

17 March 2023

ASX Announcement

Capital Raising and Strategic Investment with M Resources

Metarock Group Limited (ASX Code: MYE) (“Metarock” or “the Company”) today announces that an agreement has been entered into for a strategic investment by M Mining Services Pty Ltd (ACN 666 168 627) as trustee for the M Mining Services Trust an affiliate of M Resources (“M Resources”), which will, subject to shareholder approval, recapitalise the Metarock business, to reduce net debt and gearing, and provide increased liquidity.

M Resources has agreed to invest \$25.0 million to acquire at least a 51% interest in the Company via a placement, which will be subject to shareholder approval (“Conditional Placement”). The Company also intends to undertake a pro rata non-renounceable entitlement offer (“Entitlement Offer”) to existing shareholders to raise up to \$3.9 million. Combined, these raisings will see an injection of up to \$28.9 million of new equity capital into Metarock (together the “Transaction”).

The funds raised from the Transaction will be used to improve cash flow, reduce net debt and secure the Company's funding position.

Turnaround Plan and Recapitalisation

A series of one-off events, together with the crystallisation of a number of risks that were greater than anticipated, have placed a significant strain on the business' cashflow and balance sheet.

These events were primarily related to the challenges faced on the Crinum contract, and two PYBAR contracts (Peak and Thalanga). The financial impact has necessitated a number of measures to improve cash flow and created the requirement for a substantial equity injection.

In response to these challenges, a turnaround plan has been initiated which has delivered a pathway to return the business to previous levels of stability and profitability. The key elements of the turnaround plan include:

- Appointment of a new management team who commenced in late 2022;
- Exiting the Thalanga contract and termination of the Crinum and Peak contracts by mutual agreement;
- Sale of idle plant, including the Crinum coal equipment and idle hardrock equipment; and
- A recapitalisation of the business to improve liquidity and net debt positions.



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Recapitalisation is a fundamental element of the turnaround plan to improve cash flow, reduce net debt and secure the Company's funding position. This is being achieved through:

- The equity injection and interim debt financing outlined in this announcement;
- An extension of existing working capital facilities (announced on 3 March 2023); and
- An asset sales programme which is ongoing (including the first major asset sale announced on 22 February 2023).

Strategic Investment by M Resources

As part of the recapitalisation, Metarock welcomes M Resources as a strategic investor and stakeholder, through its \$25.0 million investment.

M Resources Group is a privately owned group of companies with substantial investments in the Australian mining sector, in particular coal mining. This strategic investment brings material advantages for Metarock, including: M Resources' deep sector insights across the value chain; potential to leverage the relationship for new contract opportunities; and combined capabilities of the two groups to deliver a full service offering in the coal mining sector. M Resources and Metarock will operate on an arm's length basis.

The Conditional Placement will be made pursuant to the terms of a Subscription Agreement. The material terms of the Subscription Agreement are summarised in **Annexure A** to this announcement.

Shareholders will be asked to approve the M Resources investment and associated issue of options. Subject to no superior proposal being made, and the Independent Expert's Report concluding that the Conditional Placement is reasonable, Metarock's Board unanimously recommends that shareholders of the Company support the Conditional Placement. All Board members intend to vote all of their respective shareholdings in favour of the Conditional Placement.

M Resources has 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 Transaction (the "Interim Debt Financing"), subject to satisfaction of conditions precedent which are typical for a financing of this nature. A summary of the key terms of the Interim Debt Financing is attached in **Annexure B** to this announcement.

Entitlement Offer

Subject to receiving shareholder approval for the Conditional Placement, Metarock also intends to launch an Entitlement Offer to eligible existing shareholders, which will also include attaching options. The Entitlement Offer will allow existing shareholders to participate in the capital raising at the same offer price as M Resources. Further details will be provided to eligible shareholders in a Prospectus to be lodged with ASIC.

Wilsons Corporate Finance Limited (“Wilsons”) is the Financial Adviser to the recapitalisation and Lead Manager to the Entitlement Offer. Clayton Utz is the Legal Advisor on the recapitalisation and Entitlement Offer.

Return to Profitability

Metarock expects that the business will return to its previous levels of stability and profitability. The underlying continuing core operations of the business are performing well, with a number of new contract extensions / awards announced throughout FY23. Post the recapitalisation, Metarock intends to enact the next stage of its turnaround plan, which consists of:

- Further debt reduction and improved liquidity;
- A renewed focus on risk versus reward balance and contract profitability; and
- The realisation of measured cost savings across the group.

Metarock Managing Director, Paul Green, said “This recapitalisation is a key step in delivering the second stage of the turnaround of Metarock. It provides additional capital to the Company, increases liquidity and reduces our net debt position, and provides us with a strong financial base. The continuing core operations are performing well and this improved financial position will enable us to execute our go forward plan.

