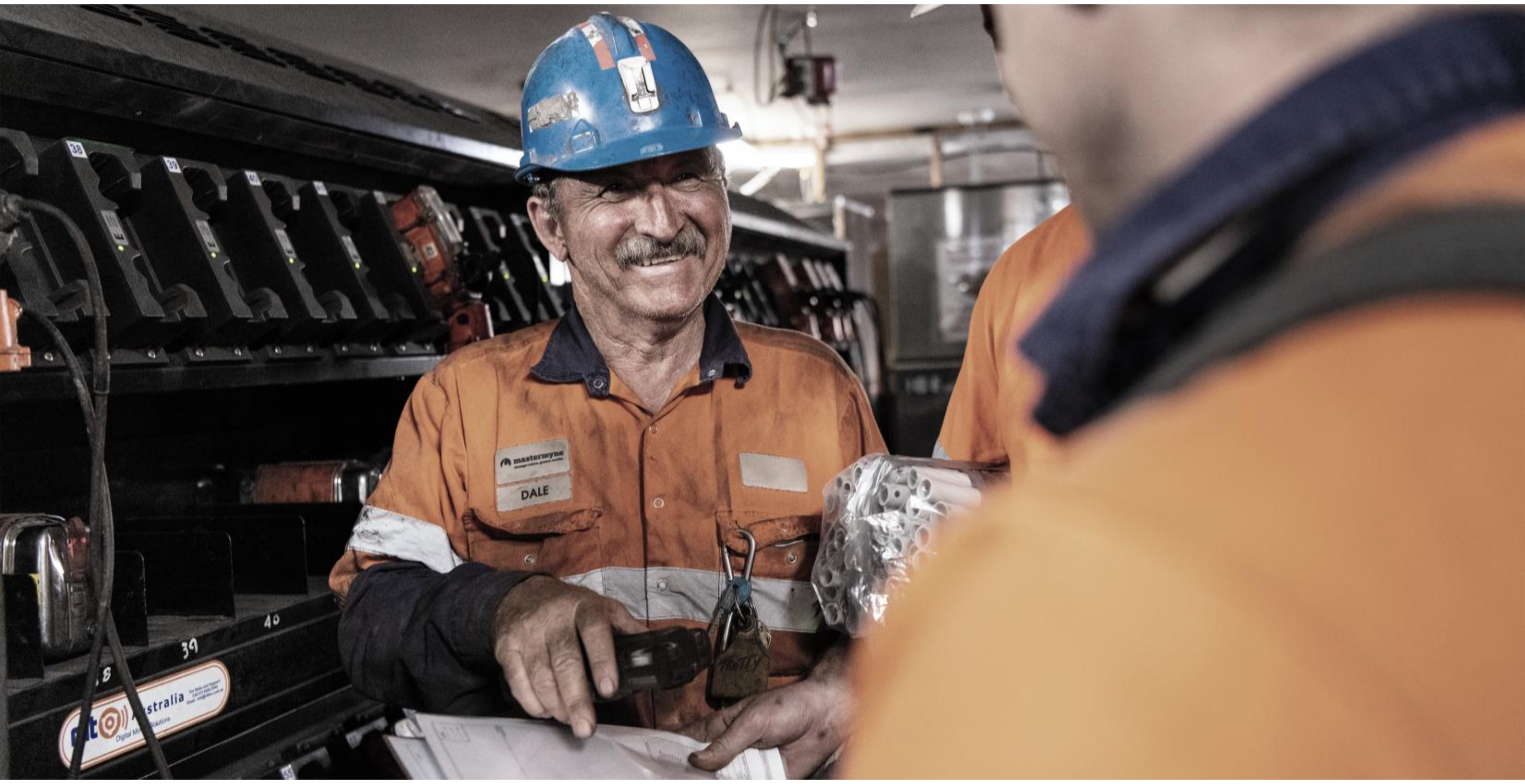
Metarock Group Limited
and its Controlled Entities

ABN 96 142 490 579
Preliminary Financial Report 30 June 2023 (unaudited)

METAROCK



Contents

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

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

ABN: 96 142 490 579

Appendix 4E

Results for announcement to market for the year ending 30 June 2023

Name of Entity: Metarock Group Limited
ABN: 96 142 490 579

	30 Jun 2023 $000	30 Jun 2022 $000	Movement $000	Movement %
Revenue from Ordinary Activities	514,214	452,698	61,516	14%
Net loss after tax from Ordinary Activities attributable to owners of the entity	(74,011)	(12,556)	(61,455)	N.M[1]
Earnings per share attributable to owners of the entity				
Basic earnings per share (cents)	(49.3)	(10.2)	(39.1)	N.M[1]
Diluted earnings per share (cents)	(49.3)	(10.2)	(39.1)	N.M[1]

Dividends

No interim or final dividend was paid or declared for the year ended 30 June 2023 (2022: Nil)

Financial Statements

Information supporting the Appendix 4E (disclosure requirements 3 to 8, 10 and 11) can be found in the attached Unaudited Preliminary Financial Report for the year ended 30 June 2023 and the associated ASX announcement.

This report is based on the Unaudited Preliminary Financial Report for the year ended 30 June 2023 which is in the process of being audited.
Commentary on the results for the period are contained in the associated ASX announcement.

Net Tangible Asset Backing

	30 Jun 2023	30 Jun 2022
Net tangible assets per ordinary share ($)	0.06	0.30

Status of Audit of FY2023 Results

As noted in the associated ASX announcement, the accompanying unaudited preliminary financial statements for FY2023 are in the process of being audited. Once completed, it is likely that the Independent Auditor’s Report will include an emphasis of matter paragraph regarding a material uncertainty in relation to going concern.

APPROVED BY THE BOARD OF DIRECTORS OF METAROCK GROUP LIMITED.

[1] Not meaningful.

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Metarock Group Limited

ABN 96 142 490 579

Preliminary Financial Report 2023 (unaudited)

Metarock Group Limited
Consolidated statement of comprehensive income (unaudited)
For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Revenue from contracts with customers	4	514,214	452,698
Other income	5	7,062	3,246
Contract disbursements		(141,976)	(122,485)
Personnel expenses	6	(334,996)	(297,368)
Office expenses		(15,099)	(13,251)
Depreciation and amortisation expense	6	(35,772)	(32,834)
Other expenses	6	(5,802)	(5,341)
Impairment loss	6	(57,596)	-
Results from operating activities		(69,965)	(15,335)
Finance income		133	8
Finance expenses		(9,903)	(4,030)
Net finance expenses	7	(9,770)	(4,022)
Loss before income tax		(79,735)	(19,357)
Income tax benefit	8	5,724	6,801
Total comprehensive loss for the period		(74,011)	(12,556)
Loss is attributable to:			
Owners of Metarock Group Limited		(74,011)	(12,556)
		(74,011)	(12,556)
Total comprehensive loss for the period is attributable to:			
Owners of Metarock Group Limited		(74,011)	(12,556)
		(74,011)	(12,556)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	20	(49.3)	(10.2)
Diluted earnings per share	20	(49.3)	(10.2)

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

METAROCK

Metarock Group Limited
Consolidated balance sheet (unaudited)
As at 30 June 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	12,902	5,229
Trade and other receivables	10	75,604	84,042
Contract assets	4(b)	-	1,984
Inventories	11	19,017	21,149
Current tax receivables	8	-	12,299
Assets classified as held for sale	13	33,906	-
Total current assets		141,429	124,703
Non-current assets			
Property, plant and equipment	12	53,772	110,666
Right-of-use assets	18	17,568	19,648
Intangible assets	14	14,186	44,136
Total non-current assets		85,526	174,450
Total assets		226,955	299,153
LIABILITIES			
Current liabilities			
Trade and other payables	15	55,230	69,246
Contract liabilities	4(b)	33	2,051
Borrowings	23	40,686	62,981
Lease liabilities	18	7,144	6,127
Employee benefit obligations	16	20,395	23,822
Provisions	17(a)	6,544	485
Other current liabilities	19	8,914	12,661
Liabilities directly associated with assets classified as held for sale	13	30,499	-
Total current liabilities		169,445	177,373
Non-current liabilities			
Borrowings	23	15,423	21,027
Lease liabilities	18	8,675	11,201
Deferred tax liabilities	8(d)	-	5,735
Employee benefit obligations	16	657	630
Total non-current liabilities		24,755	38,593
Total liabilities		194,200	215,966
Net assets		32,755	83,187
EQUITY			
Share capital	22	111,180	87,904
Other reserves	22	(24,237)	(23,434)
Retained earnings		(54,188)	18,717
Equity attributable to owners of Metarock Group Limited		32,755	83,187
Total equity		32,755	83,187

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

Metarock Group Limited
Consolidated statement of changes in equity (unaudited)
For the year ended 30 June 2023

