MLG Oz Limited - ACN 102 642 366

Annual Financial Report

Year ended 30 June 2020

MLG

Contents

Corporate Information

DIRECTORS

Murray Leahy
Jim Walker
Phil Mirams

COMPANY SECRETARY

Philip Mirams

REGISTERED OFFICE

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Kalgoorlie WA 6433
(08) 9022 7746

PRINCIPAL PLACE OF BUSINESS

10 Yindi Way
Kalgoorlie WA 6433
(08) 9022 7746

AUDITORS

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
(08) 9227 7500

Director's Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MLG Oz Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of MLG Oz Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Murray Leahy
Jim Walker (appointed 20 January 2021)
Phil Mirams (appointed 20 January 2021)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Sale of construction materials
- Site Services and Civil works
- Crushing and Screening
- Bulk Haulage
- Export Logistics

Dividends

Dividends declared to the Director during the financial year were as follows:

- An interim ordinary dividend for the year ended 30 June 2020 of $158,735 per fully paid share franked to 100% was declared on 31 December 2019.
- A final ordinary dividend for the year ended 30 June 2020 of $130,147 per fully paid share franked to 100% was declared on 30 June 2020.

Results

The net profit of the Group for the financial year, after providing for income tax was $5,691,788 (2019: $16,578,009)

Review of Operations

The Group's revenue increased 3% from $202.7M to $208.6M in the comparative 12 months of the prior year, with the net after tax profit decreasing from $16.8M to $5.7M. Growth in Revenue versus comparative period is primarily attributable to the growth in crushing revenue as the group expanded its relationship with FMG and began the construction of two fixed crushing plants at Christmas Creek. The first plant was completed at the end of May, contributing 1 month of revenue in FY2020.

The underlying operational profitability was materially lower than expected due to a number of factors. Operating volumes which drive revenue were materially reduced in January and February 2020 with severe cyclone impacts across the Goldfields region in WA. Extensive bushfire activity experienced in FY2020 also resulted in operational disruption and costs in many sites. The subsequent impact of the Covid19 pandemic and resulting border closures led to widespread rostering changes and delays to contract commencements. This also resulted in FMG requesting us to delay the construction of the second fixed plant at Christmas Creek which resulted in higher project costs and delay in establishing operational output in FY2020.

The Group commenced a review across a number of client sites to assess the relative profitability and return on assets employed. This identified a number of underperforming operations which have been reviewed with their respective client teams. As a result of this review several contracts have been renewed with revised pricing schedules to reflect the changes in operating processes of clients in relation to the delivery of MLG services. Improved performance from these sites is anticipated in FY2021.

Outside of the operational performance significant costs were incurred in the period associated with preparation for a potential ASX listing in 2020. Costs were incurred in relation to various advisory mandates related to strategy, legal due diligence, tax, accounting, travel, media and communications and related activities.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Significant events after balance date

There have been no significant events after the balance date to the date of this report.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The Group has conducted minimal activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

Information on directors

Name:	**James (Jim) Walker**
Title:	Chairman
Qualifications:	
Experience and expertise:	Jim Walker is Chairman of MLG Oz Limited. Jim has over 45 years of experience in the resources sector. He is currently Non-Executive Chairman of Austin Engineering Ltd, Australian Potash and Mader Group. Chairman of the Western Australia State Training Board and Deputy Chairman of RAC Holdings (WA). Jim was formerly Non-Executive Chairman of Macmahon Holdings Limited, Managing Director and Chief Executive Officer of WesTrac Pty Ltd. He was formerly National President of Australian Institute of Management (AIM) and AIM Western Australian and is a graduate member of the Australian Institute of Company Directors (AICD). Jim's focus on Apprentices and training was recognised when he was awarded the GJ Stokes Memorial Award at Diggers & Dealers in August 2014

Name:	**Murray Leahy**
Title:	Managing Director
Qualifications:	
Experience and expertise:	Murray Leahy is the 100% owner and founder of MLG Oz, starting initially as a small contractor providing silica mining and haulage services for BHP. Murray was awarded the 2019 Goldfields Businessman of the Year .

Name:	**Phil Mirams**
Title:	Finance Director
Qualifications:	B.Com, Chartered Accountants Australia and New Zealand
Experience and expertise:	Phil Mirams has had over 30 years' experience in corporate finance roles. Phil was previously the Chief Financial Officer of Navitas, Automotive Holdings Group (AHG), United Group Limited and Deutsche Bank Australia and New Zealand. Phil joined MLG Oz Limited in October 2019 .

