000 per annum, plus superannuation and allowances of \$51,500.

(d) **Proposed Director and nominations by M Resources**

Upon completion of the issue of the Subscription Shares under the Conditional Placement, M Resources will have the right under the Subscription Agreement to nominate up to three non-executive directors for appointment to the Board, being two non-executive directors and an independent non-executive chair.

Pursuant to the Subscription Agreement, the Company has agreed to provide the directors nominated by M Resources with directors' fees and expense reimbursements, directors' and officers' liability insurance (where reasonably available and obtained by the Company) and other arrangements of support by the Company to its other non-executive directors, commensurate with those provided by the Company to its other Directors from time to time.

As outlined in the Company's Notice of Meeting dated 11 April 2023, M Resources has nominated Murray Smith to be appointed as a non-executive director. As an employee of M Resources Pty Ltd, an affiliated entity of M Resources, Murray Smith is remunerated for his professional duties. However, he has not received further remuneration or inducement to become a director of the Company.

M Resources is currently considering who else it intends to nominate to be appointed as non-executive directors, including an independent chair, and has not yet made any such decision or nomination. M Resources has informed the Company that it will not nominate its two remaining director nominees until after the Entitlement Offer has been completed.

Once M Resources has informed the Company of the two individuals it nominates to be appointed as Directors, including an independent chair, the Company will make an announcement to the ASX setting out the relevant details of these individuals.

(e) **M Resources**

Upon completion of issue of the Subscription Shares under the Conditional Placement, M Resources will be considered a Related Party of the Company as the holder of a majority of the Shares on issue in the Company. Prior to the issue of the Subscription Shares, M Resources is considered a Related Party of the Company due to the likelihood that M Resources will in future become a majority Shareholder in the Company.

At the general meeting of the Company on 11 May 2023, the Shareholders of the Company approved the Conditional Placement under the Subscription Agreement for the purposes of the related party provisions in Chapter 2E of the Corporations Act as well as for the purposes of section 611 Item 7 of the Corporations Act.

Other than the Subscription Agreement outlined in this Prospectus, the Company does not currently have any contracts or commercial arrangements with M Resources. The Corporations Act and the Listing Rules contain provisions regulating the terms upon which a company is permitted to do business with Related Parties. In certain circumstances, Shareholder approval would be required for potential transactions between the Company and M Resources that are not on arm's length terms.

(f) **Existing related party transactions**

As outlined in the Remuneration Report in the Company's Annual Report lodged with ASX on 28 October 2022, the Company is a party to a number of existing contracts and arrangements with existing directors of the Company. A copy of the Company's Annual Report is available on the Company's website.

6.8 **Expenses of the Offers**

The total expenses of the Offers are estimated to be approximately \$2.6 million (excluding GST), the table below sets out the breakdown of these expenses:

| Item | Amount (AUD)* |
|----------------------------------|----------------------|
| ASX and ASIC fees | \$0.05m |
| Lead Manager fees | \$1.63m |
| Clayton Utz legal fees | \$0.79m |
| Share Registry and printing fees | \$0.05m |
| Independent expert's report fees | \$0.11m |
| Miscellaneous | \$0.01m |
| Total Fees | \$2.63m |

Notes:

*The above table includes fees in relation to the Conditional Placement and assumes that the Entitlement Offer is fully subscribed.

6.9 **Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the New Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

(a) **Consenting parties**

Clayton Utz has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as Australian legal adviser to the Company in respect of the Entitlement Offer and in the form and context in which it is named.

Wilsons Corporate Finance Limited has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as Lead Manager of the Entitlement Offer in the form and context in which it is named.

LINK Market Services Limited has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus as share registry to the Company in respect of the Entitlement Offer in the form and context in which it is named.

Pitcher Partners is the auditor of the Company and has given and has not, before lodgement of this Prospectus, withdrawn its written consent to the inclusion in this Prospectus of the reviewed balance sheet as of 31 December 2022 in the Historical Financial Information in the form and context in which it appears.

