



Metarock Group Limited and its Controlled Entities

ABN 96 142 490 579

Interim Financial Report 31 December 2021

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Appendix 4D

Results for announcement to market for the period ending 31 December 2021

Name of Entity Metarock Group Limited
ABN 96 142 490 579

	31 Dec 2021 \$000	31 Dec 2020 \$000	Movement \$000	Movement %
Revenue from Ordinary Activities	178,661	110,873	67,788	61%
Net profit/(loss) after tax from Ordinary Activities attributable to owners of the entity	(3,707)	1,942	(5,649)	(291%)
Earnings per share attributable to owners of the entity				
Basic earnings per share (cents)	(3.2)	1.8	(5.0)	(178%)
Diluted earnings per share (cents)	(3.2)	1.8	(5.0)	(178%)

Dividends

No interim dividend was declared for the period ended 31 December 2021

Net Tangible Asset Backing

	31 Dec 2021	30 Jun 2021
Net tangible assets per ordinary share (\$)	0.43	0.59

Additional information supporting the Appendix 4D disclosure requirements can be found in the Interim Financial Report for the half year which contains the Director's Report and the 31 December 2021 Financial Statements and accompanying notes.

This report is based on the consolidated financial statements for the half year ended 31 December 2021, which have been reviewed by Pitcher Partners.

The Directors present their report on the Consolidated Entity consisting of Metarock Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

1 Directors

The following persons were Directors of Metarock Group Limited during the whole of the half-year and up to the date of this report:

Mr. C Bloomfield
Mr. A Watts
Mr. G Meena
Ms. J Whitcombe
Mr. A Caruso

Mr. P Rouse was appointed as a Director effective 5 November 2021 and continues in office at the date of this report.

2 Operating and financial review

Results

Overview

During the six-month period ended 31 December 2021, the Group has transformed into a leading Australian diversified underground mining services group through the completion of the acquisition of PYBAR Holdings Pty Limited (PYBAR) in November 2021, and renaming of the overall Group to Metarock Group Limited ("Metarock" or "the Group") (ASX Code: MYE).

The Mastermyne and PYBAR brands have a rich history and a respected presence which together create a highly specialised large-scale mining services group, which will provide additional scale to compete and allow us to leverage competencies from both sectors. The Group has a significantly larger addressable underground market across a broad range of commodities which also brings resilience through the mining cycles.

In addition to the PYBAR acquisition, we are now delivering on our Mine Operations strategy to open up a significant new market, where we have invested heavily, and allows us to operate mines in our own right. The Mine Operations division delivers long term, repeatable revenue and increases margins across the business. Whilst capital intensity is increased at start up stage, this initial capital commitment sustains long term increased returns, is equipment backed and underwritten through the contracts.

During the half the Group unfortunately had a serious underground accident and the Crinum Mine, which resulted in a fatality of one of our colleagues, Graham Dawson. This has had a profound impact on the business and our people. We are now focussed on a staged restart in conjunction with the resources regulator to safely recommencing the project.

The Crinum incident impacted the Group results with an approximate 20 week delay and associated costs for recovery at \$6,796,000 for the six month period. The schedule now has first coal being delivered in the 4th quarter of FY2022 and progressively ramping up to full operations (three panels) by the 1st quarter of FY2023.

2 Operating and financial review (continued)

Results (continued)

Overview (continued)

The below table outlines the Statutory Results to Normalised Results, excluding the Crinum incident impact and the one-off PYBAR acquisition costs incurred during the half.

	Statutory Results H1 FY2022 \$'000	Crinum Impact \$'000	PYBAR Acquisition Costs \$'000	Normalised Results H1 FY2022 \$'000	Statutory Results H1 FY21 \$'000	Movement %
Revenue & other income	180,380	-	-	180,380	111,536	61.7%
EBITDA	8,684	6,796	1,133	16,613	9,752	70.4%
Depreciation	(11,007)	-	-	(11,007)	(6,137)	79.4%
EBITA	(2,323)	6,796	1,133	5,606	3,616	55.0%
Amortisation	(1,147)	-	-	(1,147)	(185)	520.0%
Net finance costs	(1,153)	-	-	(1,153)	(516)	123.4%
Profit/(loss) before tax	(4,623)	6,796	1,133	3,306	2,915	13.4%
Income tax (expense)/benefit	916	(2,039)	-	(1,123)	(962)	16.7%
Net profit/(loss) after tax	(3,707)	4,757	1,133	2,183	1,953	11.8%

With the acquisition of the PYBAR business in November 2021, the strategic rationale continues to be confirmed, with further contract extensions (Gwalia, Western Australia) and Maxwell drift construction appointment as preferred contractor, and an increasing tender pipeline to continue to support the planned growth. From acquisition date there has been some softer performance on isolated contracts impacting our anticipated results, but these issues have either now been resolved or are well progressed towards resolution in H2.

Mine Operations Strategy Update

We have continued to see coal assets change hands from Tier 1 corporations to junior miners and investment groups with many of these new owners not holding the underground operating capability. This has created a niche opportunity for contract miners to bring these services to assist new owners to unlock the value from these assets. In addition to assets changing hands, we are seeing less greenfield project approvals meaning more dependence on brownfield development to meet the market demand and as such these smaller remnant underground opportunities require contract miners with expertise and equipment to extract the product typically utilising bord and pillar mining methods. The Company is one of a very small number of contract operators who can supply this service which has seen the Company successfully execute two contracts in this area of the business.

Operations at Crinum and Cook have progressed substantially over the half with both projects preparing for first production in H2 2022, and currently progressing other Mine Operations contracts which will come on line over the next 12 to 24 months.

