

29 November 2022

ASX Announcement

Chairman's Address to AGM

It has been a tragic period for the company with the loss of two of our people in separate incidents at Crinum Mine and Moranbah North Mine. We have all been significantly affected by these events and our deepest sympathies go out to all family, friends and colleagues.

Following these events, the Board commissioned an Organisational Safety Review which determined that, while there were no glaring weaknesses in our approach, we should seek to reduce complexity in the systems that govern our work. This is particularly the case where our systems intersect with those of our clients where ambiguity can arise.

Investigations by the authorities into the incidents is ongoing and we have fully cooperated throughout. We will continue to focus on improving the capability of our organisation and our people as we continue to strive to reduce harm in our workplaces. We have always been, and will continue to be, a company that seeks to safeguard our people.

The previous period saw a rapid expansion of the company as we execute our strategy to become a mine operator in the coal sector and to enter the hard rock sector. These decisions will ultimately deliver a much larger, more resilient business in periods to come. However, in the short term, we have faced some significant challenges.

The tragic incident at Crinum Mine delayed the production phase of that project after the regulator restricted our access to the mine for an extended period. The cost of recovering the conveyor drift after the fall of ground was significant and the client has subsequently refused to pay for this service. This matter is subject to a claim by the company. We also took the difficult decision to terminate the Crinum contract given these incidents and the restricted access. We now are seeking to deal with all outstanding matters in this engagement. At this stage, the client has disputed the termination and our claim which the company is progressing.

The termination of the Gregory Crinum contract will materially reduce the risk profile of the Company's coal operations. The majority of work the Company performs in the coal sector is on a cost-plus basis which provides predictable cash flows.

A significant investment was made in plant and equipment for the Crinum Mine operation. There is strong demand for this type of plant and equipment given the relative strength of



METAROCK

coal markets and we have commenced a sale process for its disposal. Its sale will assist the Company in restoring its balance sheet.

Mining at our second operation, Cook Colliery, has commenced after a significant work program to establish the underground production infrastructure. Production is ramping up as new areas of that mine are established.

In September last year we announced the acquisition of Pybar Mining Services and that deal was completed in November 2021. This business gives us a substantial footprint in the hard rock sector particularly in the eastern states of Australia. This provides long term exposure to materials with a bright future as many countries seek to decarbonise their economies.

The early period of ownership of the business has delivered lower than planned results with a couple of key contracts significantly underperforming as our clients face problems in their operations. The recent announcement by Red River Resources Limited of their decision to put their subsidiary company into voluntary administration is an example of these issues.

As before when we have acquired businesses, we will address these problems and modify contract structures to better share risk with the client and improve returns to our business.

Importantly, we have been able to win new work in this sector and I refer to our recent announcement of contracts at Rosebery and Malabar Mines. These contracts reflect the terms and conditions that have underpinned years of strong performance in our coal business.

Our traditional coal contracting business continues to perform very well with its strong exposure to metallurgical coal, largely in the Bowen Basin, providing a strong basis for operations for years to come. Several important contracts have been extended during the period.

The Wilson's Mining Services ground consolidation business, which was acquired three years ago, has also performed extremely well and has continued to build its revenue base with contract wins at several sites.

Throughout the Metarock Group we continue to employ a dedicated and skilful workforce who are the backbone of our business. As we have done for many years, we have continued to invest in the development of their capability since this is our greatest competitive advantage. I thank them all for their hard work in a challenging period for the company.

Along with the challenges presented by the growth of the business our leadership group has faced the difficulties of managing through the COVID pandemic and dealing with a tight labour market. As always, they have approached these tasks with energy and enthusiasm, and I thank them all for their amazing dedication to our company.

Metarock Group Limited: Level 1 Riverside Plaza, 45 River Street, Mackay QLD 4740 // PO Box 1671, Mackay QLD 4740

Email: communication@metarock.com.au **Phone:** (07) 4963 0400 **www.metarock.com.au**

ABN: 96 142 490 579



METAROCK

The leadership group is undergoing a period of renewal with our CEO and CFO leaving the business for various reasons over the last few months. I thank Tony and Brett for their contribution and dedication to the business over many years.

We were very pleased to recently announce the appointment of Paul Green to the role of Managing Director and Chief Executive Officer. Paul has very successfully led the Mastermyne contracting business in recent years. He is a very experienced coal operator and has previously held General Manager and Site Senior Executive roles in Qld and NSW mines.

We were also very pleased to announce the appointment of Jeff Whiteman as Chief Financial Officer. Jeff is a Chartered Accountant and corporate financier, with over ten years' experience in the mining services sector covering a range of commodities on both the east and west coasts of Australia. Jeff has previously been CFO of Golding Contractors and the Australian Agricultural Company Limited, as well as Executive General Manager of Action Drill and Blast, a subsidiary of NRW Holdings Limited. He will be a valuable addition to our team.

I also thank our Board who have worked extremely hard over the period to support the leadership group as we work through this transformative phase. Over coming months, the Board will also progress through a period of renewal with long serving independent directors transitioning off the Board as suitable replacements are identified.

The Board acknowledges that the most recent period has been marked with disappointing results for our shareholders as we have grappled with significant operational difficulties. Our focus is squarely on delivering strong operating performance, reducing our costs and deleveraging our balance sheet. These actions will ultimately deliver a return to consistent results that our shareholders have previously enjoyed.

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

Further information:

Col Bloomfield – Chairman: (07) 4963 0400