M Resources has given and has not, before lodgement of this Prospectus, withdrawn its written consent to be named in this Prospectus and to the inclusion of the following statements in the form and context in which they appear:

- (i) "Murray Smith (nominated by M Resources) will be appointed to the Board";
- (ii) "M Resources will nominate its two remaining director nominees after the Entitlement Offer has been completed."
- (iii) "It is currently intended that M Resources will appoint Murray Smith as Director upon the completion of the issue of the Subscription Shares"
- (iv) "M Resources will nominate its two remaining director nominees after the Entitlement Offer has been completed."
- (v) "M Resources does not presently have a relevant interest in any of the Company's Shares."
- (vi) "M Resources holds no Shares or Options at the Prospectus Date"
- (vii) "As outlined in the Company's Notice of Meeting dated 11 April 2023, M Resources has nominated Murray Smith to be appointed as a non-executive director. As an employee of M Resources Pty Ltd, an affiliated entity of M Resources, Murray Smith is remunerated for his professional duties. However, he has not received further remuneration or inducement to become a director of the Company."
- (viii) "M Resources is currently considering who else it intends to nominate to be appointed as non-executive directors, including an independent chair, and has not yet made any such decision or nomination. M Resources has informed the Company that it will not nominate its two remaining director nominees until after the Entitlement Offer has been completed."

(b) **Basis of consents**

Each of the persons named as providing consents above:

- (i) did not authorise or cause the issue of this Prospectus;
- (ii) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section 6.9; and
- (iii) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified in this Section 6.9.

6.10 **Summary of the Subscription Agreement**

| | |
|---|--|
| Conditional Placement to M Resources | Pursuant to the Subscription Agreement, M Resources has agreed to subscribe for the Conditional Placement, consisting of the 166,666,667 Subscription Shares at a price of \$0.15 per Share and the 51,282,051 Subscription Options each with an exercise price of \$0.23. |
| Shareholder approval condition satisfied | The Conditional Placement was approved by Shareholders at the general meeting of the Company on 11 May 2023, which satisfied the Shareholder approval condition for the Conditional Placement. |
| Permitted Entitlement Offer | Under the terms of the Subscription Agreement, the Company may also undertake a pro-rata non-renounceable entitlement offer to issue up to 26,000,000 Shares and up to 8,000,000 Options. The Subscription Shares and Subscription Options are not eligible to participate in the Entitlement Offer. |
| Key obligations | Subject to completion of the issue of the Subscription Shares occurring and M Resources lodging an application form for the Subscription Options, the Company will be required to grant the Subscription Options to M Resources on the earliest date upon which Options are granted under the Entitlement Offer. |

| | |
|--|---|
| | <p>The Company must issue the Subscription Shares and Subscription Options in compliance with the ASX Listing Rules and Corporations Act.</p> <p>The Subscription Agreement contains customary representations, warranties and indemnities for a conditional placement of the nature of the Conditional Placement.</p> |
| Director and observer nomination rights | <p>From and subject to completion of the issue of the Subscription Shares, for as long as M Resources and its related entities continue to hold:</p> <ul style="list-style-type: none"> • 50.1% or more of the total issued Shares, M Resources will be entitled to nominate two non-executive directors for appointment to the Board, and an additional independent non-executive chair of the Board. • 40% or more (but less than 50.1%) of the total issued Shares, M Resources may nominate two non-executive directors for appointment to the Board; • 20% or more (but less than 40%) of the total issued Shares, M Resources may nominate one non-executive director for appointment to the Board. <p>From and subject to completion of the issue of the Subscription Shares, for as long as M Resources and its related entities continue to hold more than 50% of the total issued Shares, M Resources may nominate up to two individuals as observers of the Board.</p> <p>Upon completion of the issue of the Subscription Shares, Colin Bloomfield, Gabriel Meena and Julie Whitcombe intend to retire from the Board.</p> |
| No talk, no shop | <p>Pending completion of the issue of the Subscription Shares, the Company must comply with customary no shop, no talk and no due diligence provisions. The no talk and no due diligence provisions will not apply where the Board has formed the view in good faith that it would breach its fiduciary or statutory duties not to have discussions or provide information to assist a person making the proposal. Prior to completion of the issue of the Subscription Shares, the Company must also notify M Resources of discussions or proposals of which the Company becomes aware.</p> |
| Termination | <p>Either party may terminate the Subscription Agreement at any time before completion of the issue of the Subscription Shares by giving 5 business days written notice to the other party if:</p> <ul style="list-style-type: none"> • a resolution to approve the Conditional Placement is considered at a general meeting and not passed, or the shareholder approval condition precedent was not satisfied on or before 30 June 2023. The resolution approving the Conditional Placement was approved by Shareholders at the general meeting on 11 May 2023, which satisfied the shareholder approval condition; • a director of the Company: <ul style="list-style-type: none"> ○ fails to make, withdraws or adversely modifies or qualifies their recommendation that the Company's shareholders vote in favour of the resolution to approve the Conditional Placement; ○ fails to make, withdraws or adversely modifies or qualifies their intention to vote, or cause to be voted, all Shares in which he or she has a relevant interest in favour of the resolution to approve the Conditional Placement; or ○ publicly recommends, promotes or otherwise endorses a competing proposal; or • a binding agreement, arrangement or understanding with respect to a competing proposal is entered into by the Company. <p>Either party may also terminate the Subscription Agreement if the other party fails to perform a material obligation under the agreement and the failure is not remedied within 5 business days' notice.</p> |