Crinum is well progressed on the staged restart process where we have focused on ensuring we are addressing the risks on site so that the project is recommencing safely and efficiently. The fall of ground event occurred close to the surface, impacting a small localised area in the access tunnels to the underground mining areas. The stability of the underground mining area is well understood and is not at risk to the same causal factors that contributed to the fall in the access tunnels. We are making decisions that will accelerate our production along with investing in additional equipment to recover our schedule, where the revised schedule has first coal being delivered early in the Q4 of FY2022 and progressively ramping up to full operations by the end of Q1 FY2023. The current workforce is at 71, and will progressively ramp up over the next 6 months to a total of 180 people. The procurement and overhaul of key mining equipment remains on time to meet the schedule.

2 Operating and financial review (continued)

Results (continued)

Overview (continued)

Cook has progressed substantially, with the mining services agreement for 4 + 2 year term under a direct cost contract model executed during February. All existing infrastructure has been recommissioned and underground mining has commenced to form up the production panels. The project currently has a workforce of 60 and will progressively ramp up over the next 6 months to 198 people. Production machines are purpose built bord and pillar miners with specifications designed around the Cook seam and methodology.

PYBAR Mining Services Acquisition

The PYBAR business is highly complimentary with the Company's core business of underground mining and expedites our diversification strategy, giving us exposure to a broad suite of commodities with immediate scale (which would otherwise take years from a purely organic approach) and a national footprint. We have grown more confident in the PYBAR business and culture and its alignment with our broader values and direction. Through the acquisition we have increased our overall workforce with 1,100+ highly skilled hard-rock employees and we are leveraging opportunities for synergies and shared learnings. PYBAR's order book gives us a strong position in the east coast market and long term relationships with Tier 1 clients such as Glencore (Mt Isa) and Newcrest (Cadia).

Under the Metarock Group we are confident of fully exploiting the growth potential of this business as we access the resources of a public company. PYBAR has historically been a capital constrained private company with limited access to larger tier1 contracts. Through the acquisition clients are overcoming hesitation in dealing with a private company which is enabling access to larger, longer term contracts and the recent Malabar contract win is a major vote of confidence from customers in the new larger business. PYBAR fits well with the Company's track record of acquiring and reinvigorating private businesses.

PYBAR comes with a strong growth outlook as the Australian underground hard rock sector invests heavily in forward facing commodities such as copper, nickel and zinc. The sector is underpinned by unprecedented strength in the long-term global fundamentals of hard rock minerals. Initial integration is substantially complete as we now look at opportunities to combine the strong synergies inherent across both organisations.

Balance sheet and cashflow

The net assets of the Group have increased from \$75.2 million (30 June 2021) to \$91.7 million at 31 December 2021, predominantly due to the acquisition of PYBAR.

With the acquisition of PYBAR, the Group still maintains significant headroom in its current bank facilities providing additional working capital to support future growth. Metarock has an undrawn working capital facilities limit of \$42.3m and a further \$43.9m available for equipment funding as at 31 December 2021.

The overall cash position at 31 December 2021 represented a net decrease in cash and cash equivalents of \$11.2 million against prior period (30 June 2021), to \$13.2 million. The decrease was a result of higher cash outflows from investing, offset by higher cash inflows from operating activities due to strong working capital management.

The cash flow movements were as follows:

- net cash inflows from operating activities for the half-year ended 31 December 2021 of \$19.5 million (half-year ended 31 December 2020: inflows of \$0.6 million), represented by increased proportional cashflow generation from operational performance and strong working capital management;
- net cash outflows from investing activities for the half-year ended 31 December 2021 of \$32.8 million (half-year ended 31 December 2020: outflows of \$1.7 million), predominantly represented by the acquisition payment for the PYBAR acquisition, capital investment in mining equipment for Crinum, sustaining capital in existing fleet, and contingent deferred consideration paid for the Wilson Mining business; and
- net cash inflows from financing activities for the half-year ended 31 December 2021 of \$2.1 million (half-year ended 31 December 2020: outflows of \$6.8 million), represented the payment of dividends, repayment of on-going lease liabilities, and net proceeds from borrowings.

2 Operating and financial review (continued)

Results (continued)

Outlook

The Group's order book currently stands at \$1.9 billion with \$245 million to be delivered 2HFY22. 83% of the FY2023 revenue is under contract with \$1.1 billion of order book revenue remaining post FY2023. The tendering pipeline currently stands at over \$2.0 billion with Coal Contracting contributing \$0.6 billion, Mine Operations \$1.0 billion and Hard Rock Contracting \$0.4 billion.

The company views the outlook for commodity prices to remain at attractive levels and will see mining services contractors continue to benefit from strong resource sector tailwinds. Pre-production exposed mining services (drilling, engineering, construction) are currently experiencing strong results and production exposed businesses like the Metarock Group will benefit from current development activity. We believe we are early in the commodity cycle, particularly regarding "New Energy" materials and the total number of committed projects has grown sharply in recent years. More of them are related to gold, base, and other commodities. This is further supported by exploration activity which is a strong leading indicator of project development and exploration expenditure and metres drilled have recently climbed to decade highs.

3 Dividends

No dividend has been declared by the Directors for the period.

4 Auditor's independence declaration

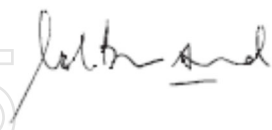
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

5 Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of Directors.

Mr. C Bloomfield
Director



Brisbane

The Directors
Metarock Group Limited
Level 1, Riverside Plaza
45 River Street
MACKAY QLD 4740

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Metarock Group Limited and the entities it controlled during the period.

