

22<sup>nd</sup> February 2022

**ASX Announcement**

**Metarock executes \$280m, 4 Year Mining Services Agreement  
with Constellation Mining Pty Ltd**

Metarock Group Group Limited (ASX Code: MYE) ("Metarock" or "Company") announced today that its subsidiary, Mastermyne (CC) Operations Pty Ltd, has executed a Mining Services Agreement to become the Contract Operator at Cook Colliery for Constellation Mining Pty Ltd, a subsidiary of QCoal Group (QCoal). The contract term of 4 years with a further 2-year option will see work commence immediately under the Mining Services Agreement (MSA).

The Cook Colliery asset was purchased by the QCoal Group in July 2020 and has been maintained under care and maintenance since the acquisition. In July 2021 Mastermyne was selected to carry out a package of work to prepare the mine to re-commence production. This work included recommissioning of existing underground infrastructure, overhauling of mining equipment, establishment of production panels and other associated administrative and procurement works. This first tranche of work has been completed and the mine is now ready to recommence production.

Mobilisation underground is already well progressed with the first Joy miner underground and cutting coal as it forms up the production panels that will see the next Joy machines start production mining using a low risk place changing methodology. Fully mobilised the project will employ approx. 190 people full time over the term of the contract with 60 of these roles already engaged and working at the site.

Under the MSA, Mastermyne (CC) Operations will be appointed as the Coal Mine Operator and be responsible for all works associated with delivering run of mine (ROM) coal to the surface stockpile. Constellation Mining will manage all processing, rail, shipping and marketing of the product. The MSA is set out as a risk share contract with the Company paid for its direct costs and a margin modifier applied to costs based on key performance indicators (KPI's).

The project will produce approx. 4 million tonnes of ROM coal over 4 years across three production panels with the contract generating an average revenue of approx. \$70 million per annum. The Company's startup capital of \$11.2 million has largely been offset by the utilisation of owners capital made available and refurbished during the early works period.



# METAROCK

The planned mining areas and methods chosen have been based on a thorough assessment of the risks and opportunities. The parties are confident that a measured, low risk approach will deliver consistent results over the extended contract term.

Metarock CEO, Tony Caruso, said “We are pleased to have executed this contract with Q-Coal and to be bringing Cook Colliery back into production at a time when we are experiencing record coal prices. The execution of this second Mine Operations contract underpins a significant step-up in earnings and profit for the Metarock Group which will start to flow through in H2 FY2022 with the full annual contribution realised in FY2023 and beyond.

Our investment across this financial year to grow our coal business through Contract Mining projects like this at Cook Colliery and at Crinum, alongside expanding into the adjacent underground hard rock sector, changes the game for Metarock. We are building a high quality diversified revenue base with stronger margins across a broader range of commodities.”

The Company also advises the market that the FY2022 Half Year results will be released on the 28th of February, citing that the time is being used to finalise the first set of consolidated accounts between Mastermyne and the recently acquired PYBAR Mining Services. The Company will host a teleconference briefing for the FY2022 Half Year results, with details to be provided.

## **Further information:**

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