Summary of the key terms of the Offer Management Agreement

(a) Offer Management Agreement

Pursuant to the Offer Management Agreement, the Company has engaged the Lead Manager to:

- (i) act as lead manager of the Entitlement Offer; and
- (ii) conduct a bookbuild at the Offer Price (Bookbuild) and to use its best endeavours to procure subscriptions for the Shortfall Securities.

The Lead Manager, and its directors and officers, may bid into the Bookbuild or subscribe for Shortfall Securities.

(b) Fees and expenses

For performing these services, the Company will pay the Lead Manager:

- (i) a management fee of 2.5% of the proceeds raised from the Entitlement Offer;
- (ii) a selling fee of 2.5% of the proceeds raised from the Entitlement Offer;
- (iii) a management and bookbuild fee of 2.5% of the proceeds raised from subscriptions for Shortfall Securities; and
- (iv) a selling fee of 2.5% of the proceeds raised from subscriptions for Shortfall Securities.

The Company will also reimburse the Lead Manager for costs and expenses incurred in connection with the Offers.

(c) Termination Events

The Lead Manager may (in certain circumstances, including having regard to the materiality of the relevant event), terminate the Offer Management Agreement including (but not limited to) where:

- (i) **(ASX approval)** the ASX does not give approval for official quotation of the Offer Securities;
- (ii) **(Listing)** the Company ceases to be admitted to the official list of the ASX or the Shares are suspended from trading on, or cease to be quoted on, ASX (other than any voluntary suspension with the consent of the Lead Manager);
- (iii) **(Withdrawal)** the Company withdraws all or any part of the Offers (without the consent of the Lead Manager);
- (iv) **(Subscription Agreement)** the Subscription Agreement is terminated or varied without the consent of the Lead Manager;
- (v) **(Prospectus)** the Prospectus becomes defective or a supplementary or replacement prospectus is required (other than in relation to the Shortfall Offer as contemplated above);
- (vi) **(debt facilities)**
 - (A) any debt facility of the Company or a Group member (excluding any debt facility repayable on demand) is terminated by the lender or amended in a material respect without the Lead Manager's consent;
 - (B) a Group member breaches, or defaults under, any provision, undertaking, covenant or ratio of a debt or financing arrangement to which that entity is a party which: (I) has not been, or is not promptly, waived by the relevant financier or financiers on conditions satisfactory to the Lead Manager (acting reasonably); and (II) may individually or in aggregate, have a material adverse effect on the Company or the Group; or
 - (C) an event of default or review event has resulted in a lender or financier exercising its rights to accelerate or require repayment of the debt or financing which may, individually or in aggregate, have a material adverse effect on the Company or the Group;