We are also excited to have M Resources make a strategic investment in Metarock - they will bring deep sector insights throughout the value chain, with the potential for new opportunities through their extensive network of relationships”.

Board Changes

Subject to completion of the strategic investment (conditional on shareholder approval), M Resources will have the right to appoint three members to the Board, including the right to appoint an independent Chair.

The three current independent non-executive directors (Colin Bloomfield, Julie Whitcombe and Gabriel Meena) intend to retire from the Board upon completion of the strategic investment by M Resources. The Board would like to thank these directors for their significant contribution to Metarock over many years.

1H FY2023 Results

Overview

During the six-month period ended 31 December 2022, Metarock entered a period of consolidation following a phase of rapid growth over the preceding 12 months, during which time, the Company entered the hard rock sector through the acquisition of PYBAR and commenced two ‘whole of mine’ operations contracts in the coal sector. While the Company’s founding coal contracting business has continued to perform strongly, several adverse events over the past 18 months have placed significant financial strain on the Group. These events include:

- Protracted recovery work following the roof fall incident at Crinum (Sojitz) 'whole of mine' contract coupled with a dispute with the client and subsequent termination of the contract;
- Operational losses on the Peak mining services contract; and
- Losses suffered on the Thalanga mining services contract as a result of the mine owner (Cromarty Resources) entering Administration.

The Group increased its statutory revenue by 45% to \$261 million during the half year ended 31 December 2022 as a consequence of a full six-month contribution from both the Crinum mining contract and the PYBAR business.

Subsequent to the period end, the dispute in relation to Crinum has been settled with the client (announced 20 February 2023) and termination of the Peak contract has been mutually agreed with the client, effective from 31 March 2023. The termination of the Crinum, Peak and Thalanga contracts has caused significant write-offs and impairments which have materially impacted the Group's results for the half-year. On a statutory basis, the Group recorded an EBITDA loss of \$(50.0) million and net loss after tax of \$(63.5) million, which includes \$58.8 million of write-offs. On a normalised basis, EBITDA was \$8.8 million and the net loss after tax was \$(16.0) million. The Group's Half-Year Accounts and separate Results Presentation (released today) provide further information on the write-offs incurred and statutory and normalised results.

The net assets of the Group decreased from \$83.2 million (as at 30 June 2022) to \$19.5 million (as at 31 December 2022), primarily due to the write-offs and impairments noted above. As a consequence, as at 31 Dec 2022, the Group had a net current deficiency of \$63.9 million.

Outlook

The Group's order book currently stands at \$1.1 billion with approximately \$210 million to be delivered in 2H FY2023. Approximately 83% of expected FY2023 revenue is under contract, with approximately \$900 million of order book revenue relating to FY2024 and beyond. The tendering pipeline currently stands at nearly \$900 million with Coal Contracting contributing \$456 million, Mine Operations \$55 million and Hard Rock Contracting \$377 million. The Company views the outlook for commodity prices to remain at attractive levels, driving continued strong demand for contract mining services. Pre-production mining services (drilling, engineering, construction) are currently experiencing strong results, supporting the view that production exposed businesses, including the Metarock Group, will benefit from current development activity.

Update on Voluntary Suspension

The Group advises that the anticipated lifting of the voluntary suspension, previously scheduled for 17 March 2023, will be delayed to allow sufficient time for the ASX to fully consider the facts contained within this announcement, the accompanying Capital Raising and Strategic Investment Presentation and the Interim Financial Report for the Period Ended 31 December 2022 (released today).



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

Further information:

Paul Green, Managing Director - 07 4963 0400

Jeff Whiteman, Chief Financial Officer – 07 4963 0400

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

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ABN: 96 142 490 579

Annexure A - Subscription Agreement material terms

Overview of Subscription Agreement	M Mining Services Pty Ltd ACN 666 168 627 as trustee for the M Mining Services Trust an affiliate of M Resources (M Resources) has agreed to subscribe for a conditional 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 MYE (Subscription Agreement).
Entitlement Offer	MYE may also undertake a pro-rata non-renounceable entitlement offer to issue up to 26,000,000 fully paid ordinary shares in MYE and up to 8,000,000 options.
Condition Precedent	Completion of the issue of the Subscription Shares and Subscription Options is subject to shareholder approval by MYE's shareholders including for the purposes of section 611 Item 7 of the Corporations Act (Shareholder Approval).
Key obligations	The Company has a number of obligations under the Subscription Agreement, including but not limited to: - engage an appropriately qualified independent expert to prepare a report in connection with the shareholder meeting (IER); - prepare a notice of meeting and explanatory memorandum for the shareholder meeting to obtain Shareholder Approval (NOM); - provide a draft of the NOM and IER to ASIC and ASX for comment prior to finalisation; - take all necessary steps to call a general meeting in compliance with the Corporations Act, ASIC Regulatory Guides, the ASX Listing Rules and the Company's constitution to consider the Shareholder Approval; and - once M Resources has subscribed and paid the subscription price, issue the Subscription Shares and Subscription Options. The Company must issue the placement securities in compliance with the ASX Listing Rules and Corporations Act. The Subscription Agreement contains customary representations, warranties and indemnities for a conditional placement of this nature.