	Notes	Share capital $'000	Retained earnings $'000	Other equity $'000	Share-based payments $'000	Common Control Reserve $'000	Total equity $'000
		Attributable to owners of Metarock Group Limited					
Balance at 1 July 2021		64,295	33,373	1,153	598	(24,237)	75,182
Profit/(loss) for the period		-	(12,556)	-	-	-	(12,556)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income/(loss) for the period		-	(12,556)	-	-	-	(12,556)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for Wilson Mining acquisition	26	1,153	-	(1,153)	-	-	-
Issue of ordinary shares as consideration for PYBAR Mining acquisition	26	22,281	-	-	-	-	22,281
Payment of Dividends	21	-	(2,246)	-	-	-	(2,246)
Share-based payment transactions		-	-	-	526	-	526
Share options exercised/lapsed		-	321	-	(321)	-	-
Shares issued or to be issued on dividends reinvested	21	175	(175)	-	-	-	-
Total contributions by and distributions to owners		23,609	(2,100)	(1,153)	205	-	20,561
Balance at 30 June 2022		87,904	18,717	-	803	(24,237)	83,187

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

Metarock Group Limited
Consolidated statement of changes in equity (unaudited)
For the year ended 30 June 2023

	Notes	Share capital $'000	Retained earnings $'000	Share based payments $'000	Common Control Reserve $'000	Total equity $'000
		Attributable to owners of Metarock Group Limited				
Balance at 1 July 2022		87,904	18,717	803	(24,237)	83,187
Profit for the period		-	(74,011)	-	-	(74,011)
Other comprehensive income		-	-	-	-	-
Total comprehensive income/(loss) for the period		-	(74,011)	-	-	(74,011)
Transactions with owners in their capacity as owners:						
Share issue transaction costs - placement	22	(1,724)	-	-	-	(1,724)
Issue of ordinary shares - l placement	22	25,000	-	-	-	25,000
Share options exercised/lapsed		-	830	(830)	-	-
Share-based payment transactions		-	-	303	-	303
Transfers share options lapsed		-	276	(276)	-	-
Total contributions by and distributions to owners		23,276	1,106	(803)	-	23,579
Balance at 30 June 2023		111,180	(54,188)	-	(24,237)	32,755

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

Metarock Group Limited
Consolidated statement of cash flows (unaudited)
For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		558,721	492,586
Payments to suppliers and employees (inclusive of GST)		(567,172)	(467,442)
		(8,451)	25,144
Insurance recovery		1,471	-
Interest received		133	8
Interest paid		(9,001)	(3,872)
Income taxes refunded/paid		12,537	(2,293)
Receipts of government grants and subsidies		2,928	1,452
Net cash (outflow)/inflow from operating activities	9	(383)	20,439
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	26	-	(11,604)
Payment of contingent consideration	19	(3,832)	(2,029)
Payments for property, plant and equipment		(29,752)	(41,641)
Initial direct costs on right-of-use assets		-	(33)
Payment of software development costs		-	(143)
Proceeds from sale of property, plant and equipment		24,018	1,206
Net cash outflow from investing activities		(9,566)	(54,244)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities net of transaction costs		23,276	-
Proceeds from borrowings		46,260	41,644
Repayment of borrowings		(44,461)	(17,124)
Principal elements of finance lease payments		(7,453)	(7,629)
Dividends paid to company's shareholders	21	-	(2,246)
Net cash inflow from financing activities		17,622	14,645
Net increase (decrease) in cash and cash equivalents		7,673	(19,160)
Cash and cash equivalents at the beginning of the financial year		5,229	24,389
Cash and cash equivalents at end of year	9	12,902	5,229

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

1 Basis of preparation

The consolidated financial statements are 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'). The principal accounting policies adopted in the preparation of this preliminary financial report are set out in the following notes to the consolidated financial statements. These policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of each entity in the Group. These consolidated financial statements have been prepared under the historical cost convention. Metarock Group Limited is a for-profit entity for the purpose of preparing the consolidated financial statements. 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.

Statement of compliance

The consolidated financial statements of the Metarock Group Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the group

A number of amended standards 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet.

1 Basis of preparation (continued)

Going concern

This consolidated 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.

The Group had net cash outflows from operating activities for the year ended 30 June 2023, a net loss after tax of $74,011,000 was incurred for the period and the Group has a statutory net current deficiency of $28,016,000 for the period then ended.

	2023 $'000	2022 $'000
Net current deficiency		
Current assets	141,429	124,703
Current liabilities	(169,445)	(177,373)
	(28,016)	(52,670)

Since late 2022, the Board has been focused over the past 12 months on implementing a turnaround plan for the Company to improve the net current deficiency. This turnaround plan has delivered a $24.6 million reduction in net working capital deficiency (representing a 47% decrease) at 30 June 2023 compared to prior year. The key elements of the turnaround plan include:

- Appointment of a new management team which commenced in late 2022 to lead the Group and implement the turnaround plan.
- In the Mastermyne business unit, termination and settlement of Mastermyne's Crinum contract. In addition to this, post year-end the Cook Colliery mining services operations contract ended by mutual agreement . These contracts had placed considerable strain on the cash resources of the Group due to not contributing the required financial returns for the risks of the contract, the requirement to deploy very significant capital investment for each of the projects and in the case of Crinum, significant remedial costs were incurred to repair the drift following a major roof fall incident.
- In the PYBAR business unit, exiting the Thalanga contract and terminating the Peak contract by mutual agreement which were either incurring losses or not making a sufficient financial return.
- Sale of idle plant, including the Crinum and Cook coal equipment and various hard rock equipment. The sale of coal equipment is well progressed, with $24.0 million settling prior to year-end and a further $28.5 million which settled post year-end.
- Completion of a $25 million placement in May 2023 to M Resources to improve liquidity and net debt positions.
- Part of the equipment finance facility are subject to a progressive payment arrangement under which the financiers will pay for the purchase and construction/refurbishment of mining equipment on the condition the financing is rolled into an amortising term finance arrangement upon completion of the construction/refurbishment of each asset. These facilities are classified as current at financial year-end as construction had not been completed and thus the assets had not yet rolled into the amortising term facilities, for which the term will be greater than 12 months. Much of this equipment has been the subject of the asset sale process given the equipment will no longer be deployed into contracts (which have been terminated or ceased). Approximately $19.9 million of current finance facilities which are recorded as a current liability at 30 June 2023 have been repaid from the proceeds of asset sales which settled after year-end.
- The invoice finance and overdraft facilities was scheduled to mature on 30 September 2023. Post financial year-end an agreement has been executed to cancel the overdraft facility and extend the invoice facility to 30 September 2024. The covenants are waived until 31 December 2023 and then applied quarterly thereafter.

1 Basis of preparation (continued)

Going Concern (continued)

- The Group maintains the ongoing support of its bank and has significant borrowing capacity. During the financial year the Group has reduced its facility limits by $27.5 million from the proceeds of the capital management initiatives outlined above and lower working capital requirements due to terminated contracts. Total facilities and undrawn amounts after the amendments are outlined below:

	Facility Limit at Year End $'000	Undrawn $'000
Bank guarantee facility	1,780	473
Corporate credit card facility	970	925
Overdraft finance facility	6,000	6,000
Invoice finance facility	42,500	22,928
Equipment finance facility	108,841	45,635
Other finance facilities	31	-
	160,122	75,961

- Post financial year end the Company executed a Second Variation Deed to the Share Purchase Agreement to further defer the payment of the deferred consideration for the PYBAR acquisition. Under this agreement an instalment of $2,000,000 is payable on 1 September 2023 and the remaining balance of $6,914,000 is payable in monthly instalments commencing 31 January 2024.The interest rate was also increased to 12.25% per annum payable monthly in arrears.

- Finally, in addition to the above, the Group has the ability to raise additional equity as the need arises and currently has an entitlement offer open to raise up to $3.0 million.

On the above basis, the Directors are of the opinion the Group will be able to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities which may be necessary should the Group be unsuccessful in extending or increasing its facilities and / or raising additional capital.

Should the Directors not be able to manage these inherent uncertainties and successfully secure new facilities or raise additional equity, there would be a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1 Basis of preparation (continued)

Significant estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual result. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving significant estimates, assumptions or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Note 8(d): Recognition of deferred tax asset for carried-forward tax losses;
- Note 14: Key assumptions used in value-in-use calculations;
- Note 18: Determining the lease term;
- Note 18: Determining the incremental borrowing rate;

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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 consolidated financial statements. Amounts in the 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 consolidated financial statements were authorised for issue by the Directors on 31/08/2023. The Directors have the power to amend and reissue the unaudited consolidated financial statements.

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

Stock exchange listings

Metarock Group Limited shares are listed on the Australian Securities Exchange (ASX).

Website address

www.metarock.com.au

2 Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

- During the period, a number of contracts were terminated that were placing financial strain on the business. These include Crinum (Sojitz) mining operations contract, Peak (Aurelia) mining services contract and Thalanga (Red River) mining services contract (as a result of the mine owner entering Administration). The termination of these contracts necessitated significant write-offs which have materially impacted the Group's result for the year ended 30 June 2023. In addition to this the Cook Colliery mining operations contract was deemed onerous.
- PYBAR's under-performance against acquisition targets has resulted in significant impairment on goodwill during the financial year.

The financial impact of these events and transactions is highlighted in note 6.

3 Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group’s operating segments 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.