Pitcher Partners
PITCHER PARTNERS

J. Evans
JASON EVANS
Partner

Brisbane, Queensland
28 February 2022

Metarock Group Limited
Condensed consolidated statement of comprehensive income
For the half-year 31 December 2021

	Notes	31 December 2021 \$'000	31 December 2020 \$'000
Revenue from contracts with customers	4(a)	178,661	110,873
Other income		1,719	663
Contract disbursements		(39,882)	(14,161)
Personnel expenses		(125,114)	(82,951)
Office expenses		(5,388)	(3,648)
Depreciation and amortisation expense		(12,154)	(6,321)
Other expenses		(1,312)	(1,024)
Results from operating activities		<u>(3,470)</u>	<u>3,431</u>
Finance income		7	13
Finance expenses	5	(1,160)	(529)
Net finance expense		<u>(1,153)</u>	<u>(516)</u>
(Loss)/profit before income tax		(4,623)	2,915
Income tax (expense)/benefit	6	916	(962)
(Loss)/profit for the period		<u>(3,707)</u>	<u>1,953</u>
Total comprehensive income for the period		<u>(3,707)</u>	<u>1,953</u>
(Loss)/profit is attributable to:			
Owners of Metarock Group Limited		(3,707)	1,942
Non-controlling interests		-	11
		<u>(3,707)</u>	<u>1,953</u>
Total comprehensive income for the period is attributable to:			
Owners of Metarock Group Limited		(3,707)	1,942
Non-controlling interests		-	11
		<u>(3,707)</u>	<u>1,953</u>
		Cents	Cents
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share		(3.2)	1.8
Diluted earnings/(loss) per share		(3.2)	1.8

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Metarock Group Limited
Condensed consolidated balance sheet
As at 31 December 2021

	Notes	31 December 2021 \$'000	30 June 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	13,154	24,389
Trade and other receivables		67,001	40,399
Contract assets		4,789	1,242
Inventories		21,179	6,415
Current tax receivables		1,284	-
		<u>107,407</u>	<u>72,445</u>
Non-current assets			
Property, plant and equipment	8	103,496	22,949
Right-of-use assets		21,174	14,043
Intangible assets	9	42,535	12,267
Deferred tax assets	6	-	7,526
Total non-current assets		<u>167,205</u>	<u>56,785</u>
Total assets		<u>274,612</u>	<u>129,230</u>
LIABILITIES			
Current liabilities			
Trade and other payables		56,538	24,405
Contract liabilities		166	212
Borrowings	11	38,587	-
Lease liabilities		6,885	4,681
Current tax liabilities		-	1,039
Employee benefit obligations		24,529	11,882
Other current liabilities	10	12,042	1,944
Total current liabilities		<u>138,747</u>	<u>44,163</u>
Non-current liabilities			
Borrowings	11	28,753	-
Lease liabilities		12,542	7,876
Deferred tax liabilities	6	1,828	-
Employee benefit obligations		1,016	98
Other non-current liabilities	10	-	1,911
Total non-current liabilities		<u>44,139</u>	<u>9,885</u>
Total liabilities		<u>182,886</u>	<u>54,048</u>
Net assets		<u>91,726</u>	<u>75,182</u>
EQUITY			
Share capital	13	87,904	64,295
Other equity		-	1,153
Other reserves		(23,744)	(23,639)
Retained earnings		27,566	33,373
Total equity		<u>91,726</u>	<u>75,182</u>

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Metarock Group Limited
Condensed consolidated statement of changes in equity
For the half-year 31 December 2021

Notes	Attributable to owners of Metarock Group Limited					Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Other equity \$'000	Share-based payments \$'000	Common Control Reserve \$'000			
Balance at 1 July 2020	61,003	32,212	4,033	378	(24,237)	73,389	525	73,914
Profit for the half-year	-	1,942	-	-	-	1,942	11	1,953
Total comprehensive income for the half-year	-	1,942	-	-	-	1,942	11	1,953
Transactions with owners in their capacity as owners:								
Issue of ordinary shares as consideration for Wilson Mining acquisition	2,779	156	(2,935)	-	-	-	-	-
Dividends provided for or paid	-	(4,252)	-	-	-	(4,252)	-	(4,252)
Share-based payment transactions	-	-	-	141	-	141	-	141
Share options exercised/lapsed	-	221	-	(221)	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-	(130)	(130)
Shares issued or to be issued on dividends reinvested	453	-	46	-	-	499	-	499
	3,232	(3,875)	(2,889)	(80)	-	(3,612)	(130)	(3,742)
Balance at 31 December 2020	64,235	30,279	1,144	298	(24,237)	71,719	406	72,125

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Metarock Group Limited
 Condensed consolidated statement of changes in equity
 For the half-year 31 December 2021
 (continued)

	Attributable to owners of Metarock Group Limited					Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Other equity \$'000	Share-based payments \$'000	Common Control Reserve \$'000			
Balance at 30 June 2021	64,295	33,373	1,153	598	(24,237)	75,182	-	75,182
Loss for the half-year	-	(3,707)	-	-	-	(3,707)	-	(3,707)
Total comprehensive income for the half-year	-	(3,707)	-	-	-	(3,707)	-	(3,707)
Transactions with owners in their capacity as owners:								
Issue of ordinary shares as consideration for Wilson Mining acquisition	13	1,153	-	(1,153)	-	-	-	-
Issue of ordinary shares as consideration for PYBAR Mining acquisition	13, 14	22,281	-	-	-	22,281	-	22,281
Dividends provided for or paid	12	-	(2,246)	-	-	(2,246)	-	(2,246)
Shares issued or to be issued on dividends reinvested	12	175	(175)	-	-	-	-	-
Share-based payment transactions	-	-	-	216	-	216	-	216
Share options exercised/lapsed	-	321	-	(321)	-	-	-	-
	23,609	(2,100)	(1,153)	(105)	-	20,251	-	20,251
Balance at 31 December 2021	87,904	27,566	-	493	(24,237)	91,726	-	91,726

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Metarock Group Limited
Condensed consolidated statement of cash flows
For the half-year 31 December 2021