Director and observer nomination rights	From and subject to completion, as long as M Resources and its related entities continue to hold: • 50.1% or more of MYE shares, M Resources will be entitled to nominate two non-executive directors for appointment to the board of MYE together with an independent non-executive chair of the board of MYE. • 40% or more (but less than 50.1%) of MYE Shares, M Resources may nominate two non-executive directors for appointment to the board of MYE; • 20% or more (but less than 40%) of MYE Shares, M Resources may nominate one non-executive director for appointment to the board of MYE. From and subject to completion, as long as M Resources and its related entities continue to hold more than 50% of MYE Shares, M Resources may nominate up to two individuals as observers of the board of MYE. Upon completion of the Conditional Placement occurring, Colin Bloomfield, Gabriel Meena and Julie Whitcombe intend to retire from the MYE Board.
No talk, no shop	The Subscription Agreement includes customary no shop, no talk and no due diligence provisions. The no talk and no due diligence provisions will not apply where the board of MYE 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. MYE must notify M Resources of discussions or proposals of which MYE becomes aware.
Termination	Either party may terminate the Subscription Agreement at any time before completion by giving 5 Business Days written notice to the other party if: • any resolution comprising the Shareholder Approval is not passed at the general meeting; • the Shareholder Approval condition precedent is not satisfied on or before 30 June 2023; • a director of the Company: ◦ fails to make, withdraws or adversely modifies or qualifies their recommendation that the Company's shareholders vote in favour of the Shareholder Approval; ◦ 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 Shareholder Approval; 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. 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.

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Subscription Option Terms	Each Subscription Option: • entitles the holder to subscribe for 1 fully paid ordinary MYE share at an exercise price of \$0.23; • will expire at 5:00pm (Sydney time) on 31 May 2028. Any options not exercised before that time automatically lapse; • does not entitle the holder to any voting rights or rights to participate in new issues until the Subscription Options are exercised and MYE Shares are issued; and • are freely transferable subject to registration of the transfer with MYE, any restrictions under an applicable law and any restrictions or escrow arrangements imposed by ASX. Subject to meeting the requirements of the ASX Listing Rules and the Corporations Act, MYE intends to apply for quotation on ASX of the Subscription Options and the options proposed to be issued under the Entitlement Offer. The options to be offered under the Entitlement Offer are intended to be issued on substantially the same terms as the Subscription Options.
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Annexure B - Interim Debt Financing - Summary of key terms

Overview	M Resources has committed to provide non-revolving debt facilities of up to \$10.4m to provide additional short-term working capital to certain subsidiaries of the Company (the "Borrowers") pursuant to a facility agreement between the Company, the Borrowers and M Resources (the "Facility Agreement").
Conditions Precedent	Utilisation of the Interim Debt Financing is subject to conditions precedent which are usual for a financing of this nature and include, among other things, delivery of certain financial information relating to the Group and the granting of a security interest in certain assets of the Borrowers and evidence of the Borrowers' title to such assets.
Guarantee & Security	The Company and each Borrower have guaranteed the amounts payable under the Interim Debt Financing. The Borrowers have granted security interests in certain assets which are the subject of the ongoing asset divestment program. The Company has not granted any security interests in connection with the Interim Debt Financing.
Purpose	The proceeds of the Interim Debt Financing may be applied towards repayment of existing financial indebtedness of the Group and towards financing general corporate purposes (including working capital purposes) of the Group.
Financial Covenants	The Interim Debt Financing does not include any financial covenants.
Representations, undertakings & events of default	The Facility Agreement includes customary representations and warranties, undertakings and events of default for a financing of this nature.
Repayment	If Shareholder Approval to the Conditional Placement is obtained, the facilities must be repaid on completion of the Conditional Placement. The subscription proceeds of the Conditional Placement will be applied against any amounts owing to M Resources under the Interim Debt Financing. If Shareholder Approval to the Conditional Placement is not obtained, the facilities must be repaid by 7 July 2023. If the Board announces a competing transaction which would see another third party acquiring more than 50% of the Company, the facilities must be repaid within 30 days of that announcement (or, if earlier, the date on which the competing transaction completes).