- (vii) (**market fall**) at any time any of the S&P/ASX 300 Index falls to a level that is 90% or less of the level as at the close of trading on the last trading day before the date of the Offer Management Agreement and is at or below that level at the close of trading:
 - (A) for two consecutive Business Days during any time after the date of the Offer Management Agreement; or
 - (B) the Business Day immediately prior to, Completion;
- (viii) (**general disruption**) any adverse change or disruption occurs to the financial markets, political or economic conditions currency exchange rates or controls or financial markets in Australia, New Zealand, the United States or the United Kingdom the effect of which makes it impractical (in the Lead Manager's reasonable opinion) to proceed with the Offer;
- (ix) (**hostilities**) there is an outbreak of hostilities not presently existing (whether war has been declared or not), or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the People's Republic of China, Japan, North Korea, the United Kingdom or any member state of the European Union or a major terrorist act is perpetrated in or by any of those countries or by or in respect of any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world, or a national emergency is declared in any of those countries;
- (x) (**breach**) the Company breaches or fails to perform or observe any of its obligations or undertakings under, or any other term or condition of, the Offer Management Agreement;
- (xi) (**warranties**) a representation or warranty made or given by the Company under the Offer Management Agreement is breached or is, or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
- (xii) (**change in officers**) there is a change (or a change is announced) in the directors of the Company, other than as disclosed to ASX before the date of the Offer Management Agreement or provided for under the Subscription Agreement; or
- (xiii) (**adverse change**) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in the Prospectus or other launch documents.

Please note that the above is not an exhaustive list of the termination events in the Offer Management Agreement.

(d) **Conditions**

The obligations of the Lead Manager under the Offer Management Agreement are conditional on a number of customary conditions having been satisfied, including the Company receiving the proceeds of the Subscription Shares and the Subscription Shares being issued and quoted on ASX.

(e) **Warranties, indemnities and undertakings**

Under the Offer Management Agreement, the Company has:

- (i) given the Lead Manager certain representations and warranties in respect of the Company and the conduct of the Offers which are considered usual for an agreement of this type (including among other things, itself, the conduct of the Offer and the offer documents);
- (ii) provided certain indemnities to the Lead Manager (subject to certain exclusions relating to, among other things, negligence, fraud or wilful misconduct) for any breach by the Company, which are which are considered usual for an agreement of this type;
- (iii) provided undertakings including:
 - (A) to ensure that it and other Group members, in the period from the date of the Offer Management Agreement until 3 months after completion of

the Entitlement Offer and any shortfall offer, carry on their business in the ordinary course and do not acquire or dispose of any material business or property, or enter into any material agreement or commitment, except as fully and fairly disclosed prior to the date of the Offer Management Agreement or with the prior consent of the Lead Manager, which consent may not be unreasonably withheld, delayed or conditioned; and

- (B) (subject to certain exceptions) not, without the prior written consent of the Lead Manager (not to be unreasonably delayed, withheld or conditioned), propose or activate any equity security or subordinated debt security buy-back, scheme or arrangement or allot or agree to allot, or indicate in any way that it will or might, allot or agree to allot any equity securities or subordinated debt securities or other securities (including hybrid, convertible or equity-linked securities) or grant or agree to grant any options in respect of such securities (or do anything economically equivalent to any of the foregoing), until the date that is 3 months after the end of the shortfall offer period, without first obtaining the written consent of the Lead Manager.

6.12 **Governing law**

The information in this Prospectus, the Offers, and the contracts formed on acceptance by the Company of an Application Form under the Entitlement Offer, or an application form under another Offer, are governed by the law applicable in Queensland, Australia. Any person who applies for New Securities offered pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

6.13 **No withdrawal or cooling-off rights**

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in the New Securities.

Metarock reserves the right to withdraw the offers of New Securities under this Prospectus at any time before the issue of those New Securities, in which case Metarock will refund any application monies already received in accordance with the Corporations Act and will do so without any interest payable to applicants.

6.14 **Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares or New Options (as applicable).

6.15 **No Entitlements trading**

Entitlements are personal and cannot be traded on ASX or any other exchange, nor can they be privately transferred, assigned or otherwise dealt with. If you do not take up your Entitlement by the Closing Date, your rights will lapse.

7. **DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 12 May 2023.

A handwritten signature in black ink, appearing to read 'Colin Bloomfield', with a horizontal line underneath.

Mr Colin Bloomfield
Non-Executive Chairman
Metarock Group Limited

8. DEFINITIONS

Definitions used in this Prospectus are as follows:

\$ means the lawful currency of the Commonwealth of Australia.

Additional New Shares means New Shares subscribed for by Eligible Shareholders in excess of their Entitlement under the Entitlement Offer, under the Top Up Facility.

Applicant means a person who submits an Application.