The Directors have assessed there are two reportable segments, as detailed below, which 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. CODM review financial performance for Mastermyne at a consolidated level and at an operating unit level. Operating units comprise Mastermyne Operations (mine operations) and Mastermyne Contracting (comprising contracting, chemicals, consumables, training and related services). The reportable segment aggregates these operating units 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.

3 Segment information (continued)

Segment reporting (continued)

The table below shows the segment information provided to the Board of Directors, adjusted to eliminate inter-segment balances, for the reportable segments for the year ended 30 June 2023.

2023	Mastermyne $'000	PYBAR $'000	Total $'000
Total segment revenue	326,786	187,428	514,214
Revenue from external customers	326,786	187,428	514,214
Segment EBITDA	(34,209)	16	(34,193)
Depreciation and amortisation	(10,715)	(25,057)	(35,772)
Net finance costs	(6,021)	(3,749)	(9,770)
Net profit/(loss) before tax	(50,945)	(28,790)	(79,735)
Total segment assets	145,440	81,515	226,955
Total segment liabilities	(101,480)	(92,720)	(194,200)

2022	Mastermyne $'000	PYBAR $'000	Total $'000
Total segment revenue	287,010	165,688	452,698
Revenue from external customers	287,010	165,688	452,698
Segment EBITDA	4,198	13,301	17,499
Depreciation and amortisation	(11,889)	(20,945)	(32,834)
Net finance costs	(1,988)	(2,034)	(4,022)
Net profit/(loss) before tax	(9,679)	(9,678)	(19,357)
Total segment assets	142,612	156,541	299,153
Total segment liabilities	(104,391)	(111,575)	(215,966)

For information regarding major customers, refer to Note 25(b). The Group operates in one geographical segment, namely Australia.

For information regarding product and service sales, refer to Note 4 Revenue from contracts with customers.

4 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from contracts with customers from the transfer of goods and services over time and at a point in time as follows:

	2023 $'000	2022 $'000
Contracting revenue	483,966	425,858
Sale of goods	7,121	6,501
Machinery hire	23,127	20,339
	514,214	452,698

(b) Assets and liabilities related to contracts with customers

	2023 $'000	2022 $'000
Contract Assets		
Current contract assets relating to mine operation contracts	-	1,984
Total contract assets	-	1,984
Contract Liabilities		
Contract liability - income received in advance	(33)	(251)
Contract liability - expected refunds to customers	-	(1,800)
Total current contract liabilities	(33)	(2,051)

(i) Significant changes in contract assets and liabilities

The decrease in contract assets is as a result of the impairment of capitalised pre-production costs following the termination of a mining contract. The decrease in the contract liabilities is a result of settlement associated with a terminated contract.

Accounting policy

The company derives revenue from contracting, sale of goods and machinery hire. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Consideration included in the measurement of revenue

The consideration to be received from customers may include fixed amounts, variable amounts, or both. Where the contract includes a right to variable consideration, the Group estimates the amount of variable consideration using the most likely amount approach on a contract-by-contract basis. Variable consideration is included in the measurement of revenue only to the extent that it is highly probable, based on historical experience, that a significant reversal of the cumulative amount recognised will not occur when the uncertainty associated with the variability is subsequently resolved.

Contracting

Contracting revenue includes new mine development, mine operation and all mine support services such as training, roadway construction, ventilation, conveyors, longwall relocations and application of polymeric strata support. Contracting revenue is recognised over time, and dependent on the type of contract, is measured using either the input or output method.

4 Revenue from contracts with customers (continued)

Accounting policy (continued)

Contracting (continued)

For schedule of rates contracts, where a rate is prescribed for each of the activities performed, revenue is recognised in the amount to which Metarock Group Limited has a right to invoice.

For fixed-price contracts, either the input or output method is used to recognise revenue depending on the terms of the underlying contract. Where the output method is determined to be most appropriate, revenue is recognised on the basis of direct measurement of the value of goods or services transferred to the customer. Where the input method is determined to be most appropriate, revenue is recognised on the basis of resources consumed, costs incurred or machines hours. When the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date, revenue is recognised over-time by reference to the stage of completion of the contract activity and measurement is based on the proportion of contract costs incurred up to the end of the reporting period relative to the estimated total contract costs.

Contracts can contain multiple performance obligations. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a production schedule. If the services rendered by Metarock Group Limited exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Sale of goods

Revenue from the sale of goods is recognised at a point in time when the Company transfers control of goods to a customer for the amount to which the Company expects to be entitled.

Machinery hire

Machinery hire revenue is recognised over time using the input method.

Receivables from contracts with customers

A receivable from a contract with a customer represents the company's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment. Receivables from contracts with customers include trade and other receivables and unbilled revenue at year end.

5 Other income

	2023 $'000	2022 $'000
Government grants and subsidies	2,928	1,452
Gain on sale of plant and equipment	1,755	947
Administration Income and Insurance proceeds	2,379	847
	7,062	3,246

Accounting policy

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

5 Other income (continued)

Accounting policy (continued)

Gain on sale of plant and equipment

Gains on sale of plant and equipment are recognised at a point in time when the Company transfers control of the equipment to a customer for the amount to which the Company expects to be entitled.

Administration Income and Insurance proceeds

Administration income and insurance proceeds are recognised at a point in time when the Company has an unconditional entitlement to receipt of funds.

6 Expenses

	Notes	2023 $'000	2022 $'000
Personnel expenses			
Wages and salaries		286,831	257,535
Other associated personnel expenses		25,790	21,271
Contributions to defined contribution superannuation funds		22,070	18,038
Equity-settled share based payment transactions		305	524
		334,996	297,368
Depreciation and amortisation			
Depreciation	12, 18	31,827	28,536
Amortisation	14	3,945	4,298
		35,772	32,834
Other expenses			
Insurance		4,806	3,472
Fair Value Increase in Contingent Consideration Liabilities	19, 26	(16)	2,022
Business development costs and other expenses		48	13
Impairment losses/(recoveries) arising from contracts with customers		671	(168)
Royalty expense		-	2
Loss on termination of leases		293	-
		5,802	5,341

6 Expenses (continued)

Loss for the full-year includes the following items that are unusual because of their nature, size or incidence:

	Notes	2023 $'000	2022 $'000
Gains			
Gain on disposal of plant and equipment		1,755	-
		1,755	-
Impairment losses			
Impairment of Crinum assets (i)			
Contract assets and accrued revenue		(8,021)	-
Trade receivables		(466)	-
Property, plant and equipment		(1,672)	-
Inventory		(973)	-
Asset held for sale		(2,376)	-
Intellectual property		(323)	-
Impairment of PYBAR assets (ii)			
Goodwill, brand and customer contracts		(24,644)	-
Inventory		(4,269)	-
Property, plant and equipment		(1,404)	-
Impairment of Thalanga assets (iii)			
Trade receivables		(5,676)	-
Customer relationships		(1,417)	-
Impairment of Cook assets (iv)			
Trade receivables		(179)	-
Accrued revenue		(3,635)	-
Impairment - ROU assets		(790)	-
Impairment of trade receivables subject to ongoing claim (vi)		(1,751)	-
		(57,596)	-
Expenses			
Cook onerous contract costs (iv)		(6,544)	-
Cook employee obligations (iv)		(1,184)	-
Impact of Crinum incident (v)		(8,315)	(22,274)
Consulting and legal costs - Crinum and Moranbah North Mine incident (vii)		(778)	(1,179)
Fair value adjustment to contingent consideration		-	(2,022)
Acquisition-related costs from the business combination		-	(1,359)
		(16,821)	(26,834)

(i) The Crinum Mine Operations contract was terminated in October 2022 with a deed of release and settlements finalised. Assets related to the Crinum contract have been written-off to the extent that they exceeded their recoverable values as determined by the deed of settlement.

(ii) With PYBAR's under-performance and the cessation of multiple contracts, a review of their assets was undertaken during the year. As a result of the review, goodwill, brand and customer contracts were impaired by $24,644,000, inventory was impaired by $4,269,000 in recognition of its net realisable value, and a group of assets were impaired to their recoverable amount resulting in an impairment loss of $1,404,000.

(iii) The Thalanga Mining Services contract was terminated following the mine owner, Cromarty Resources Pty Ltd, being placed into administration followed by liquidation. Trade debtors in the amount of $5,675,000 were deemed to be unrecoverable and written-off accordingly, and the remaining balance of customer relationships attributed to the contract on acquisition of PYBAR was impaired in full resulting in an impairment loss of $1,417,000 during the period.

(iv) In August 2023 the Cook Colliery contract ended by mutual agreement. Assets related to the Cook contract have been written down to the extent that they exceeded their recoverable values and an onerous contract provision has been raised for the net unavoidable costs to meet contractual obligations for the remainder of the contract.

6 Expenses (continued)

(v) Costs associated with the Crinum incident are included in contract disbursements, personnel and other expenses in the statement of comprehensive income.

(vi) During the year trade and other receivables related to an on-going claim were impaired as they are no longer deemed recoverable.

(vii) Costs, legal and related costs associated with the Crinum and Moranbah North Mine incidents are included in office expenses in the statement of comprehensive income and are presented net of insurance recoveries.