Capital Raising and Strategic Investment Presentation

Metarock Group Limited (ACN 142 490 579)

Paul Green, Managing Director

Jeff Whiteman, Chief Financial Officer

17 March 2023



Executive Summary

The return of a strong underlying business post a recapitalisation and continued turnaround plan

- A series of one-off events and risks that were greater than anticipated have placed strain on the business' cash flow and balance sheet
- A turnaround plan has been initiated, which has delivered a pathway to return the business to previous levels of stability and profitability
- Recapitalisation is a key element of the turnaround plan. The recapitalisation includes an equity capital injection, an extension of existing working capital facilities (announced on 3 March 2023) and an asset sales program (ongoing)
- M Resources is to acquire at least a 51.0% interest via a Conditional Placement, which will be subject to shareholder approval and include attaching options¹
- M Resources' investment is both necessary and exciting, and introduces as investor a seasoned mining business that will complement the existing business and provide future opportunities, in addition to its equity investment which underpins the future stability and growth of the business
- Subject to receiving shareholder approval for the Conditional Placement, Metarock also intends to launch an Entitlement Offer to eligible existing shareholders, which will also include attaching options
- The Entitlement Offer will allow existing shareholders to participate in the capital raising at the same offer price as M Resources



¹ ~51.0% interest is based on a fully subscribed Entitlement Offer. Excludes options and any shares issued on exercise of options.

Metarock Highlights

Turnaround of the business will leverage off its strong fundamentals

1. A leading underground mining services business on the east coast of Australia
2. Blue-chip client base of tier one miners, typically with Metarock having long tenure at the mine site
3. Management renewal focused on profitability and capital efficiency
4. Material funding package provides sufficient funding for additional working capital and to reduce balance sheet leverage
5. Core competency in underground mining, a sector expected to become more prevalent as existing open pit mines reach end of life
6. Broad commodity exposure across metallurgical coal and hard rock, with potential to expand into the battery metal space



Introduction to Metarock's Management Team



Paul Green, Managing Director (Commenced October 2022)

- Joined Mastermyne in March 2020, appointed CEO of Coal Contracting in November 2021
- Over 25 years' experience in operational management, strategic and organisational change roles in the Australian coal mining industry
- Previously held General Manager and Site Senior Executive roles in QLD underground (longwall and bord and pillar) and open cut mines and in NSW underground (longwall) coal mines.



Jeff Whiteman, Chief Financial Officer (Commenced November 2022)

- Joined Metarock Group in November 2022 as CFO
- Senior finance professional with extensive experience in civil contracting and contract mining, strategic planning, mergers and acquisitions and capital structuring
- Previously been CFO of a large Queensland based civil and mining contractor and Executive General Manager of the largest drill and blast contractor in Australia. He also has prior ASX200 CFO experience with a leading agribusiness



James Glover, Chief Executive Officer PYBAR (Commenced as CEO in June 2022)

- Joined PYBAR in November 2021 as COO
- 25 years operational and project management experience across underground mining and civil tunnelling in Australia and internationally
- Worked with Tier 1 and 2 mining organisations in Project Director and Project Manager roles. Has been involved in a number of mergers and acquisitions, and turnaround plans

ONE-OFF EVENTS AND TURNAROUND PLAN

One-off Events Underpinned the Requirement for a Turnaround Plan and Recapitalisation

Significant one-off events that were greater than anticipated have necessitated a turnaround plan, including recapitalisation

One-off events

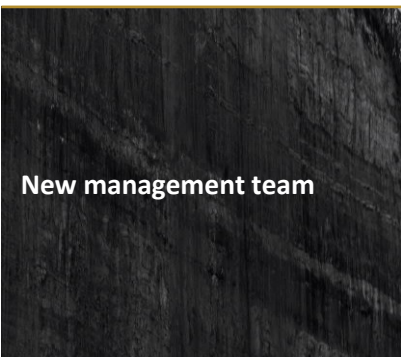
- Crinum contract terminated and settled following protracted recovery work relating to the roof fall incident and subsequent contract disputes. Full and final settlement announced in February 2023
 - Total EBITDA impact to Metarock of ~\$37.8m
- Purchase of PYBAR included two contracts that were loss-making - the assumptions made on the timing and effort to turn them into profitable contracts were not realised, resulting in losses over a longer period of time than anticipated
 - Thalanga Mine owner entered administration in October 2022
 - Peak contract terminated by mutual agreement with the client, effective from 31 March 2023
 - Total EBITDA impact to Metarock of ~\$9.5m (as well as contributing to a general PYBAR inventory impairment in 1H FY23 of \$3.4m)
- Significant reduction in workscope at Peak and Thalanga resulted in loss of revenue which did not cover debt servicing on plant asset finance