Application means payment of Application Monies by BPAY®, whether or not the applicant also submits an Application Form, or, for New Zealand holders, payment of Application Monies by electronic funds transfer or such other means as advised by the Share Registry and return of a duly completed Application Form.

Application Amount means the dollar value of any application to participate in the Entitlement Offer.

Application Form means the personalised entitlement and acceptance form or other application form included in or accompanying this Prospectus for participation in the Entitlement Offer.

Application Monies means monies equal to the value of New Shares at the Offer Price applied for by an Eligible Shareholder under the Entitlement Offer.

Approved US Shareholder means any Shareholder with a registered address in the United States on the Record Date who is, or any Shareholder with a registered address in Australia or New Zealand that is a nominee or custodian for a person who is, an “accredited investor” (as defined in Rule 501(a) under the US Securities Act) and whom the Company determines can participate without the filing of any notice of sale or other document with any US federal or state securities regulator.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market known as the 'Australian Securities Exchange' operated by it, as the context requires.

ASX Listing Rules means the official listing rules of the ASX as amended or waived.

ASTC Operating Rules means the operating rules of ASTC in its capacity as a CS facility licensee, except to the extent of any relief given by ASTC in their application to the Company.

AUD means Australian Dollar.

AASB means Australian Accounting Standards Board.

Australian Accounting Standards or **AAS** means the Australian accounting standards issued by the AASB.

Board means the board of Directors of the Company.

Bonus Issue means a pro rata issue of Shares to Shareholders for no consideration, as defined in Section 6.5(l).

Business Day means, for the purposes of the terms and conditions of the Options in Section 6.5:

- (a) if the Company is admitted to the official list of ASX at the time, has the meaning given in the ASX Listing Rules; or
- (b) otherwise, means a day except a Saturday, Sunday or public holiday in the State of Queensland, Australia.

Capital Raising means the Conditional Placement and the Entitlement Offer.

Chair means the Chair of the Board.

CHESS means Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Closing Date means the date that the Entitlement Offer closes which is 5.00pm (Sydney time) on 7 June 2023 or such other time and date as the Directors determine, being the last day on which Applications will be accepted.

Company or **Metarock** means Metarock Group Limited ACN 142 490 579.

Conditional Placement means the issue of the Subscription Shares and Subscription Options pursuant to the Subscription Agreement.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

DDO Obligations means the product design and distributions obligations under the Corporations Act.

Director means a director of the Company.

Eligible Shareholder means a person who eligible to participate in the Entitlement Offer as set out in Section 2.5.

Entitlement means the entitlement of an Eligible Shareholder to apply for 1 New Share for each 5.2 Existing Shares held by the Eligible Shareholder on the Record Date, together with 1 New Option for every 3.25 New Shares issued to the Eligible Shareholder, with an exercise price of \$0.23, in accordance with the Entitlement Offer.

Entitlement Offer means the offer of New Shares and New Options to Eligible Shareholders under this Prospectus, including under the Top Up Facility.

Exercise Date means the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the applicable Exercise Price for each Option being exercised in cleared funds, as defined in Section 6.5(f).

Exercise Period means at any time on or prior to the Option Expiry Date, as defined in Section 6.5(c).

Exercise Price means the exercise price of the New Options, being \$0.23, as defined in Section 6.5(b).

Existing Shares means Shares on issue at the Record Date.

Financial Information means the Historical Financial Information and Pro Forma Historical Financial Information contained in Section 4.

Group means the Company and its subsidiaries.

Historical Financial Information means the summary of the historical financial information for Metarock as of 31 December 2022 contained in Section 4.

Ineligible Shareholder has the meaning given in Section 2.5.

Instrument 2016/80 means ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

Lead Manager means Wilsons Corporate Finance Limited ACN 057 547 323.

Mastermyne means Mastermyne Ltd ACN 069 346 247 and the other subsidiaries of the Company that carry on the coal operating segment of the Group.

M Resources means M Mining Services Ltd ACN 666 168 627 as trustee for M Mining Services Trust.

New Securities means the new securities to be offered under this Prospectus, including the:

- (a) New Shares;
- (b) New Options;
- (c) Shortfall Securities; and
- (d) Subscription Options.

New Shares means the new Shares offered under the Entitlement Offer.

New Options means the new Options offered under the Entitlement Offer.