7 Finance income and costs

	2023 $'000	2022 $'000
Finance income		
Finance income	133	8
	-	-
Finance costs		
Finance costs paid/payable for borrowings	(8,124)	(3,088)
Finance costs paid/payable for lease liabilities and unwinding of discount	(936)	(784)
Deferred consideration: unwinding of discount/interest	(843)	(201)
Finance costs charged against other contractual provisions	-	43
	(9,903)	(4,030)
Net finance costs	(9,770)	(4,022)

Accounting policy

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Finance expenses

Finance expenses comprise interest expense on borrowings, interest in respect of lease liabilities and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. The increase in finance costs is as a result of significant interest on variable rate borrowings.

8 Income tax

(a) Income tax expense

The major components of income tax expense are as follows:

	2023 $'000	2022 $'000
Current income tax benefit	-	(11,193)
Adjustment for prior period	-	4
Total current tax benefit	-	(11,189)
Deferred income tax relating to the origination and reversal of temporary differences	(5,724)	4,388
Income tax benefit	(5,724)	(6,801)

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

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

	2023 $'000	2022 $'000
Loss from operations before income tax expense	(79,735)	(19,357)
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)	(23,921)	(5,807)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible impairment of intangible assets	6,333	-
Other non-deductible expenses	(545)	1,153
Non-assessable income	-	(2,151)
Change in recognised temporary differences	12,409	-
	(5,724)	(6,805)
Under/(over) provision of previous year	-	4
Income tax benefit	(5,724)	(6,801)

(c) Current tax assets and liabilities

The current tax liability for the Group of $nil (2022: $12,299,000 tax asset) represents the amount of income taxes payable (2022: receivable), in respect of current and prior periods.

8 Income tax (continued)

(d) Deferred tax balances

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

	2023 $'000	2022 $'000
Receivables	758	107
Tax losses - Transferred	-	5,821
Employee benefits	6,015	7,386
Accruals and provisions	3,592	1,648
Capital raising and business acquisition costs	915	286
Lease liabilities	4,241	3,633
Inventory	197	(1,568)
Tax losses - Group	3,101	-
Total deferred tax assets	18,819	17,313
Property, plant and equipment	(7,452)	(11,899)
Intangible assets	(993)	(3,805)
Right-of-use assets	(3,722)	(3,464)
Unbilled revenue	(6,652)	(3,881)
Total deferred tax liabilities	(18,819)	(23,049)
Net deferred tax assets / (liabilities)	-	(5,736)

8 Income tax (continued)

(d) Deferred tax balances (continued)

Movements in deferred tax assets and liabilities are as follows:

Movements	Tax losses $'000	Employee benefits $'000	Accruals & Provisions $'000	Capital raising and business acquisition costs $'000	Lease liabilities $'000	Property, plant and equipment $'000	Receivables $'000	Inventory $'000	Intangible assets $'000	Right-of-use assets $'000	Unbilled revenue $'000	Total $'000
Balance at 1 July 2021	5,687	3,637	489	23	2,289	(127)	-	-	(395)	(2,221)	(1,856)	7,526
(Charged)/credited												
- to profit or loss	134	187	634	263	(708)	(3,683)	(67)	(874)	1,018	733	(2,025)	(4,388)
- to current tax liability	-	-	120	-	-	11	-	15	-	-	-	146
Acquisition of subsidiary	-	3,562	405	-	2,052	(8,100)	174	(709)	(4,426)	(1,976)	-	(9,018)
Balance at 30 June 2022	5,821	7,386	1,648	286	3,633	(11,899)	107	(1,568)	(3,803)	(3,464)	(3,881)	(5,734)
Balance at 1 July 2022	5,821	7,386	1,648	286	3,633	(11,899)	107	(1,568)	(3,804)	(3,464)	(3,881)	(5,735)
(Charged)/credited												
- to profit or loss	2,917	(1,371)	1,944	629	608	4,943	651	1,765	2,603	(261)	3,707	18,135
- to current tax liability	(256)	-	-	-	-	-	-	-	-	-	-	(256)
- prior year under/over	7,028	-	-	-	-	(712)	-	(40)	204	(4)	(6,478)	(2)
Acquisition of subsidiary	-	-	-	-	-	217	-	40	3	7	-	267
- derecognition of tax assets	(12,409)	-	-	-	-	-	-	-	-	-	-	(12,409)
Balance at 30 June 2023	3,101	6,015	3,592	915	4,241	(7,451)	758	197	(994)	(3,722)	(6,652)	-

8 Income tax (continued)

Accounting policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

Metarock Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Significant estimate: Recognition of deferred tax asset for carried forward losses

The Group has unused tax losses of $10,330,000 for which no deferred tax has been recognised. The losses can be carried forward indefinitely.

9 Cash and cash equivalents

	2023 $'000	2022 $'000
Current assets		
Cash on hand	4	4
Bank balances	12,898	5,225
Cash and cash equivalents in the statement of financial position	12,902	5,229

Accounting policy

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

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

	Notes	2023 $'000	2022 $'000
Loss for the period		(74,011)	(12,556)
Adjustments for:			
Depreciation	12, 18	31,827	28,536
Amortisation of intangible assets	14	3,945	4,298
Provision for impairment of trade debtors		-	(168)
Loss on termination of leases		419	-
Non-cash employee benefits expense - share-based payments		305	526
Net (gain)/loss on sale or loss of current and non-current assets	6	(1,755)	(947)
Fair value adjustment - contingent consideration		(16)	2,022
Fair value adjustment - onerous contracts		(445)	-
Net finance expense		9,770	4,022
Income tax benefit		(5,724)	(6,801)
Impairment of property, plant and equipment		57,596	-
Change in operating assets and liabilities:			
Decrease/(Increase) in trade and other receivables		368	(3,842)
Increase in contract assets		(9,672)	(697)
(Decrease)/increase in contract liabilities		(2,018)	1,839
Increase in inventory		(3,019)	(1,370)
(Decrease)/increase in trade and other payables		(14,726)	17,549
(Decrease)/increase in employee benefits		(3,400)	598
Increase/(decrease) in provisions		6,504	(6,413)
Interest paid		(9,001)	(3,872)
Interest received		133	8
Income taxes refunded/(paid)		12,537	(2,293)
Net cash (outflow)/inflow from operating activities		(383)	20,439

9 Cash and cash equivalents (continued)

Non-cash investing and financing activities

	Notes	2023 $'000	2022 $'000
Acquisition of right-of-use assets	18	7,681	4,203
Rights and shares issued to employees under the Employee Performance Rights Plan for no cash consideration		830	321
Dividends reinvested	21	-	175
		8,511	4,699

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt	2023 $'000	2022 $'000
Cash and cash equivalents	12,902	5,229
Borrowings	(56,109)	(84,008)
Liabilities associated with assets held for sale	(30,499)	-
Lease liabilities	(15,819)	(17,328)
Net debt	(89,525)	(96,107)

	Liabilities from financing activities			Other assets	
	Borrowings $'000	Leases $'000	Sub-total $'000	Cash/bank overdraft $'000	Total $'000
Net debt as at 1 July 2021	-	(12,557)	(12,557)	24,389	11,832
Financing cash flows	(24,520)	7,629	(16,891)	(19,178)	(36,069)
New leases	-	(4,168)	(4,168)	-	(4,168)
Acquired in business combination	(59,488)	(8,232)	(67,720)	18	(67,702)
Interest expense	(3,088)	(784)	(3,872)	-	(3,872)
Interest payments (presented as operating cash flows)	3,088	784	3,872	-	3,872
Net debt as at 30 June 2022	(84,008)	(17,328)	(101,336)	5,229	(96,107)
Net debt as at 1 July 2022	(84,008)	(17,328)	(101,336)	5,229	(96,107)
Financing cash flows	(1,799)	7,453	5,654	7,673	13,327
Terminations	-	1,052	1,052	-	1,052
New leases	-	(6,996)	(6,996)	-	(6,996)
Interest expense	(6,339)	(938)	(7,277)	-	(7,277)
Interest payments (presented as operating cash flows)	5,538	938	6,476	-	6,476
Net debt as at 30 June 2023	(86,608)	(15,819)	(102,427)	12,902	(89,525)

The current year cash flow for borrowings includes cash flows associated with liabilities related to assets held for sale.

10 Trade and other receivables

	2023 $'000	2022 $'000
Current		
Trade and other receivables *(i)*	50,911	48,333
Unbilled revenue *(ii)*	22,233	32,833
Loss allowance *(iii)*	(1,027)	(356)
	72,117	80,810
Prepayments	3,487	3,232
	75,604	84,042

Accounting policy

Loans and receivables are carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period of maturity. We establish an allowance for expected credit losses for loans and receivables using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and unbilled revenue have been assessed separately based on the days past due. The unbilled revenue represents receivables from contracts with customers for which the Company has an unconditional right to consideration arising from the transfer of goods or services to the customer (i.e. only the passage of time is required before payment of the consideration is due) and have similar risk characteristics as the trade receivables for the same types of contracts. The expected loss rates are based on the historical credit losses experienced over the previous ten years. We adjust historical loss rates to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(i) Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any loss allowance.