Impact of one-off events

- The financial impact of the Crinum contract and adverse PYBAR contracts created material gearing and cash flow pressure on Metarock, necessitating a number of measures to improve cash flow and a substantial equity injection

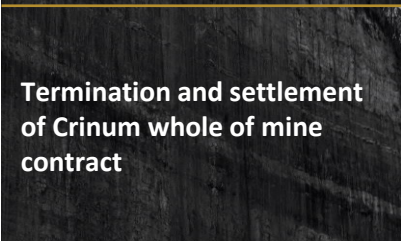
Turnaround Plan – Stage One

Significant one-off events that were greater than anticipated have necessitated a turnaround plan, including recapitalisation



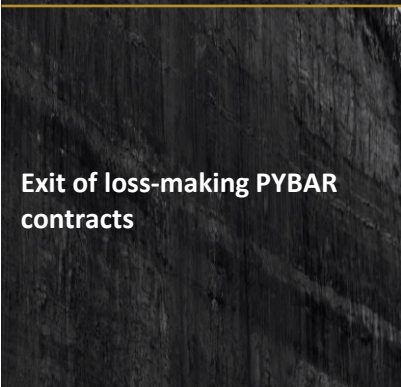
New management team

- New management team in place for approximately four months, including:
 - Paul Green (Managing Director) – extensive mining operations and services experience and leadership of change
 - Jeff Whiteman (CFO) – extensive contracting, mining services and turnaround experience
 - James Glover (CEO PYBAR) – extensive hard rock underground mining experience



Termination and settlement of Crinum whole of mine contract

- Contract terminated and settled by mutual agreement following protracted recovery work relating to the roof fall incident and subsequent contract disputes to extinguish cash outflows
- Negotiated full and final settlement announced in February 2023, with no further financial impacts expected from 2H FY23



Exit of loss-making PYBAR contracts

- Financial result for PYBAR was materially impacted by two loss-making contracts, both of which have been terminated:
 - Thalanga (Cromarty Resources): Mine owner entered administration in October 2022, resulting in \$7.1m in write-offs and impairment
 - Peak (Aurelia): Termination of the contract mutually agreed with the client, with PYBAR operations at Peak to cease on 31 March 2023. This will deliver a positive impact to EBITDA for future periods

Turnaround Plan – Stage One (cont'd)

Significant one-off events that were greater than anticipated have necessitated a turnaround plan, including recapitalisation

Continuing core operations performing well	• Mastermyne (Coal Contracting): Founding coal contracting business, which has continued to perform well with a number of contract extensions/wins in FY23 to date • Mastermyne (Whole of Mine): Ramp-up of Cook Operations is ongoing, challenged by availability of labour. The contract is on a 'cost plus' basis and remains profitable • PYBAR: Following the termination of adverse contracts, the remaining portfolio is profitable and performing in line with expectations, with new contracts including Rosebery services contract and Maxwell mine drift construction expected to contribute to operational improvement in 2H FY23
Sale of idle plant	• Sale of coal equipment underway, with the first panel of major equipment divested to a third party in February 2023 • In addition, Metarock has commenced a sales process for idle equipment in the hard rock business to further reduce debt and consequently the debt servicing burden
Progressing the recapitalisation of Metarock	• The financial impact of the one-off events and the risks being greater than anticipated has created material gearing and cash flow pressure on Metarock, necessitating a number of measures to improve cash flow and a substantial equity injection • The recapitalisation process is an important part of stabilising the business and setting it up for future growth
Recapitalisation needs	• Extension of working capital facilities: Credit-approved extension to 30 September 2023, of \$48.5m in working capital facilities. An \$11.5m reduction in facility limits as a consequence of the extension is not expected to have an adverse impact given other changed terms in the agreement, together with the provision of an interim debt financing facility by M Resources • Equity injection: Material strategic investment by M Resources of \$25.0m, plus intended Entitlement Offer of up to \$3.9m

RECAPITALISATION – M RESOURCES TRANSACTION

Recapitalisation – Strategic Investment by M Resources

Material investment to support Metarock's recapitalisation, with ongoing alliance to deliver future strategic value

About M Resources

- M Resources Group is a privately owned group of companies with substantial investments in the Australian mining sector, in particular coal mining
- M Resources and/or its affiliates hold various coal investments including equity interests in 1Rail, Stanmore Coal, Bowen Coking Coal, Cokal Limited and the Millennium Mining Complex
- M Resources was founded in 2011 and has expanded its service offering to include coal trading, marketing, consulting, and mine investment, ownership, operations and rehabilitation

Strategic investment

- Investment of \$25.0m via a Conditional Placement of 166.7m shares
- Post completion of the Conditional Placement and Entitlement Offer, M Resources will have a shareholding of at least ~51.0% in Metarock¹
- M Resources will also receive 51.3m options with an exercise price of \$0.23, consistent with the options to be issued under the Entitlement Offer
- Due to the size of its post-completion shareholding, M Resources will have the right to appoint two Directors and an independent Chair to the Board

Interim funding

- M Resources has agreed to provide interim debt financing of up to ~\$10.4m to provide additional short term working capital for the period to completion of the Transaction (subject to typical conditions precedent)

¹ ~51.0% interest is based on a fully subscribed Entitlement Offer. Excludes options and any shares issued on exercise of options.