	Notes	Half-year	
		31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		207,521	127,961
Payments to suppliers and employees (inclusive of GST)		(184,424)	(125,030)
		<u>23,097</u>	<u>2,931</u>
Interest received		7	13
Interest paid		(1,101)	(529)
Income taxes paid		(2,471)	(2,411)
Receipts of government grants and subsidies		-	593
Net cash inflow from operating activities	7	<u>19,532</u>	<u>597</u>
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	14	(11,732)	-
Payments for property, plant and equipment	8	(19,006)	(1,230)
Initial direct costs on right-of-use assets		-	(295)
Proceeds from sale of property, plant and equipment		60	72
Payments for internally generated intangible assets	9	(143)	(251)
Payment of contingent consideration	10	(2,029)	-
Net cash outflow from investing activities		<u>(32,850)</u>	<u>(1,704)</u>
Cash flows from financing activities			
Proceeds from borrowings		12,410	-
Repayment of borrowings		(4,549)	-
Dividends paid to company's shareholders	12	(2,246)	(3,753)
Dividends paid to non-controlling interests in subsidiaries	12	-	(130)
Lease payments		(3,532)	(2,933)
Net cash inflow/(outflow) from financing activities		<u>2,083</u>	<u>(6,816)</u>
Net (decrease) in cash and cash equivalents		<u>(11,235)</u>	<u>(7,923)</u>
Cash and cash equivalents at the beginning of the financial year		24,389	25,359
Cash and cash equivalents at end of the half-year		<u>13,154</u>	<u>17,436</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim report has been prepared for the Group consisting of Metarock Group Limited ("the Company") and its controlled entities (together referred to as the 'Group' and individually as 'Group entities').

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Metarock Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report is presented in Australian dollars, which is the Company's functional currency and the functional currency of each entity in the Group. The interim financial report has been prepared under the historical cost convention. Metarock Group Limited is a for-profit entity for the purposes of preparing the interim report. The Group is primarily involved in providing mining services, including mine operations, contracting, training and related services, to underground coal and hard rock mines and supporting industries across Australia via its core brands: Mastermyne, PYBAR, Wilson Mining and Mynesight.

Significant estimates and judgements

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial report are the same as those applied in the Group's consolidated financial report for the year ended 30 June 2021.

A number of amended standards, as listed below, became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

- AASB 2020-5 *Amendments to Australian Accounting Standards - Insurance Contracts*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*
- AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021*

Net current deficiency

This condensed consolidated interim financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Although the Group generated positive net cash flows from operating activities of \$19,532,000 for the half-year ended 31 December 2021, a net loss after tax of \$3,707,000 was incurred for the period and the Group has a net current deficiency of \$31,340,000 for the period then ended. The Board is working to improve the deficiency with the following:

The Group has executed two long-term mining services agreements for Mine Operations projects (Cook and Crinum), which have significant upfront capital spend requirements to prepare equipment for full operational capacity. The capital investment will be recovered over the life of the contract, in addition to operational revenue and profits. The serious incident which occurred at the Crinum project during the half-year period has caused delays to the mining production and capital recovery timelines resulting in a negative impact to profitability and operating cash flows during the half-year. However, these two contracts are expected to deliver substantial increases in revenue and profitability for FY2023 onwards.

1 Basis of preparation (continued)

Net current deficiency (continued)

The Group maintains the ongoing support of its bank and has significant borrowing capacity. During the half-year period the Group obtained approval for additional equipment finance facilities totalling \$21,000,000 with a term of 4 years, and a further \$10,000,000 working capital overdraft facility which reduces to \$5,000,000 at 31 May 2022, and further to nil at 30 June 2022. Amendments to these facilities were executed in February 2022, with funds available for use subsequent to period end. Total facilities and undrawn amounts after the amendments are outlined below:

	Facility Limit at Half-year End \$'000	Additional Facilities Available Post Half-year End \$'000	Total Facility \$'000	Available \$'000
Equipment finance facilities	100,354	21,000	121,354	64,868
Invoice finance facilities	50,000	-	50,000	40,825
Working capital overdraft	1,500	10,000	11,500	11,500
Total	151,854	31,000	182,854	117,193

Finally, in addition to the above, the Group has the ability to raise additional equity as the need arises.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislation Instrument 2016/191, relating to the 'rounding off' of amounts in the interim financial statements. Amounts in the interim financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Corporate information

The interim financial report was authorised for issue by the Board of Directors on 28 February 2022.

Metarock Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Riverside Plaza
45 River Street
Mackay QLD 4740

2 Significant changes in the current reporting period

During the interim reporting period, the Group has acquired 100% of the issued capital of PYBAR Holdings Pty Ltd as detailed in note 14 and in our review of operations on pages 2 to 5.

For a detailed discussion about the Group's performance and financial position please refer to our review of operations on pages 2 to 5.

3 Segment and revenue information

(a) Description of segments

Metarock Group Limited is an Australian diversified mining services group which derives revenue from mine operations, contracting, training and related services in Australia. The Group's operating segments, as detailed below, are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources).

- Mastermyne - Coal - provides mine operations, contracting, training and related services to the underground long wall coal mining operations and industrial products and services in the coalfields and supporting coal mining industries of Queensland and New South Wales. This reportable segment aggregates Mastermyne Operations (mine operations) and Mastermyne Contracting (comprising contracting, chemicals, consumables, training and related services) on the basis that:
 - the services exhibit similar economic characteristics
 - the products and services are all provided to customers in the underground coal mining sector and often as a suite of services to the relevant customers
 - the products and services all operate within the Coal Mining Act regulatory environment.
- PYBAR - Hard Rock - provides mining, drilling, contracting and related services to the metalliferous underground hard rock mining industry throughout Australia. The operations of PYBAR are aggregated as one reportable segment on the basis the operating results of this segment is reviewed by the CODM at a consolidated level.