(ii) Unbilled revenue

Unbilled revenue represents receivables from contracts with customers for which the Company has an unconditional right to consideration arising from the transfer of goods or services from the customer, but has not been invoiced at balance date. They are generally converted to trade receivables within 30 days and then due for settlement as outlined above and are therefore all classified as current. The Group holds unbilled revenue with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any loss allowance.

The decrease in unbilled revenue is a result of the termination of contracts at Crinum, Peak and Thalanga mining operations during the year.

(iii) Allowance for expected credit losses

Expected credit losses are included in profit or loss within other expenses.

The increase in the allowance for credit loss is as a result of the impact of the review of the expected loss assumptions during the year. This was based on considering the historical loss rate on the different ageing categories of the trade receivables and applying the rates to the balance per category at 30 June 2023.

11 Inventories

	2023 $'000	2022 $'000
Raw materials	7,111	4,125
Finished goods	11,906	17,024
	19,017	21,149

Inventories recognised as expense in cost of goods sold during the year ended 30 June 2023 amounted to $8,688,000 (2022: $5,934,000).

Accounting policy

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

12 Property, plant and equipment

	2023 $'000	2022 $'000
Plant and equipment		
Gross value	119,939	177,483
Accumulated depreciation and impairment	(68,867)	(72,114)
	51,072	105,369
Motor vehicles		
Gross value	4,056	4,535
Accumulated depreciation	(2,425)	(1,768)
	1,631	2,767
Leasehold improvements		
Gross value	1,050	1,176
Accumulated depreciation and impairment	(519)	(408)
	531	768
Computer equipment		
Gross value	2,210	3,739
Accumulated depreciation	(1,672)	(1,977)
	538	1,762
	53,772	110,666

12 Property, plant and equipment (continued)

Reconciliation of carrying amounts

	Note	Plant and equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Computer equipment $'000	Total $'000
Year ended 30 June 2022						
Opening net book amount		21,736	330	17	866	22,949
Acquisition of subsidiary		64,346	3,287	940	228	68,801
Additions		40,208	323	62	1,048	41,641
Disposals		(157)	(53)	(40)	(7)	(257)
Depreciation charge		(20,077)	(1,093)	(211)	(373)	(21,754)
Depreciation charged to other contractual provisions		(687)	(27)	-	-	(714)
Closing net book amount		105,369	2,767	768	1,762	110,666
Year ended 30 June 2023						
Opening net book amount		105,369	2,767	768	1,762	110,666
Additions		29,122	466	38	126	29,752
Assets classified as held for sale		(56,132)	(291)	(29)	(1,028)	(57,480)
Disposals		-	-	-	-	-
Depreciation charge		(23,744)	(1,311)	(246)	(322)	(25,623)
Impairment loss		(3,543)	-	-	-	(3,543)
Closing net book amount		51,072	1,631	531	538	53,772

Accounting policy

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income" or "other expenses" in profit or loss.

12 Property, plant and equipment (continued)

Accounting policy (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised in profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment.

The depreciation rates which reflect the estimated useful lives for the current period are as follows:

• Plant and equipment	7.50 - 50.00%
• Motor vehicles	12.50 - 33.33%
• Computer equipment	20.00 - 50.00%
• Leasehold improvements	7.50 - 15.00%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The cost of improvements to, or in, leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements to the Group, whichever is shorter.

13 Assets classified as held for sale

(a) Assets and liabilities classified as held for sale

In November 2022 a decision was made to sell excess plant and equipment. A group of assets were reclassified from property, plant equipment to assets held for sale and additional assets were added to the category during the year. The proceeds from the sale of assets are disclosed in the Statement of Cashflow under investing activities.

An impairment loss of $2,376,000 was recognised on the assets held for sale. The assets are being actively marketed and sales are expected to be completed by the end of December 2023.

The assets held for sale and the liabilities directly associated with the assets classified as held for sale are disclosed below:

	2023 $'000	2022 $'000
Assets classified as held for sale		
Property, plant and equipment	33,906	-

	2023 $'000	2022 $'000
Liabilities directly associated with assets classified as held for sale		
Borrowings	30,499	-

Accounting policy

Assets held for sale are measured at the lower of carrying amount and fair value less cost to sell at the time of reclassification and subsequently assessed for impairment at each reporting date. The fair value of the assets is determined using the current prices of similar assets in the market adjusted for some differences where necessary.

14 Intangible assets

	2023 $'000	2022 $'000
Goodwill		
Gross value	31,435	31,056
Accumulated impairment	(21,111)	-
	10,324	31,056
Software		
Gross value	1,269	1,119
Accumulated amortisation	(600)	(254)
	669	865
Intellectual property		
Gross value	719	719
Accumulated amortisation	(719)	(339)
	-	380
Customer relationships		
Gross value	9,770	11,753
Accumulated amortisation and impairment	(7,357)	(3,959)
	2,413	7,794
Exclusive distribution rights		
Gross value	991	991
Accumulated amortisation	(211)	(156)
	780	835
Brand		
Gross value	3,435	3,435
Accumulated amortisation and impairment	(3,435)	(229)
	-	3,206
	14,186	44,136

Reconciliation of carrying amounts

	Note	Goodwill $'000	Software $'000	Intellectual property $'000	Customer relationships $'000	Exclusive distribution rights $'000	Brand $'000	Total $'000
Year ended 30 June 2022								
Opening net book amount		10,324	166	483	404	890	-	12,267
Acquisition of subsidiary		20,732	694	-	11,163	-	3,435	36,024
Additions - internal development		-	143	-	-	-	-	143
Amortisation charge		-	(138)	(103)	(3,773)	(55)	(229)	(4,298)
Closing net book amount		31,056	865	380	7,794	835	3,206	44,136

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14 Intangible assets (continued)

Reconciliation of carrying amounts (continued)

		Goodwill $'000	Software $'000	Intellectual Property $'000	Customer relationships $'000	Exclusive distribution rights $'000	Brand $'000	Total $'000
Year ended 30 June 2023								
Opening net book amount		31,056	865	380	7,794	835	3,206	44,136
Acquisition of subsidiary	26	379	-	-	-	-	-	379
Amortisation charge		-	(196)	(57)	(3,466)	(55)	(171)	(3,945)
Impairment loss		(21,111)	-	(323)	(1,915)	-	(3,035)	(26,384)
Closing net book amount		10,324	669	-	2,413	780	-	14,186

Accounting policy

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of the finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, consistent with managements assessment of operating segments (note 3).

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Significant costs associated with software are deferred and amortised using the diminishing value method over the estimated useful lives of the respective assets, generally 2 to 5 years.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recognised as intangible assets and amortised on a straight-line basis over the period of expected benefit, being their finite life, generally 2 to 5 years.

14 Intangible assets (continued)

Accounting policy (continued)

Intellectual property

Separately acquired intellectual property is shown at historical cost. Intellectual property acquired in a business combination is recognised at fair value at the acquisition date. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method over the estimated useful lives of the respective assets, generally 8 to 10 years.

Customer contracts and relationships

The customer relationships are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the relationships over their estimated useful lives. The customer relationships were acquired as part of a business combination in prior year.Amortisation is calculated using the straight line method over the estimated useful lives of the respective assets, generally two to seven years. We test customer relationship assets for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired, and we write its value down when impaired.

Exclusive distribution rights

The exclusive distribution rights were acquired as part of a business combination in prior years. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based over the life of the underlying agreement, currently 18 years.

Brand

Brand is recognised at fair value at the date of acquisition and subsequently amortised on a straight-line basis over a period of 10 years. Brand assets were acquired as part of a business combination in prior year.

Impairment testing

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

An impairment loss of $24,644,000 was recognised against goodwill, brand and customer relationships in the Pybar CGU (30 June 2022: Nil). A further writedown of $1,740,000 was recognised against customer relationships and intellectual property following the termination of contracts during the year.

Significant estimate: Key assumptions used in value-in-use calculations

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each CGU is as follows:

14 Intangible assets (continued)

Significant estimate: Key assumptions used in value-in-use calculations (continued)

	2023 $'000	2022 $'000
Mastermyne Mining	**6,429**	6,429
Wilson Mining	**3,895**	3,895
PYBAR	**-**	20,732
	10,324	31,056

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions.

Mastermyne Mining

The Mastermyne Mining calculations use cash flow projections based on financial budgets approved by management for 2024, with cash flows beyond the 2024 financial year extrapolated using an average growth rate of 3.5% (2022: 3.5%) to cover a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 2.5% (2022: 2.5%).

A 17.97% before-tax discount rate was applied to cash flow projections (2022: 12.41%). The discount rate was estimated based the Group's weighted average cost of capital, an industry average beta, risk-free rate consistent with an Australian government 10-year treasury bond with a minimum yield used of 4.00%, a market risk premium of 6.00% and a calculated cost of debt based on the Group's current debt and interest rates payable on this debt.

Impact of possible changes in key assumptions

No reasonable change in any of the key assumptions would result in an impairment.