Recapitalisation – Strategic Investment by M Resources (cont’d)

Material investment to support Metarock’s recapitalisation, with ongoing alliance to deliver future strategic value

Advantages for Metarock	• Deep sector insights throughout the value chain • Potential to leverage relationship for new contract opportunities • Aligned cornerstone investor to deliver a full service offering in the coal mining sector • Metarock will continue to operate as an independent entity on an arm’s length basis • Experienced and credentialed appointments to the Board, including Chair and two Directors, when the M Resources transaction completes
Shareholder vote and Board support for investment	• Shareholders will be asked to approve the M Resources investment and associated issue of options • Subject to no superior proposal being made, and the Independent Expert’s Report concluding that the Conditional Placement is reasonable, Metarock’s Board unanimously recommends that shareholders of the Company support the Conditional Placement and vote all of their respective shareholdings in favour of the Conditional Placement
Board changes	• Subject to completion of the strategic investment by M Resources, M Resources will have the right to appoint three new members to the Board, including the Chair • The three current independent non-executive directors (Colin Bloomfield, Julie Whitcombe and Gabriel Meena) intend to retire from the Board upon completion of the strategic investment by M Resources

Summary



TURNAROUND PLAN – STAGE 2



Turnaround Plan – Stage Two

Further actions to consolidate the business and position it for future growth

Significantly improved working capital position with ongoing program to reduce net debt and gearing

- \$25.0m equity investment by M Resources (see page 10) provides additional working capital for MYE and also for the reduction of net debt
- Supplemented by a 1-for-5.2 Entitlement Offer to eligible existing shareholders to raise up to \$3.9m and ongoing divestments of idle assets
- M Resources has also agreed to provide interim debt financing of up to ~\$10.4m to provide additional short term working capital for the period to completion of the Transaction (subject to typical conditions precedent)
- Credit-approved extension of existing working capital banking facilities to 30 September 2023, subject to typical conditions precedent, together with active discussions in relation to the optimal structure of ongoing facilities beyond that date

Risk vs reward balance

- Avoiding contracts where the reward (profitability) is not commensurate with the risk (safety, commercial, financial) that is being taken
- Improved assessment of risk, margins, profitability and ROIC for all new project tenders
- Balanced contract portfolio approach, having regard to capital and operational resources

Measured cost-out program

- Implement measured cost-out program to drive efficiencies, enhance profitability and reduce cash outflow
- Realise opportunities to deliver synergies across the group

CAPITAL RAISING

Offer Overview

Transformational equity injection to recapitalise the business

Offer size and structure	• \$28.9m capital raising, comprising: – a \$25.0m strategic placement to M Mining Services Pty Ltd as trustee for M Mining Services Trust (“M Resources”), subject to shareholder approval (“Conditional Placement”); and – a 1-for-5.2 pro rata non-renounceable entitlement offer to eligible shareholders to raise up to \$3.9m (“Entitlement Offer”) together, the “Offer” • Up to 192.7m new shares and up to 59.3m options to be issued under the Offer
Offer Price	• The Conditional Placement and Entitlement Offer will be conducted at a price of \$0.15 per new share (“Offer Price”), which represents a: – 4.6% discount to the 30-day volume weighted average price (“VWAP”) of \$0.1573 to 27 February 2023; and – 28.6% discount to the last traded price of \$0.21 on 27 February 2023
Options	• M Resources and participants in the Entitlement Offer will receive 1 option for every 3.25 new shares subscribed for under the Conditional Placement and the Entitlement Offer respectively • Options will have an exercise price of \$0.23 and will expire at 5:00pm (Sydney time) on 31 May 2028 – Exercise price represents a 46.2% premium to the 30-day VWAP of \$0.1573 to 27 February 2023 • Metarock will seek quotation of the options on the ASX subject to satisfaction of relevant ASX Listing Rules criteria
Ranking	• New shares issued under the Offer (including on exercise of options) will rank equally with existing Metarock shares on issue on the relevant issue date
Financial Adviser and Lead Manager	• Wilsons Corporate Finance Limited (“Wilsons”) has been appointed as Financial Adviser to the recapitalisation and Lead Manager to the Entitlement Offer