(b) Segment information provided to the strategic steering committee

The table below shows the segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2021:

Half-year 2021	Mastermyne \$'000	PYBAR \$'000	Total \$'000
Segment revenue	135,229	43,432	178,661
Revenue from external customers	135,229	43,432	178,661
Segment EBITDA	5,179	3,505	8,684
Depreciation and amortisation	(6,228)	(5,926)	(12,154)
Net finance costs	(617)	(536)	(1,153)
Reportable Segment profit/(loss) before income tax	(1,667)	(2,956)	(4,623)
Total segment assets 31 December 2021	113,333	161,279	274,612
Total segment liabilities 31 December 2021	67,942	114,944	182,886

4 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Half-year	
	31 December 2021 \$'000	31 December 2020 \$'000
Contracting revenue	167,309	101,964
Sale of goods	3,516	2,246
Machinery hire	7,836	6,663
	<u>178,661</u>	<u>110,873</u>

(b) Assets and liabilities related to contracts with customers

	31 December 2021 \$'000	30 June 2021 \$'000
Contract assets relating to contracting revenue	4,789	1,242
Total contract assets	<u>4,789</u>	<u>1,242</u>
Contract liabilities - income received in advance	(166)	(212)
Total contract liabilities	<u>(166)</u>	<u>(212)</u>

5 Profit and loss information

Significant items

	Half-year	
	31 December 2021 \$'000	31 December 2020 \$'000

Loss (2020: profit) for the half-year includes the following items that are unusual because of their nature, size or incidence:

Gains

Government grants and subsidies (i)	-	636
Gain on disposal of plant and equipment (i)	855	-

Expenses

Acquisition-related costs from the business combination (note 14) (ii)	1,133	-
Impact of Crinum incident (iii)	6,796	-
Fair value adjustment to contingent consideration (iv)	172	-

- (i) Income from government grants and subsidies and gain on disposal of plant and equipment is included in other income in the statement of comprehensive income.
- (ii) Acquisition-related costs for the acquisition of PYBAR are included in office expenses in the statement of comprehensive income.
- (iii) Costs associated with the Crinum incident are included in contract disbursements and personnel expenses in the statement of comprehensive income.
- (iv) The fair value adjustment for contingent consideration in relation to the acquisition of Wilson Mining is included in other expenses in the statement of comprehensive income.

Finance income and costs

	Half-year	
	31 December 2021 \$'000	31 December 2020 \$'000
Finance income		
Finance income	7	13
Finance costs		
Finance costs paid/payable for lease liabilities	(434)	(204)
Finance costs paid/payable for borrowings	(668)	(325)
Deferred consideration: unwinding of discount	(58)	-
	<u>(1,160)</u>	<u>(529)</u>
Net finance costs	<u>(1,153)</u>	<u>(516)</u>

6 Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	Half-year	
	31 December 2021 \$'000	31 December 2020 \$'000
Profit/(loss) from operations before income tax expense	(4,623)	2,915
Tax at the Australian tax rate of 30.0% (2021 - 30.0%)	(1,387)	875
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Transaction costs	340	-
Other non-deductible expenses	127	70
Under/(over) provision of previous year	4	17
Income tax expense/(benefit)	<u>(916)</u>	<u>962</u>

(b) Deferred tax balances

Deferred income tax assets and liabilities are attributable to the following temporary differences:

	31 December 2021 \$'000	30 June 2021 \$'000
Tax losses	7,319	5,687
Employee benefits	7,693	3,637
Accruals	1,239	489
Capital raising	12	23
Lease liabilities	4,516	2,289
Receivables	118	-
Total deferred tax assets	<u>20,897</u>	<u>12,125</u>
Unbilled revenue	(2,730)	(1,856)
Property, plant and equipment	(10,092)	(127)
Intangible assets	(3,898)	(395)
Right-of-use assets	(4,426)	(2,221)
Inventory	(1,579)	-
Total deferred tax liabilities	<u>(22,725)</u>	<u>(4,599)</u>
Net deferred tax assets / (liabilities)	<u>(1,828)</u>	<u>7,526</u>

6 Income tax expense (continued)

(b) Deferred tax balances (continued)

Movements in deferred tax assets and liabilities are as follows:

Movements	Tax losses \$'000	Employee benefits \$'000	Accruals \$'000	Capital raising and business acquisition costs \$'000	Lease liabilities \$'000	Receivables \$'000	Unbilled revenue \$'000	Property, Plant and Equipment \$'000	Intangible Assets \$'000	Right-of-use assets \$'000	Inventory \$'000	Total \$'000
At 1 July 2020	6,289	3,097	385	44	3,040	(87)	(1,675)	251	(468)	(2,997)	-	7,879
(Charged)/credited												
- to profit or loss	(549)	540	104	(21)	(751)	99	(181)	(381)	73	776	-	(291)
- to current tax liability	(53)	-	-	-	-	(12)	-	3	-	-	-	(62)
At 30 June 2021	5,687	3,637	489	23	2,289	-	(1,856)	(127)	(395)	(2,221)	-	7,526
At 30 June 2021	5,687	3,637	489	23	2,289	-	(1,856)	(127)	(395)	(2,221)	-	7,526
(Charged)/credited												
- to profit or loss	1,632	378	221	(11)	(242)	(56)	(874)	164	307	264	(867)	916
- to current tax liability	-	-	123	-	-	-	-	11	-	-	15	149
Acquisition of subsidiary	-	3,678	406	-	2,469	174	-	(10,140)	(3,810)	(2,469)	(727)	(10,419)
At 31 December 2021	7,319	7,693	1,239	12	4,516	118	(2,730)	(10,092)	(3,898)	(4,426)	(1,579)	(1,828)

7 Cash and cash equivalents

	31 December 2021 \$'000	30 June 2021 \$'000
Cash on hand	4	-
Bank balances	13,150	24,389
Cash and cash equivalents	<u>13,154</u>	<u>24,389</u>

Reconciliation of profit after income tax to net cash inflow from operating activities