Wilson Mining

The Wilson Mining calculations use cash flow projections based on financial budgets approved by management for 2024 and forecasts for 2025, with cash flows beyond the 2025 financial year extrapolated using an average growth rate of 3.5% (2022: 3.5%) to cover a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 2.5% (2022: 2.5%).

A 17.28% before-tax discount rate was applied to cash flow projections (2022: 15.75%). The discount rate was estimated based on: a gearing ratio of 25% - 35% taking into account the current capital structure of the Group and companies considered comparable to the Wilson Mining CGU; an industry average beta, risk-free rate consistent with an Australian government 10-year treasury bond with a minimum yield used of 4.00%, a market risk premium of 6.00% and a calculated cost of debt based on the current 10-year corporate bond yields of companies considered comparable to the Group.

Impact of possible changes in key assumptions

No reasonable change in any of the key assumptions would result in an impairment.

PYBAR

The PYBAR calculations use cash flow projections based on financial budgets approved by management for 2024 ,with cash flows beyond the 2025 financial year extrapolated using an average growth rate of 3.5% (2022: 3.5%) to cover a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 2.5% (2022: 2.5%).

A 17.4% before-tax discount rate was applied to cash flow projections (2022: 14.36%). The discount rate was estimated based on: a gearing ratio of 45% taking into account the current capital structure of the Group and companies considered comparable to the Group; an industry average beta; risk-free rate consistent with an Australian government 10-year treasury bond with a minimum yield used of 4% (2022: 3.48%); a market risk premium of 6% (2022: 4.79%); and a calculated cost of debt based on the current 10-year corporate bond yields of companies considered comparable to the Group.No impairment loss was recognised at 30 June 2023.

At reporting period ending 31 December 2022 an impairment assessment was conducted resulting in an impairment loss of $24,644,000 being recognised.Refer to the half year accounts for more detail on the assumptions used.

15 Trade and other payables

	2023 $'000	2022 $'000
Current liabilities		
Trade and other payables	11,439	33,826
Sundry creditors and accruals	43,791	35,420
	55,230	69,246

Accounting policy

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables also include liabilities for contractual claims when the Group has a present legal obligation as a result of past events, it is probable that an outflow will be required to settle the obligation and the amount has been reliably estimated. In these circumstances the liability is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, to be settled wholly within 12 months of the reporting date are recognised in sundry creditors and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled including on-costs, such as superannuation, workers compensation insurance and payroll tax.

Bonus plans

We recognise a liability for employee benefits in the form of bonus plans in sundry creditors and accruals when we have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. We measure liabilities for bonus plans at the amounts expected to be paid when they are settled; settlement occurs within 12 months.

16 Employee benefit obligations

	2023			2022		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Liability for annual leave	15,521	-	15,521	18,541	-	18,541
Liability for vesting sick leave	2,206	70	2,276	3,419	68	3,487
Liability for long service leave	1,484	587	2,071	1,862	562	2,424
Termination benefits	1,184	-	1,184	-	-	-
Total employee benefit obligations	20,395	657	21,052	23,822	630	24,452

16 Employee benefit obligations (continued)

Accounting policy

Annual leave and vesting sick leave

Liabilities for annual leave and vesting sick leave to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

The Group has liabilities for vesting period of service sick leave (vesting only where a minimum service period is met) that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Long service leave

The Group has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

17 Provisions

	2023		2022	
	Current $'000	Total $'000	Current $'000	Total $'000
Onerous Contract Provision	6,544	6,544	485	485

Cook Onerous contract

At reporting date a provision of $6,544,000 was recognised for the unavoidable costs of fulfilling the Cook Contract obligations which exceed the economic benefits expected to be received. These costs are expected to be incurred in the next financial year.

Accounting policy

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. Before a separate provision for an onerous contract is established,the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

18 Leases

This note provides information for leases where the Group is a lessee. The Group does not have any leases where it is a lessor.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Right-of-use assets		
Buildings	7,302	9,004
Equipment	8,488	9,261
Vehicles	1,778	1,383
	17,568	19,648
Lease liabilities		
Current	7,144	6,127
Non-current	8,675	11,201
	15,819	17,328

Additions to the right-of-use assets during the 2023 financial year were $7,681,000 (2022: $12,435,000)

18 Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

	Notes	2023 $'000	2022 $'000
Depreciation charge of right-of-use assets			
Buildings		1,474	1,515
Equipment		3,815	4,644
Vehicles		916	623
		6,205	6,782

	Notes	2023 $'000	2022 $'000
Interest expense (included in finance cost)	7	936	784
Expense relating to short-term leases (included in contract disbursements and office expenses)		14,076	8,224
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)		125	60
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		202	92

Total cash outflow for leases in 2023 was $22,908,000 (2022: $19,104,000).

Accounting policy

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 months to 5 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

18 Leases (continued)

Accounting policy (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term and low value leases

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Significant estimate: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Significant estimate: Determining the incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

19 Other liabilities

	2023 $'000	2022 $'000
Current		
Contingent consideration *(refer to note 26)*	-	3,848
Deferred consideration *(refer to note 26)*	8,914	8,813
	8,914	12,661

Significant estimate: Contingent and deferred consideration

The contingent consideration arrangement required the Group to pay the former owners 50% of the EBITDA of Wilson Mining for three years from 2020 to 2022, up to a maximum undiscounted amount of $10 million plus 25% of the EBITDA for the three years from 2020 to 2022 in excess of $20 million with no maximum amount payable. There is no minimum amount payable.

During the period $3.8 million was paid out under this arrangement in relation to Wilson Mining's 2022 EBITDA.

The deferred consideration relates to a share purchase agreement variation for the acquisition of PYBAR Holdings Limited which was executed on 29 August 2022. Under the arrangement the settlement of the deferred consideration of $8.9 million was deferred to 1 September 2023. As part of this arrangement interest is payable monthly in arrears at a rate of 10% per annum. Refer to note 28 for post year end changes to the arrangement.

Accounting policy

The fair value of the contingent and deferred consideration is estimated by calculating the present value of the expected future cash flow.

20 Earnings per share

Basic earnings per share

	2023 Cents	2022 Cents
Basic earnings/(loss) per share attributable to the ordinary equity holders of the Company	(49.3)	(10.20)

Diluted earnings per share

	2023 Cents	2022 Cents
Diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company	(49.3)	(10.2)

Reconciliations of earnings used in calculating earnings per share

	2023 $'000	2022 $'000
Earnings used in the calculation of basic and diluted earnings per share	(74,011)	(12,556)

Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	150,122,442	123,003,262
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	150,122,442	123,003,262

* Performance rights have been excluded from the calculation of diluted earnings per share for 2023 and 2022 as they are anti-dilutive.

Accounting policy

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

20 Earnings per share (continued)

Accounting policy (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares including performance rights.

21 Dividends

Ordinary shares

	2023 $'000	2022 $'000
Final dividends provided for or paid during the financial year ended 30 June 2022 of nil cents (2021 - 2.5 cents) per fully paid share	-	2,421
Total dividends paid	-	2,421
Dividends paid in cash or satisfied by the issue of shares		
Dividends paid in cash	-	2,246
Dividends reinvested	-	175
Total dividends paid	-	2,421

Franked dividends

	Company 2023 $'000	2022 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2022 - 30.0%)	10,026	22,581

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity, Metarock Group Limited, if distributable profits of subsidiaries were paid as dividends.

22 Equity

Share capital

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares				
Fully paid	300,991,221	130,992,547	112,904	87,904
Share issue costs	-	-	(1,724)	-
Total share capital	300,991,221	130,992,547	111,180	87,904

Movements in ordinary shares:

Details	Notes	Number of shares (thousands)	Total $'000
Opening balance 1 July 2021		106,208	64,295
Employee share scheme issues		183	-
Dividend reinvestment plan issues		186	175
Acquisition of subsidiary	26	23,209	22,281
Dividend reinvestment (Wilson Mining)		1,207	1,153
Balance 30 June 2022		130,993	87,904
Employee share scheme issues		3,332	-
Conditional placement		166,667	25,000
Share issue costs		-	(1,724)
Balance 30 June 2023		300,992	111,180

Ordinary shares

The Company does not have authorised capital or par value in respect of issued shares. All issued shares are fully paid. Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number and amounts paid on the shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

On 22 May 2023 the Company completed an equity placement where 166,666,667 fully paid ordinary shares issued to M Mining Services Pty Ltd as trustee for M Mining Services Trust (M Resources) at an exercise price of $0.15 per share. The placement also included an arrangement where M Resources is entitled to 51,282,051 options with an exercise price of $0.23 and expiring 31 May 2028. The issue of these options has been deferred to 4 September 2023.

The Group incurred share issue costs of $1,724,000 associated with completion of the placement.

Performance rights

On 22 May 2023 the Group issued placement shares upon completion of an Equity Placement. This constituted a change in control in terms of the Performance Rights Plan. The board determined the 3,332,007 performance rights which were outstanding as of that date had fully vested.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total capital. The Board also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22 Equity (continued)

Share capital (continued)

Capital management (continued)

The company has established a dividend reinvestment plan under which holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at

- the daily volume weighted average market price of all shares sold in the ordinary course of trading on the ASX automated trading system during the five day trading period immediately following the record date in respect of the relevant dividend
- less any discount of up to 10% determined by the Board from time to time with notice of the discount given prior to the relevant record date.