Pro Forma Balance Sheet as at 31 December 2022

31 December 2022 (\$A '000s)	Statutory (audited)	Debt and Payables adjustments ¹	Proforma (unaudited) before Equity	Conditional Placement	Proforma (unaudited) after Conditional Placement	Entitlement Offer ²	Proforma (unaudited) after Entitlement Offer
Assets							
Cash and Cash Equivalents	3,616	-4,065	-449	22,526	22,077	3,705	25,782
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	22,526	134,606	3,705	138,311
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	0	117,593	0	117,593
Total Assets	243,408	-13,735	229,673	22,526	252,199	3,705	255,904
Liabilities							
Trade and Other Payables	75,264	-5,943	69,321		69,321		69,321
Borrowings	55,792	295	56,087	0	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	0	175,680	0	175,680
Borrowings	20,572	1,178	21,750	0	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	0	33,624	0	33,624
Total Liabilities	223,917	-14,612	209,305	0	209,305	0	209,305
Net Assets	19,491	878	20,369	22,526	42,895	3,705	46,600
Equity							
Share capital	87,904		87,904	22,526	110,430	3,705	114,135
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	22,526	42,895	3,705	46,600

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

² Based on a fully subscribed Entitlement Offer.

Conditional Placement Overview

Significant investment by new strategic partner

Conditional Placement

- M Resources has executed a binding commitment to subscribe for ~166.7m new shares and ~51.3m options in Metarock, representing at least ~51.0% of Metarock's fully diluted ordinary share capital following the issue of new shares under the Conditional Placement and Entitlement Offer, but before the issue of any shares under the options¹
- Completion of the issue of new shares and options under the Conditional Placement is subject to shareholder approval by Metarock's shareholders, as required by Corporations Act Section 611, Item 7

Board support for the Conditional Placement

- Subject to no superior proposal being made, and the Independent Expert's Report concluding that the Conditional Placement is reasonable, Metarock's Board unanimously:
 - recommends that shareholders of the Company support the Conditional Placement and vote in favour of the Conditional Placement; and
 - has committed to voting all of its shares in favour of the Conditional Placement, representing ~26% of the total number of ordinary shares on issue

Indicative timing²

- Shareholder vote to approve Conditional Placement expected to take place in first half of May 2023

¹ ~51.0% interest is based on a fully subscribed Entitlement Offer. Excludes options and any shares issued on exercise of options.

² All dates and times are indicative only and subject to change.

Entitlement Offer Overview

Opportunity for eligible existing shareholders to participate in capital raising at the same offer price as M Resources

Entitlement Offer	- Under the Entitlement Offer, eligible shareholders will have the opportunity to subscribe for 1 new share for every 5.2 existing Metarock shares held on the Record Date - Participants will receive 1 free attaching option for every 3.25 new shares allotted under the Entitlement Offer respectively - The Entitlement Offer is non-renounceable and entitlements will not be tradable or otherwise transferable - The Entitlement Offer is expected to open following the shareholder vote and will be open to eligible shareholders in Australia, New Zealand and certain other jurisdictions agreed by Metarock and the Lead Manager. Eligible shareholders may subscribe for all, or part of their entitlement under the Entitlement Offer and, if they take up all of their entitlement, they may apply for additional new shares via an oversubscription facility - Further details will be provided to eligible shareholders in a Prospectus to be lodged with ASIC
Directors' intentions	The non-retiring Directors of Metarock intend to participate in the Entitlement Offer
Indicative timing ¹	Entitlement Offer is expected to launch following shareholder vote to approve the Conditional Placement

¹ All dates and times are indicative only and subject to change.

² Assumes the options are quoted.

ANNEXURE A

Subscription Agreement Material Terms

Overview of Subscription Agreement	M Mining Services Pty Ltd ACN 666 168 627 as trustee for the M Mining Services Trust (M Resources) has agreed to subscribe for a conditional 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 MYE (Subscription Agreement).
Entitlement Offer	MYE may also undertake a pro-rata non-renounceable entitlement offer to issue up to 26,000,000 fully paid ordinary shares in MYE and up to 8,000,000 options.
Condition Precedent	Completion of the issue of the Subscription Shares and Subscription Options is subject to shareholder approval by MYE's shareholders including for the purposes of section 611 Item 7 of the Corporations Act (Shareholder Approval).
Key obligations	The Company has a number of obligations under the Subscription Agreement, including but not limited to: • engage an appropriately qualified independent expert to prepare a report in connection with the shareholder meeting (IER); • prepare a notice of meeting and explanatory memorandum for the shareholder meeting to obtain Shareholder Approval (NOM); • provide a draft of the NOM and IER to ASIC and ASX for comment prior to finalisation; • take all necessary steps to call a general meeting in compliance with the Corporations Act, ASIC Regulatory Guides, the ASX Listing Rules and the Company's constitution to consider the Shareholder Approval; and • once M Resources has subscribed and paid the subscription price, issue the Subscription Shares and Subscription Options. The Company must issue the placement securities in compliance with the ASX Listing Rules and Corporations Act. The Subscription Agreement contains customary representations, warranties and indemnities for a conditional placement of this nature.