	31 December 2021 \$'000	31 December 2020 \$'000
Profit for the period	(3,707)	1,953
Adjustment for		
Depreciation	11,007	6,137
Amortisation of intangible assets	1,147	185
Provision for impairment of trade debtors	(188)	46
Net (gain)/loss on sale or loss of non-current assets	(854)	27
Non-cash employee benefits expense - share-based payments	216	141
Net finance expense	1,152	516
Income tax expense	(916)	962
Fair value adjustment - contingent consideration	172	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	14,014	8,776
(Increase)/decrease in contract assets	(3,547)	(1,633)
Increase/(decrease) in contract liabilities	(46)	-
(Increase) in inventories	(2,400)	(825)
Increase/(decrease) in trade and other payables	5,740	(13,052)
Increase/(decrease) in provisions and employee benefits	1,307	291
Interest paid	(1,101)	(529)
Interest received	7	13
Income taxes paid	(2,471)	(2,411)
Net cash inflow (outflow) from operating activities	<u>19,532</u>	<u>597</u>

Non-cash investing and financing activities

	31 December 2021 \$'000	31 December 2020 \$'000
Acquisition of property, plant and equipment on 30 day payment terms	-	4,009
Acquisition of right-of-use assets	2,060	4,008

Dividends satisfied or to be satisfied by the issue of shares under the dividend reinvestment plan are shown in Note 12.

8 Property, plant and equipment

	31 December 2021 \$'000	30 June 2021 \$'000
Plant and equipment		
Gross value	156,656	73,318
Accumulated depreciation	<u>(58,858)</u>	<u>(51,582)</u>
	97,798	21,736
Motor vehicles		
Gross value	4,385	987
Accumulated depreciation	<u>(1,035)</u>	<u>(657)</u>
	3,350	330
Leasehold improvements		
Gross value	1,182	214
Accumulated depreciation	<u>(250)</u>	<u>(197)</u>
	932	17
Computer equipment		
Gross value	3,170	2,481
Accumulated depreciation	<u>(1,754)</u>	<u>(1,615)</u>
	1,416	866
	<u>103,496</u>	<u>22,949</u>

Reconciliation of carrying amounts

	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Total \$'000
Period ended 31 December 2021					
Opening net book amount	21,736	330	17	866	22,949
Acquisition of subsidiary	64,980	3,297	940	228	69,445
Additions	18,416	101	28	461	19,006
Disposals	(52)	-	-	-	(52)
Depreciation charge	<u>(7,282)</u>	<u>(378)</u>	<u>(53)</u>	<u>(139)</u>	<u>(7,852)</u>
Closing net book amount	97,798	3,350	932	1,416	103,496
Year ended 30 June 2021					
Opening net book amount	21,248	466	33	674	22,421
Additions	6,856	-	-	430	7,286
Disposals	(91)	(20)	-	-	(111)
Depreciation charge	<u>(6,277)</u>	<u>(116)</u>	<u>(16)</u>	<u>(238)</u>	<u>(6,647)</u>
Closing net book amount	21,736	330	17	866	22,949

9 Intangible assets

	31 December 2021 \$'000	30 June 2021 \$'000
Goodwill		
Gross value	28,202	10,324
	<u>28,202</u>	<u>10,324</u>
Software		
Gross value	1,269	432
Accumulated amortisation	(348)	(266)
	<u>921</u>	<u>166</u>
Intellectual property		
Gross value	720	1,870
Accumulated amortisation	(288)	(1,387)
	<u>432</u>	<u>483</u>
Customer relationships		
Gross value	9,890	590
Accumulated amortisation	(1,116)	(186)
	<u>8,774</u>	<u>404</u>
Exclusive distribution rights		
Gross value	991	991
Accumulated amortisation	(128)	(101)
	<u>863</u>	<u>890</u>
Brand		
Gross value	3,400	-
Accumulated amortisation and impairment	(57)	-
	<u>3,343</u>	<u>-</u>
	<u>42,535</u>	<u>12,267</u>

9 Intangible assets (continued)

Reconciliation of carrying amounts

	Goodwill \$'000	Software \$'000	Intellectual property \$'000	Customer relationships \$'000	Exclusive distribution rights \$'000	Brand \$'000	Total \$'000
Period ended 31 December 2021							
Opening net book amount	10,324	166	483	404	890	-	12,267
Additions	-	143	-	-	-	-	143
Acquisition of subsidiary	17,878	694	-	9,300	-	3,400	31,272
Amortisation charge	-	(82)	(51)	(930)	(27)	(57)	(1,147)
Closing net book amount	28,202	921	432	8,774	863	3,343	42,535
Year ended 30 June 2021							
Opening net book amount	10,324	339	107	506	945	-	12,221
Additions - internal development	-	-	421	-	-	-	421
Amortisation charge	-	(173)	(45)	(102)	(55)	-	(375)
Closing net book amount	10,324	166	483	404	890	-	12,267

10 Other liabilities

	31 December 2021 \$'000	30 June 2021 \$'000
Current		
Contingent consideration	1,998	1,944
Deferred consideration (note 14)	<u>10,044</u>	<u>-</u>
	<u>12,042</u>	<u>1,944</u>
Non-current		
Contingent consideration	<u>-</u>	<u>1,911</u>
Contingent consideration		

The contingent consideration arrangement requires the Group to pay the previous owners of Wilson Mining ('WM') 50% of the EBITDA of WM for the three years following the business combination (2020 - 2022), up to a maximum undiscounted amount of \$10,000,000 plus 25% of the EBITDA for the three years from 2020 - 2022 in excess of \$20,000,000 with no maximum amount payable. There is no minimum amount payable.

During the period a total of \$2,029,000 was paid out under this arrangement in relation to WM's 2021 EBITDA achievement.

As at 31 December 2021, the fair value of contingent consideration was estimated using the forecast EBITDA for WM in FY2022, the final contingent consideration period. A fair value adjustment was recognised accordingly in profit or loss.