Dividend reinvestment plan

Reserves

(i) Other equity

The other equity reserve represents the shares to be issued to the vendors of Wilson Mining Services Pty Ltd as part of the consideration paid for the acquisition of the business.

(ii) Share-based payments reserve

The share-based payments reserve represents the grant date fair value of equity instruments granted to senior managers or key management personnel of the Company (note).

(iii) Common control reserve

As a result of combinations of entities under common control, an equity account was created called the common control reserve. The balance of this account represents the excess of the fair value of Metarock Group Limited securities as at 7 May 2010 over the initial carrying value of Metarock Group Limited as at the date of Metarock Group Limited became the new parent entity of the Group.

23 Borrowings

	2023 Current $'000	2023 Non-current $'000	2023 Total $'000	2022 Current $'000	2022 Non-current $'000	2022 Total $'000
Secured						
Invoice finance facility	19,573	-	19,573	18,770	-	18,770
Equipment finance facilities	17,548	15,423	32,971	42,115	20,996	63,111
Total secured borrowings	37,121	15,423	52,544	60,885	20,996	81,881
Unsecured						
Other loans	3,565	-	3,565	2,096	31	2,127
Total unsecured borrowings	3,565	-	3,565	2,096	31	2,127
Total borrowings	40,686	15,423	56,109	62,981	21,027	84,008

(a) Secured liabilities and assets pledged as security

The invoice finance facilities are secured over the transferred trade receivables of the Group and the equipment finance facilities are secured over the equipment subject to the finance arrangement.

The borrowings facilities, excluding other loans, are also secured over all present and after-acquired property and a negative pledge that imposes certain covenants on the Group. At financial year-end, the negative pledge states that (subject to certain exceptions) the Group will not provide any other security over its assets, and will ensure that specified financial ratios are met, including ratios for gearing, debt service coverage and capital adequacy.

23 Borrowings (continued)

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Notes	2023 $'000	2022 $'000
Current			
Transferred trade receivables		(19,573)	18,770
Floating charge			
Trade receivables	10	71,502	29,097
Inventory	11	19,017	21,149
Total current assets pledged as security		70,946	69,016
Non-current			
First mortgage			
Plant and equipment		60,805	70,630
Floating charge			
Plant and equipment	12	26,873	40,036
Total non-current assets pledged as security		87,678	110,666
Total assets pledged as security		158,624	179,682

Restrictions and covenants imposed under leasing agreements over right-of-use assets are disclosed in note 18.

(b) Compliance with loan covenants

Upon acquisition of PYBAR Holdings Pty Limited, additional covenants were implemented at a Group level in addition to those existing covenants for Mastermyne and PYBAR. Loan covenants were waived up to 30 September 2023. Refer to note 28 for post year end changes to the covenants.

(c) Fair value

The fair values of borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(d) Risk exposures

Further details on the finance facilities and details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 25.

24 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 $'000	2022 $'000
Property, plant and equipment	1,077	22,513
Intangible assets	-	10

25 Financial risk management

The Group's business activities can expose us to a variety of financial risks: market risk (including foreign exchange risk, price risk, and cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Board, together with management, seeks to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved. Risk management is identified in the Group's various corporate governance policies and will continue to be kept under regular review. Review takes place at both the Audit and Risk Management Committee level, with meetings at least four times a year, and at the Board level.

All of the Group's financial assets except cash and cash equivalents are within the loans and receivables category, and our financial liabilities are all within the financial liabilities recorded at amortised cost category.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Australian dollar. From time to time we make purchases from suppliers who require the currency of settlement to be a foreign currency. At 30 June 2023 and 2022 our exposure to foreign currency risk was immaterial.

(ii) Price risk

The Group's exposure to market price risk arising from the uncertainty of the future value of equity investments is not material.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from lease liabilities and borrowings. These are obtained at fixed rates and expose the Group to fair value risk with the exception of short term borrowings which are subject to variable interest rates.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2023 $'000	% of total borrowings	2022 $'000	% of total borrowings
Variable rate borrowings	(44,975)	51.9%	(33,470)	39.8%
Fixed rate borrowings - repricing or maturity dates:				
Less than 1 year	(26,208)	30.3%	(11,915)	14.2%
1 – 5 years	(15,437)	17.8%	(38,624)	46.0%
	(86,620)	100.0%	(84,009)	100.0%

Sensitivity

Profit or loss is sensitive to higher/lower interest expense on variable rate borrowings as a result of changes in interest rates.

	After-tax profit Higher/(lower) 2023 $'000	2022 $'000	Equity Higher/(lower) 2023 $'000	2022 $'000
+1% (100 basis points) (2022 +1%) *	(606)	(158)	(606)	(158)
-1% (100 basis points) (2022 -1%) *	606	158	606	158

* Holding all other variables constant

An analysis by maturities is provided in note (C) below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

25 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The majority of the Group's customers are large multinational mining companies with strong payment track records and credit history. There is no formal credit policy in place, however, each customer is assessed individually for creditworthiness before the Group's standard payment and delivery terms and conditions (30 days) are offered. The Group operates under signed contracts, purchase orders and forward purchase agreements which all have agreed payment terms included.

The aged receivables are reviewed on a weekly basis by senior management and overdue amounts followed up with customers for payment. The Group does not require collateral in respect of trade and other receivables.

The Group has two significant customers representing more than 10% of the carrying amount of trade receivables at 30 June 2023 (2022: Three customers) . The total of the receivables from these customers is $21,330,000 (2022: $30,043,000). The breakdown of each customer is as follows:

	2023 $'000	2022 $'000
Customer 1	16,482	17,375
Customer 2	4,848	7,515
Customer 3	-	5,153
Total	21,330	30,043

In the current and comparative period, the Group's cash and cash equivalents are held with AA-Rated Australian Banks.

Trade receivables and unbilled revenue

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled revenue.

To measure the expected credit losses, trade receivables and unbilled revenue have been grouped based on shared credit risk characteristics and the days past due. The unbilled revenue represents the Company's unconditional right to consideration arising from the transfer of goods and services to the customer (i.e. only the passage of time is required before payment of the consideration is due), and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled revenue.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 or 1 July 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance recognised as at 30 June 2023 is $1,027,000 (2022: $356,000).

A reconciliation of the allowances for trade receivables as at 30 June to the opening loss allowances is as follows:

	Trade receivables 2023 $'000	2022 $'000
Opening loss allowance as at 1 July	356	-
Increase in loan loss allowance recognised in profit or loss during the year	12,125	-
Increase in loss allowance from business combination	-	580
Receivables written off during the year as uncollectible	(11,454)	(56)
Unused amount reversed	-	(168)
Closing loss allowance at 30 June	1,027	356

25 Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables and unbilled revenue (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group's approach to managing liquidity is to ensure, as far as possible, that it will maintain sufficient liquidity levels to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

		30 June 2023		30 June 2022	
	Note	Facility Limit $'000	Undrawn Amount $'000	Facility Limit $'000	Undrawn Amount $'000
Secured					
Equipment finance facility (i)		108,841	45,635	121,760	58,649
Invoice finance facility (ii)		42,500	22,928	50,000	31,230
Overdraft finance facility (iii)		6,000	6,000	10,000	10,000
Bank guarantee facility		1,780	473	1,500	308
Corporate credit card facility		970	925	1,500	1,448
Total secured facilities		160,091	75,961	184,760	101,635
Unsecured					
Other finance facilities		31	-	2,127	-
Total facilities		160,122	75,961	186,887	101,635

(i) *Equipment finance facility*
Term facilities comprise multiple agreements with various financiers.

The facilities are fixed rate, Australian dollar denominated loans which are carried at amortised cost and repayable monthly in arrears over a term of up to five years. The specific term and interest rate varies by agreement and is set at the outset of each advance.

The equipment facilities relate to Australian dollar denominated equipment finance facilities held with two financiers which are carried at amortised cost. The equipment finance facilities are subject to progressive payment arrangements under which the financiers will pay for the purchase and construction/refurbishment of mining equipment on the condition the financing is rolled into an amortising term finance arrangement upon completion of the construction/refurbishment of each asset.

The progressive payment arrangement is subject to a variable rate of interest which is accrued and/or paid monthly in arrears. This facility is repayable on demand until it is rolled into an amortising term facility. The interest rate is fixed upon rolling into an amortising term facility. The term and interest rate are determined at the commencement of each term finance arrangement.

25 Financial risk management (continued)

(c) Liquidity risk (continued)

(continued)

(ii) Invoice finance facility

There are two invoice finance facilities held with Westpac with a combined limit of $42.5 million. The facilities have a draw down allowance of up to 85% of approved debtors and are due to mature 30 September 2023. Interest is charged at a variable rate. Refer to note 28 for post year end changes to the arrangement.