Director and observer nomination rights

From and subject to completion, as long as M Resources and its related entities continue to hold:

- 50.1% or more of MYE shares, M Resources will be entitled to nominate two non-executive directors for appointment to the board of MYE together with an independent non-executive chair of the board of MYE;
- 40% or more (but less than 50.1%) of MYE Shares, M Resources may nominate two non-executive directors for appointment to the board of MYE;
- 20% or more (but less than 40%) of MYE Shares, M Resources may nominate one non-executive director for appointment to the board of MYE.

From and subject to completion, as long as M Resources and its related entities continue to hold more than 50% of MYE Shares, M Resources may nominate up to two individuals as observers of the board of MYE.

Upon completion of the Conditional Placement occurring, Colin Bloomfield, Gabriel Meena and Julie Whitcombe intend to retire from the MYE Board.

No talk, no shop

The Subscription Agreement includes customary no shop, no talk and no due diligence provisions. The no talk and no due diligence provisions will not apply where the board of MYE 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. MYE must notify M Resources of discussions or proposals of which MYE becomes aware.

Termination

Either party may terminate the Subscription Agreement at any time before completion by giving 5 Business Days written notice to the other party if:

- any resolution comprising the Shareholder Approval is not passed at the general meeting;
- the Shareholder Approval condition precedent is not satisfied on or before 30 June 2023;
- a director of the Company:
 - fails to make, withdraws or adversely modifies or qualifies their recommendation that the Company's shareholders vote in favour of the Shareholder Approval;
 - 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 Shareholder Approval; 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.

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.

Subscription Option Terms

Each Subscription Option:

- entitles the holder to subscribe for 1 fully paid ordinary MYE share at an exercise price of \$0.23;
- will expire at 5:00pm (Sydney time) on 31 May 2028. Any options not exercised before that time automatically lapse;
- does not entitle the holder to any voting rights or rights to participate in new issues until the Subscription Options are exercised and MYE Shares are issued; and
- are freely transferable subject to registration of the transfer with MYE, any restrictions under an applicable law and any restrictions or escrow arrangements imposed by ASX.

Subject to meeting the requirements of the ASX Listing Rules and the Corporations Act, MYE intends to apply for quotation on ASX of the Subscription Options and the options proposed to be issued under the Entitlement Offer.

The options to be offered under the Entitlement Offer are intended to be issued on substantially the same terms as the Subscription Options.

ANNEXURE B



Interim Debt Financing – Summary of Key Terms

Overview	M Resources has committed to provide non-revolving debt facilities of up to \$10.4m to provide additional short-term working capital to certain subsidiaries of the Company (the " Borrowers ") pursuant to a facility agreement between the Company, the Borrowers and M Resources (the " Facility Agreement ").
Conditions Precedent	Utilisation of the Interim Debt Financing is subject to conditions precedent which are usual for a financing of this nature and include, among other things, delivery of certain financial information relating to the Group and the granting of a security interest in certain assets of the Borrowers and evidence of the Borrowers' title to such assets.
Guarantee & Security	The Company and each Borrower have guaranteed the amounts payable under the Interim Debt Financing. The Borrowers have granted security interests in certain assets which are the subject of the ongoing asset divestment program. The Company has not granted any security interests in connection with the Interim Debt Financing.
Purpose	The proceeds of the Interim Debt Financing may be applied towards repayment of existing financial indebtedness of the Group and towards financing general corporate purposes (including working capital purposes) of the Group.
Financial Covenants	The Interim Debt Financing does not include any financial covenants.
Representations, undertakings & events of default	The Facility Agreement includes customary representations and warranties, undertakings and events of default for a financing of this nature.
Repayment	If Shareholder Approval to the Conditional Placement is obtained, the facilities must be repaid on completion of the Conditional Placement. The subscription proceeds of the Conditional Placement will be applied against any amounts owing to M Resources under the Interim Debt Financing. If Shareholder Approval to the Conditional Placement is not obtained, the facilities must be repaid by 7 July 2023. If the Board announces a competing transaction which would see another third party acquiring more than 50% of the Company, the facilities must be repaid within 30 days of that announcement (or, if earlier, the date on which the competing transaction completes).



METAROCK