Notice of Exercise means notice given by the Shareholder to the Company to exercise the New Options.

Offers means the offers of New Securities under this Prospectus.

Offer Management Agreement means the agreement summarised in 6.11.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Offer Price means the offer price of \$0.15 per New Share under the Entitlement Offer.

Offer Website means <https://events.miraql.com/mye-offer>.

Opening Date means the day that the Entitlement Offer opens, being 19 May 2023.

Option means the right of the holder to subscribe for one new Share on exercise of the option, on the terms and conditions set out in Section 6.5.

Option Expiry Date means the expiry date of the New Options offered under this Prospectus, being 31 May 2028, as defined in Section 6.5(c).

Performance Rights means the performance rights issued by the Company.

Privacy Act means Privacy Act 1988 (Cth).

Pro Forma Historical Financial Information means a pro forma historical statement of the financial position assuming the pro forma adjustments occurred as of 31 December 2022 contained in Section 4.

Prospectus means this prospectus dated 12 May 2023 and lodged with ASIC on that date, including any supplementary or replacement prospectus in relation to this prospectus.

Prospectus Date means the date of this Prospectus.

Prospectus Expiry Date means the expiry date of this Prospectus which is 5.00pm (Sydney time) on the date that is 13 months after the Prospectus Date.

PYBAR means Pybar Holdings Pty Limited ACN 088 981 757 and its subsidiary, being the hard-rock operating segment of the Group.

Quotation Conditions means the conditions for official quotation of the Options under the ASX Listing Rules, including under ASX Listing Rule 2.5, condition 6 requiring at least 100,000 Options on issue and at least 50 holders of Options with a marketable parcel (excluding restricted securities).

Record Date means 7.00pm (Sydney time) on 17 May 2023, being the date on which Eligible Shareholders who are permitted to participate in the Entitlement Offer are determined.

Related Party has the meaning given to that term in section 228 of the Corporations Act.

Relevant Interest has the meaning in the Corporations Act.

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options or Performance Rights issued or granted by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means LINK Market Services Limited.

Shareholder means a holder of at least one Share.

Shortfall Offer means the offer of Shortfall Securities under this Prospectus.

Shortfall Offer Closing Date has the meaning in Section 2.7.

Shortfall Securities means those New Shares and New Options not taken up by Eligible Shareholders under the Entitlement Offer (including after completion of the Top Up Facility), together with the New Shares and New Options to which Ineligible Shareholders would otherwise have been entitled.

Subscription Agreement means the subscription agreement entered into between the Company and M Resources on 16 March 2023 for the issue of the Subscription Shares and the Subscription Options conditional on approval by Metarock's Shareholders which was provided on 11 May 2023.

Subscription Options means the 51,282,051 new Options to be issued to M Resources as part of the Conditional Placement.

Subscription Shares means the 166,666,667 new Shares to be issued to M Resources as part of the Conditional Placement.

TERP means Theoretical Ex rights Price. TERP is a theoretical calculation only and the actual price at which Metarock's shares trade immediately after the ex date of the Offer will depend on many factors and may not approximate TERP.

Top Up Facility has the meaning given in Section 2.6.

US or United States means the United States of America.

US Person has the meaning given in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

CORPORATE DIRECTORY

Directors

Mr. Colin Bloomfield (Non-Executive Chairman)*

Mr. Andrew Watts (Non-Executive Director)

Mr. Gabriel Meena (Non-Executive Director)*

Ms. Julie Whitcombe (Non-Executive Director)*

Mr. Paul Rouse (Non-Executive Director)

Mr. Paul Green (Managing Director)

* To retire from the Board following completion of the issue of the Subscription Shares under the Conditional Placement.

Proposed Director

Mr. Murray Smith (Proposed Non-Executive Director)**

**Proposed appointment following completion of the issue of the Subscription Shares under the Conditional Placement

Company Secretary

Mr Andrew Ritter (Company Secretary)

Registered Office

Level 1, 45 River Street
Mackay QLD 4740

Website

<https://www.metarock.com.au/>

Stock Exchange Listing

The Company's Shares are listed on ASX (code: MYE)

Share Registry

LINK Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000

Lead Manager

Wilson's Corporate Finance Limited
Level 32, Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000

Legal Adviser

Clayton Utz
Level 28, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000