Company secretary

Phil Mirams (BCom, Chartered Accountant) has held the role of Company Secretary since 10 August 2020.

Meetings of directors

The Company maintained a sole Director during the financial year and as such no formal Directors meetings were held. The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Murray Leahy	-	-
Jim Walker	-	-
Phil Mirams	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Indemnity and insurance of officers

The Group has agreed to indemnify the company officers of the Group for any liabilities to another person (other than the Group or related body corporate) that may arise from their position as an officer of the Group, except where the liability arises out of conduct involving a lack of good faith.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

The lead Auditor's Independence Declaration for the year ended 30 June 2020 has been received and immediately follows the Director's Report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Murray Leahy
Managing Director
Kalgoorlie, 08 February 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of MLG Oz Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**N G Neill**
8 February 2021	**Partner**

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Statement of Profit or Loss and Other Comprehensive Income

	Notes	Consolidated 2020 $	Consolidated 2019 $
Revenue	4	208,594,217	202,679,967
Changes in inventories of finished goods and work in progress		(4,777,786)	(1,913,422)
Employee benefits expense		(79,494,749)	(70,961,755)
Other employee expenses		(7,089,937)	(6,302,875)
Equipment and labour hire expenses		(20,702,261)	(22,876,293)
Haulage subbies charges		(7,381,956)	(11,710,913)
Fuel expenses		(16,529,992)	(15,914,167)
Operational repairs and maintenance expense		(31,248,363)	(27,113,021)
Licences, registrations, permits & insurance expenses		(4,266,284)	(2,772,864)
Freight expenses		(3,307,769)	(2,677,103)
Occupancy expense		(1,137,223)	(2,013,334)
Royalties expense		(725,662)	(520,486)
Other expenses		(6,180,348)	(3,410,536)
Interest and finance expense	5	(4,072,568)	(2,848,630)
Depreciation and amortisation expense	5	(13,744,751)	(9,715,140)
Profit before income tax expense		7,934,568	21,929,430
Income tax expense	6	(2,242,780)	(5,079,543)
Net profit for the year after tax		5,691,788	16,849,887
Other comprehensive income:			
Impact of revaluation of property, plant and equipment		-	(271,878)
Total comprehensive income for the year		5,691,788	16,578,009

The accompanying notes form part of these financial statements

Statement of Financial Position

	Notes	Consolidated 2020 $	Consolidated 2019 $
CURRENT ASSETS			
Cash and cash equivalents	8	1,005,424	551,207
Trade and other receivables	9	33,392,444	27,971,191
Inventories	10	9,865,768	9,346,380
Total current assets		44,263,636	37,868,778
NON-CURRENT ASSETS			
Other financial assets	11	445,000	408,000
Property, plant and equipment	12	128,011,644	92,410,969
Deferred exploration and evaluation expenditure		59,911	59,911
Right to use assets	13	5,960,824	-
Intangible assets		1,047	1,047
Total non-current assets		134,478,426	92,879,927
Total assets		178,742,062	130,748,705
CURRENT LIABILITIES			
Trade and other payables	14	35,049,244	26,579,612
Financial liabilities	15	49,007,310	26,314,930
Lease liabilities	16	1,449,844	-
Provisions	17	763,425	437,600
Total current liabilities		86,269,823	53,332,142
NON-CURRENT LIABILITIES			
Financial liabilities	15	28,401,728	24,792,034
Lease liabilities	16	4,515,400	-
Provisions	17	370,862	312,324
Deferred tax liability	6	4,704,658	3,235,520
Total non-current liabilities		37,992,648	28,339,878
Total liabilities		124,262,471	81,672,020
Net assets		54,479,591	49,076,685
EQUITY			
Issued capital	18	1	1
Retained earnings		54,479,590	49,076,684
Total equity		54,479,591	49,076,685

The accompanying notes form part of these financial statements

Statement of Changes in Equity

	Issued Capital	*Retained Earnings*	*Reserves*	*Total*
	$	*$*		*$*
Consolidated				
Balance at 1 July 2018	1	32,608,612	271,878	32,880,491
Net profit after tax for the period	-	16,849,887	-	16,849,887
Total comprehensive income for the year	-	-	(271,878)	(271,878)
Dividends provided for or paid	-	(381,815)		(381,815)
Balance at 30 June 2019	1	49,076,684	-	49,076,685
Consolidated				
Balance at 1 July 2019	1	49,076,684	-	49,076,685
Net profit after tax for the period	-	5,691,788	-	5,691,788
Total comprehensive income for the year	-	-	-	-
Dividends provided for or paid	-	(288,882)	-	(288,882)
Balance at 30 June 2020	1	54,479,590	-	54,479,591