A reconciliation of the fair value of the contingent consideration liability is provided below:

	\$'000
Fair value of the contingent consideration at 30 June 2021	3,855
Consideration paid during the period	(2,029)
Fair value adjustment as at 31 December 2021	<u>172</u>
Total contingent consideration	<u>1,998</u>

The fair value of the contingent consideration liability increased due to improved performance of WM compared to the initial forecast.

11 Borrowings

	31 December 2021 \$'000	30 June 2021 \$'000
Current		
Invoice finance facility	9,175	-
Equipment finance facilities	27,862	-
Other loans	1,550	-
	<u>38,587</u>	<u>-</u>
Non-current		
Equipment finance facilities	28,624	-
Other loans	129	-
	<u>28,753</u>	<u>-</u>

Finance arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2021		30 June 2021	
	Facility Limit \$'000	Undrawn Amount \$'000	Facility Limit \$'000	Undrawn Amount \$'000
31 December 2021				
Overdraft facility (i)	1,500	1,500	-	-
Invoice finance facility (ii)	50,000	40,825	20,000	20,000
Equipment finance facilities (iii)	100,354	43,867	10,000	10,000
Other finance	1,679	-	-	-
Bank guarantee facility	1,910	443	500	443
Corporate credit card facility	500	498	500	481
Total	<u>155,943</u>	<u>87,133</u>	<u>31,000</u>	<u>30,924</u>

(i) Overdraft facility

An overdraft facility with a limit of \$1,500,000 was acquired as part of the PYBAR Holdings Pty Limited business combination described in note 14. The facility has a variable rate, is Australian-dollar denominated and repayable on demand.

(ii) Invoice finance facility

An invoice finance facility with a limit of \$30,000,000 and drawdown allowance of 85% of approved debtors was acquired as part of the PYBAR Holdings Pty Limited business combination described in note 14. In addition, the Group has a further invoice facility with a limit of \$20,000,000 and draw down allowance of 65% of approved debtors. The facilities are subject to a variable rate of interest and are Australian dollar denominated.

11 Borrowings (continued)

(iii) Equipment finance facility

Multiple facilities with a combined limit of \$76,354,000 were acquired as part of the PYBAR Holdings Pty Limited business combination described in note 14. In addition, the Group has a further combined limit of \$24,000,000 in equipment finance facilities. The facilities are fixed rate, Australian-dollar denominated loans which are carried at amortised cost. The facilities are repayable monthly over a term of up to five years.

Loan covenants

Upon acquisition of PYBAR Holdings Pty Ltd, additional covenants were implemented at a Group level in addition to those existing covenants for Mastermyne and Pybar. The Group complied with the loan covenants throughout the reporting period.

12 Dividends

Ordinary shares

	Half-year	
	31 December 2021 \$'000	31 December 2020 \$'000
Dividends provided for or paid during the half-year	2,421	4,252
Distributions to non-controlling interest	-	130
	<u>2,421</u>	<u>4,382</u>
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2021 and 2020 were as follows		
Paid in cash	2,246	3,883
Dividends reinvested	175	453
Dividends payable on unissued shares	-	46
	<u>2,421</u>	<u>4,382</u>

13 Equity securities issued

		31 December 2021 Shares (thousands)	30 June 2021 Shares (thousands)	31 December 2021 \$'000	30 June 2021 \$'000
Issues of ordinary shares during the half-year					
Acquisition of Wilson Mining, net of transaction costs and tax		1,207	2,887	1,153	2,779
Acquisition of PYBAR Holdings, net of transaction costs and tax	14	23,209	-	22,281	-
Exercise of rights issued under the Employee Performance Rights Plan		183	428	-	-
Issued for no consideration:					
Dividend reinvestment plan issues		186	610	175	513
		<u>24,785</u>	<u>3,925</u>	<u>23,609</u>	<u>3,292</u>

Metarock Group Limited acquired 100% of the ordinary shares of Wilson Mining Services Pty Ltd on 30 August 2019. Details of this business combination were disclosed in Note 21 of the Group's annual financial statements for the year ended 30 June 2021.

During the period 1,106,600 shares were issued to the Vendors of Wilson Mining Services Pty Ltd in final settlement of the \$1,077,000 outstanding purchase consideration to be settled with the issue of shares. While unissued, the shares retained their rights and any dividends paid were settled as additional shares to the vendors calculated on a 5 day volume weighted average price prior to record date. An additional 100,394 shares were issued in settlement of the outstanding dividends which the Vendors were entitled to while the shares remained unissued.

14 Business combination

(a) Current period

On 31 October 2021 Metarock acquired 100% of the ordinary shares of PYBAR Holdings Pty Limited, a provider of mining, drilling, contracting and related services to the metalliferous underground hard rock mining industry throughout Australia, for consideration of \$44,016,000. The acquisition immediately diversifies the Groups operations, providing exposure to the hard rock sector including commodities such as copper, gold and zinc and is expected to increase the Group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Cash paid	11,750
Deferred cash consideration	9,985
Ordinary shares issued	22,281
Total purchase consideration	<u>44,016</u>

The provisional fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	18
Property, plant and equipment (note 8)	69,445
Right-of-use assets	8,232
Customer relationships and contracts	9,300
Brand	3,400
Software	694
Inventories	12,364
Receivables	39,634
Payables	(26,551)
Bank overdraft	(716)
Deferred tax liability	(10,419)
Borrowings	(58,772)
Employee benefit obligations	(12,259)
Lease liabilities	(8,232)
Net identifiable assets acquired	<u>26,138</u>
Add: goodwill	17,878
	<u>44,016</u>

The goodwill is attributable to the large assembled workforce and anticipated future revenue and profit growth through leverage of PYBAR's current underground hard rock market share. It has been allocated to the PYBAR segment. None of the goodwill is expected to be deductible for tax purposes.

