29 July 2022

ASX Announcement

Completion of Organisational Safety Review

Metarock Group Limited (ASX Code: MYE)("Metarock" or "Company") provides the following information in respect to the Board's commissioning of an independent organisational safety review following the two tragic events in the Mastermyne business:

The Metarock Board commissioned an organisational safety review of the current state of the Company's approach to Health and Safety Management with special emphasis on major risk management. The review was expected to support the integration of Health, Safety and Risk management across the Metarock Group following the acquisition of Pybar in 2021. It was noted that the sites which incurred the fatal incidents were excluded from this review as they are the subject of ongoing investigations.

The review team was led by former BHP Vice President of Safety, Barry Formosa of Formosa Safety Consulting. Supporting Barry was former CEO of Downer Mining, Paul Cassano. Both Barry and Paul have deep Health, Safety and Risk management experience gained over extensive careers in the resources sector respectively. The review team also included senior Metarock Health and Safety management staff.

Following a detailed review across both coal and hard rock operations and across a variety of service delivery models the review provided some key findings and recommendations which are attached.

Metarock Managing Director, Tony Caruso said "our organisation has been rocked to the core by the two tragedies that occurred in the past year and we welcome the findings and recommendations from the organisational safety review. The Board has agreed to adopt all of the recommendations unconditionally and we will work diligently to implement these recommendations across our entire business. Also, where applicable to our organisation, we will continue to incorporate the recommendations from the recent Queensland Coal Mining Board of Enquiry.

Further information:

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Organisational Safety Review

Key Findings

"The various service delivery models, client arrangements and relationships in place within the Metarock Group across both the Coal and Hard Rock commodities presents a challenging and complex environment for the effective control of risk and the management of Health and Safety across the group.

"There is good intent, commitment and energy for Safety and Health throughout the organisation and no major flaws were identified."

"The severe shortage and competition for experienced and skilled underground labour, the remnant impacts of the pandemic, the recent doubling of the size of the organisation with the acquisition of Pybar and the emotional, legal and financial impacts from the fatalities are all placing additional strain on the business to operate in a "Business as Usual" format."

The review went on to call out a number of organisational strengths which were summarised as:

- Committed and motivated leadership have established a positive safety culture where employees feel cared for, valued, empowered and motivated
- Positive workforce moral was evident at all workplaces. They have confidence and trust in leadership
- Positive reporting culture in place, people are comfortable to report matters of concern, hazards etc. Good sharing of learnings and no production over safety concerns identified
- Both Mastermyne and Pybar have comprehensive safety and health systems and supporting frameworks in place with a full suit of key tools and processes available for use
- The resource training center in Mackay and the planned centres in other key regions are world class value adding strategic resources

In finalising the body of work the review team made a series of recommendations as follows:

Recommendations

1. Review tendering processes to include more involvement and sign off from operational /line management and a summary of all identified operational and contractual risks and agreed controls. Utilise comprehensive checklists to assist with identification
2. Conduct a review of existing projects, which compares tendered to actual scope of services and performance against tender/contract
3. Review Metarock requirements of current projects
   a. where Metarock is supervising work and operating under client based well-established systems. Re-assess Metarock structures and requirements in these cases to ensure value-adding proposition for clients
   b. where Metarock does not provide direct supervision or is operating under labour hire arrangements
   c. Conduct an effectiveness audit of the Metarock Safety & Health Management Systems at sites where Metarock is appointed as mine

operator or projects where operating under the Metarock Health and Safety Systems

4. Simplify, consolidate and implement a long term Company wide Safety and Health approach that focuses on:
   a. Elimination of Fatalities and Control of Major Risk
   b. Reduction of Personal Injuries and Illnesses
   c. Role of Leadership and Expectations for Front Line Supervisors
5. Consolidate the Major Risks and Critical Controls for Metarock into a consistent risk framework and appoint risk and control owners at relevant operations
6. Measure and report the following as key lead metrics:
   a. Critical Control Verifications against schedule
   b. High Potential Hazards against Major Risk categories
   c. Quality and use of the On the Job Risk Assessment Tools
   Simplify and consolidate the HSEQ index to include these measures plus injuries

7. Establish Safety Key Performance Indictors and targets for line managers. Link these to the appraisal, recognition and reward systems
8. Improve Board HSE report to provide granular information and data on current state of major risks and controls