(iii) Overdraft facility

The overdraft is held with Westpac and is subject to a variable rate of interest. The facility is scheduled to mature 30 September 2023. Refer to note 28 for post year end changes to the arrangement.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities 30 June 2023	Notes	Weighted average interest rate	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount $'000
Trade payables	15	-%	56,412	-	-	-	-	56,412	56,412
Deferred consideration	19	10.00%	8,914	-	-	-	-	8,914	8,914
Borrowings	23	5.81%	63,310	9,109	11,202	5,436	-	89,057	86,608
Lease liabilities	18	5.34%	2,287	1,915	1,988	3,547	3,126	12,863	15,819
Total non-derivatives			130,923	11,024	13,190	8,983	3,126	167,246	167,753

30 June 2022	Notes	Weighted average interest rate	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount $'000
Trade payables	15	-%	69,247	-	-	-	-	69,247	69,247
Contingent and deferred consideration	19	2.44%	12,762	-	-	-	-	12,762	12,661
Borrowings		3.84%	54,049	10,295	15,379	6,432	-	86,156	84,008
Lease liabilities	18	4.64%	3,833	3,084	4,094	3,719	5,277	20,007	17,328
Total non-derivatives			139,891	13,379	19,473	10,151	5,277	188,172	183,244

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

26 Business combination

Current year

(i) AIM Acquisition
On 1 December 2022 Mynesight Pty Ltd acquired 100% of the shares of Australian Institute of Mining Pty Ltd for $60. The Company is a Registered Training Organisation. There were no asset and liabilities transferred at the date of acquisition.

Prior year

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 $42,515,000. The acquisition immediately diversified the Groups operations, providing exposure to the hard rock sector including commodities such as copper, gold and zinc.

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

	$'000
Purchase consideration	
Cash paid	11,622
Ordinary shares issued	22,281
Deferred cash consideration	8,612
Total purchase consideration	42,515

In December 2022 the purchase price accounting was finalised. The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	18
Trade and other receivables	39,670
Inventories	13,454
Plant and equipment	68,801
Right-of-use assets	8,232
Brand	3,435
Customer relationships and contracts	11,163
Software	694
Trade payables and other payable	(28,063)
Employee benefit obligations	(11,874)
Borrowings	(58,772)
Other contractual provisions	(7,655)
Lease liabilities	(8,232)
Bank overdraft	(716)
Deferred tax liability	(8,751)
Net identifiable assets acquired	**21,404**
Add: goodwill	21,111
Net assets acquired	**42,515**

(i) Provisional values adjustments
During finalisation of the acquisition values the fair value of the following assets and liabilities were revised.

26 Business combination (continued)

	Provisional Values 2022 $'000	Measurement Period Adjustments $'000	**Final fair values 2023 $'000**
Inventory	13,364	90	**13,454**
Payables	(27,326)	(737)	**(28,063)**
Deferred tax liabilities	(9,019)	268	**(8,751)**
Goodwill	20,732	379	**21,111**

The fair value of the remaining assets and liabilities remain unchanged.

(ii) Deferred consideration
On 29 August 2022, the Group executed a variation to the share purchase agreement for the acquisition of PYBAR Holdings Pty Limited to confirm the final gross deferred consideration payment as being $8,914,000 and to defer payment of this consideration to 1 September 2023. As part of this arrangement, interest is payable monthly in arrears at a rate of 10% per annum with payments commencing October 2022.

(iii) Wilson Acquisition
During the year the Group made final payments amounting to $3,832,000 for the contingent consideration related to the acquisition of Wilson Mining Services Pty Ltd. The cash outflow is disclosed under investing activities in the Statement of Cash flows.

Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Consideration for an acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the company. Consideration also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

26 Business combination (continued)

Measurement of fair values

Property plant and equipment were valued using the market comparison technique and cost technique. The valuation model considers market prices for similar items for which a secondary market exists and takes into account the physical condition of the asset. For assets where there was a lack of definitive market evidence, the depreciated replacement cost approach was taken. Depreciated replacement cost reflects adjustments for physical deterioration.

Intangible assets

- Customer contracts and relationships were valued using the multi-period excess earnings method. This method considers the present value of net cash flows expected to be generated by the customer contracts and relationships.
- Brand was valued using the relief-from-royalty method. This method is based on the present value of the estimated royalty payments that would be paid over the expected useful life of the brand if the brand were licenced from an independent third party.

27 Related parties

Wholly-owned group

The consolidated financial statements include the financial statements of Metarock Group Limited (being the ultimate parent entity) and the subsidiaries listed in the following table:

Name of entity	Country of incorporation	Equity holding (ordinary shares) 2023 %	2022 %
Mastermyne Pty Ltd	Australia	100	100
Mastermyne Engineering Pty Ltd	Australia	100	100
Mastermyne Underground Pty Ltd	Australia	100	100
Mastermyne Underground NNSW Pty Ltd	Australia	100	100
Myne Start Pty Ltd	Australia	100	100
MyneSight Pty Ltd	Australia	100	100
Mastermyne Contracting Services Pty Ltd	Australia	100	100
Ausscaffold Pty Ltd	Australia	100	100
Diversified Mining Services Pty Ltd	Australia	100	100
Falcon Mining Pty Ltd	Australia	100	100
Wilson Mining Services Pty Ltd	Australia	100	100
Mastermyne Crinum Operations Pty Ltd	Australia	100	100
Metarock Pty Ltd	Australia	100	100
Mastermyne (CC) Operations Pty Ltd	Australia	100	100
Pybar Holdings Pty Limited	Australia	100	100
Pybar Mining Services Pty Ltd	Australia	100	100
Australian Institute of Mining Pty Ltd	Australia	100	-

27 Related parties (continued)

Wholly-owned group (continued)

On 1 December 2022 Mynesight Pty Ltd, a subsidiary of Metarock Group Limited, acquired 100% of the shares of the Australian Institute of Mining Pty Ltd for $60 from:

• Nucanopi Pty Limited as trustee for the Rouse Family Trust, an entity owned by Paul Rouse

• Brencon Pty Ltd as trustee for the Brendan Rouse Family Trust and ALAR Investments (NSW) Pty Ltd as trustee for the ALAR Family Trust, related parties of Paul Rouse

The transaction was at arm's length and has been paid in full.

Refer to Note 26 Business combination for further details.

Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

27 Related parties (continued)

Parent entity financial information

Summarised financial information for the parent entity, Metarock Group Limited is as follows:

	2023 $'000	2022 $'000
Results of parent entity		
Loss for the year	(37,935)	(4,314)
Total comprehensive loss for the year	**(37,935)**	**(4,314)**
Financial position of parent entity at year-end		
Current assets	3,558	14,940
Non-current assets	70,457	97,470
Total assets	**74,015**	**112,410**
Current liabilities	59,465	32,502
Non-current liabilities	4,623	11,919
Total liabilities	**64,088**	**44,421**
Total equity of the parent entity at year-end		
Share capital	102,569	87,904
Retained earnings	(66,147)	(20,718)
Reserves	(26,495)	803
Total equity	**9,927**	**67,989**

Guarantees entered into by the parent entity

The parent entity has entered into a Deed of Cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in note .

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022. For information about guarantees given by the parent entity, please see above.

Contractual commitments for the acquisition of property, plant or equipment

There were no parent entity capital commitments as at 30 June 2023 or 30 June 2022.

28 Events occurring after the reporting period

Assets held for sale

Post year end the Group completed the sale of major equipment which was held for sale at reporting date. The net book value of the assets sold amounted to $24,041,000 as at 30 June 2023 and are disclosed as Assets classified as held for sale in the Consolidated Balance Sheet. The proceeds from the sale were used to used to repay the related debt of $19,865,000 and fund working capital requirements.

Contractual settlements

On 18 August 2023 Mastermyne (CC) Operations Pty Ltd ceased the provision of contract services at the Cook Colliery by mutual agreement in line with the company's turnaround strategy.

A provision of $6,544,000 was recognised at reporting date for the unavoidable costs of meeting the obligations which exceed the economic benefits expected to be received. These costs include contract costs and termination benefits.
All assets were written down to their recoverable values resulting in impairment loss amounting to $3,814,000.

Deferred consideration

On 30 August 2023,the Group executed a Second Variation Deed to the Share Purchase agreement for the acquisition of PYBAR Holdings Pty Limited to further defer the payment of the deferred consideration for the PYBAR acquisition. Under this agreement an instalment of $2,000,000 is payable on 1 September 2023 and the remaining balance of $6,913,737 is payable in monthly instalments commencing 31 January 2024.The interest rate was also increased to 12.25% per annum payable monthly in arrears.

Extension of Westpac facilities

On 31 August 2023 ,the Group executed an agreement to extend the invoice facility to 30 September 2024 and cancel the overdraft facility. The covenants are waived until 31 December 2023 and then applied quarterly thereafter.

Other events

On 30 August 2023,the Group signed a term sheet for a shareholders loan of $2,000,000 from M Mining Services Pty Ltd under the Facility Agreement which was executed in March 2023. The loan is available for draw down on 1 September 2023 and is repayable on 1 October 2024.The loan is subject to interest at BBSY plus 15% per annum payable monthly unless capitalised.

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 years.