The fair value of the acquired brand \$3,400,000 and customer relationships and contracts of \$9,300,000 is provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of \$3,810,000 has been provided in relation to these fair value adjustments.

(i) Acquisition-related costs

Acquisition-related costs of \$1,133,000 are included in office expenses in the statement of comprehensive income.

14 Business combination (continued)

(a) Current period (continued)

(ii) Deferred consideration

The deferred consideration arrangement requires the Group to pay the former owners of PYBAR Holdings Pty Limited \$11,750,000 twelve months from completion date (in November 2022) adjusted for working capital. The deferred consideration is not contingent on future events with the exception of the working capital adjustment. A provisional adjustment for working capital of \$1,415,000 has been recognised pending finalisation of the completion accounts in accordance with the executed Share Purchase Agreement. The fair value of the deferred consideration was discounted to present value based on a discount rate of 3.5%.

(iii) Acquired receivables

The fair value of trade and other receivables is \$39,634,000 and includes trade receivables with a fair value of \$15,196,000. The gross contractual amount for trade receivables due is \$15,776,000, of which \$580,000 has been provided for in accordance with accounting standards.

(iv) Revenue and profit contribution

The acquired business contributed revenues of \$43,432,000 and net loss before tax of \$2,956,000 to the Group for the period from 1 November 2021 to 31 December 2021. If the acquisition had occurred on 1 July 2021:

- PYBAR revenue and loss before tax from continuing operations for the half-year ended 31 December 2021 would have been \$132,653,000 and \$4,975,000 respectively
- consolidated revenue and consolidated loss before tax from continuing operations for Metarock Group for the half-year ended 31 December 2021 would have been \$267,882,000 and \$6,642,000 respectively.

15 Related party transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management persons and their related entities on an arm's length basis.

Key management personnel and director transactions

The following transactions occurred with related parties:

	Half-year 31 December 2021 \$	31 December 2020 \$
Sales of goods and services		
Paul Rouse - Digital Terrain Pty Ltd (i)	13,384	-
Paul Rouse - HMR Drilling Services Pty Limited (i)	7,000	-
Purchases of goods and services		
Andrew Watts - Watty Pty Ltd (v)	130,520	88,597
Andrew Watts - Watty Pty Ltd (vi)	15,383	12,789
Tony Caruso - Treatwater & Plumbing Pty Ltd (vii)	3,164	688
Paul Rouse - Digital Terrain Pty Ltd (ii)	330,846	-
Paul Rouse - Rovest Holdings Pty Ltd (iii)	154,189	-
Paul Rouse - JTMEC Pty Ltd (iv)	1,008,666	-

15 Related party transactions (continued)

Key management personnel and director transactions (continued)

During the half-year ended 31 December 2021, Metarock Group Limited acquired PYBAR Holdings Pty Ltd as detailed in note 14. Upon completion of the acquisition, PYBAR Holdings Pty Ltd founder Paul Rouse was appointed Non-Executive Director of Metarock. Paul Rouse, or close family members, hold positions in other entities that results in their having control or significant influence over the financial or operating policies of those entities and has increased the number of related party transactions during the period.

- (i) The Group provides administration services to Digital Terrain Pty Ltd and HMR Drilling Services Pty Limited as part of a transitional services arrangement. These entities are owned by Paul Rouse or his close family members. Amounts received are at arm's length and are due and receivable under normal payment terms.
- (ii) The Group obtains software and IT consulting services and licences production planning and activity recording software from Digital Terrain Pty Ltd, an entity owned by a close family member of Paul Rouse. Amounts paid are at arm's length and are due and payable under normal payment terms.
- (iii) The Group leases the following premises in Orange (NSW) from Rovest Holdings Pty Ltd as Trustee for March Pines Super Fund, an entity owned by Paul Rouse: 1688 Forest Road; 23 Huntley Road; Units 1-6 Kenna Street. Amounts paid are at arm's length and are due and payable under normal payment terms.
- (iv) The Group engages JTMEC Pty Ltd, an entity owned by Paul Rouse, for the provision of labour hire services. Amounts paid are at arm's length and are due and payable under normal payment terms.
- (v) The Group rents the premises at 45 River Street, Mackay which is owned by Andrew Watts through his company, Watty Pty Ltd. Amounts paid for rent are at arm's length and are due and payable under normal payment terms.
- (vi) The Group rents the premises at 56A Grosvenor Drive, Moranbah which is owned by Andrew Watts through his company, Watty Pty Ltd. Amounts paid for rent are at arm's length and are due and payable under normal payment terms.
- (vii) The Group paid Treatwater & Plumbing Pty Ltd, which is owned by Anthony Caruso, fees for general plumbing services during the year. Fees are paid at arm's length and due and payable under normal payment terms.

16 Contingencies

Contingent liabilities

Claims

A claim for unspecified damages was lodged against Falcon Mining Pty Ltd in 2021 in relation to an event that occurred at a customer site in May 2020. It is not practical to estimate the potential effect of this claim but legal advice indicates that it is not probable that a significant liability will arise.

17 Events occurring after the reporting period

Additional borrowing capacity

During the half-year period the Company obtained approval for additional equipment finance facilities totalling \$21,000,000 with a term of four years, and a further \$10,000,000 working capital overdraft facility which reduces to \$5,000,000 at 31 May 2022, and further to nil by 30 June 2022. Amendments to these facilities were executed in February 2022, with funds available for use subsequent to period end.

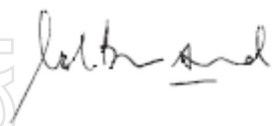
Other events

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 30 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Metarock Group Limited will be able to pay its debts as and when they become due and payable.

Mr. C Bloomfield
Director



Brisbane

Independent Auditor's Review Report to the Members of Metarock Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Metarock Group Limited, the 'Company' and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners
PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
28 February 2022

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