The accompanying notes form part of these financial statements

Statement of Cash Flows

	Notes	Consolidated 2020 $	Consolidated 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		221,050,831	214,224,744
Payments to suppliers and employees		(193,957,045)	(191,472,656)
Interest received		5,288	2,836
Finance costs		(1,678,083)	(522,959)
Income tax paid		(2,402,510)	(2,736,882)
Fuel tax credits received		3,212,092	2,886,615
Net cash provided by operating activities	8	26,230,573	22,381,698
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(21,193,074)	(6,234,501)
Proceeds from sale of property, plant and equipment		-	-
Net cash (used in) investing activities		(21,193,074)	(6,234,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(288,882)	(381,806)
Net movement in borrowings from related entities		(37,000)	(26,000)
Proceeds from / (repayments of) borrowings		16,012,103	2,479,050
Payments in relation to hire purchase agreements		(22,475,902)	(21,177,601)
Repayment of lease liabilities		(1,837,769)	-
Net cash provided (used in) financing activities		(8,627,450)	(19,106,357)
Net increase/(decrease) in cash held		(3,589,951)	(2,959,160)
Cash at the beginning of the financial period		(6,111,981)	(3,152,821)
Cash and cash equivalents at the end of the period	8	(9,701,932)	(6,111,981)

The accompanying notes form part of these financial statements

Note 1: Basis of Preparation

On the 15 November 2019 the company converted to a public company and its name changed to MLG Oz Limited. These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for selected non-current assets, financial assets and financial liabilities, which have been measured at fair value as explained in the relevant accounting policies. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The entity's principal activities are detailed in the Director's Report.

(a) Statement of compliance

The financial report was authorised for issue on 8 February 2021.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(b) Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2020

In the period ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the company and effective for the current reporting period. Those which have a material impact on the company are set out below.

Right-of-use leased assets

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. On initial adoption of AASB 16 Leases, the Company has adjusted the right-of-use leased assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right-of-use lease asset and shows indicators of impairment and an impairment loss is recognised against any right-of-use lease assets that is impaired.

Leases, which transfer to the Company substantially off the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the Statement of Profit or Loss and Other Comprehensive Income.

Impact on operating leases

AASB 16 Leases supersedes AASB 117 Leases. The Company has adopted AASB 16 from 1 July 2019 which has resulted in changes classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating and 'finance leases'. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term, and low value leases.

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. There is no initial Impact on retained earnings under this approach. The Company has not restated comparatives for the 2019 reporting period.

From 1 July 2019, where the Company is a lessee, the Company recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease payments are discounted using an interest rate implicit in the lease, If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Extension options are included in a number of property leases across the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised In the Statement of Financial Position as at 30 June 2019.

There were no onerous lease contracts that required an adjustment to the right-of-use assets of initial application.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 6%.

In the statement of cash flows, the Company has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

Other than the above, the Director has determined that there is no material impact of the adoption of new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

(c) Going concern

Despite the Group having a working capital deficit of $42,006,187 as at 30 June 2020 (2019: $15,463,365) the accounts have been prepared on a going concern basis as the Director has reviewed the financial performance of the Group and has determined that it will have sufficient cashflows to meet its expenditure requirements for a period of at least 12 months from the date of this report.

The mining industry has a large amount of activity in our core markets and we are very well placed to capitalised on the growth that our current clients are planning as well as increase our client base. In view of this, along with having recently upwardly repriced a number of our contracts, we are very confident of our outlook and the Director is satisfied that the going concern basis of preparation is appropriate. Therefore, the financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

As at 30 June 2020, the Group was in breach of its banking covenants. The Group actively communicated with the bank in advance of this and the bank extended finance accordingly. New banking facilities were subsequently established with amended covenant targets and signed after the balance sheet date. The Group was in compliance with these as at the date of this report.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Note 2: Significant Accounting Policies

(a) Revenue from Contracts with Customers

Revenue arises mainly from the provision of haulage, site services and crushing services and the sale of various commodities. The Group only generates revenue in Australia.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related statement of financial position items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

For contracts with multiple components to be delivered such as haulage, and site services management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

The Group's main revenue streams are as follows:

- Site Services
  The Group performs haulage and site services on various mine sites. These activities whilst usually are highly integrated with other activities and accordingly are accounted as multiple performance obligations. Whilst these contracts are usually long term, the performance obligations associated with them are completed on a short term basis and the revenue is recognised when each performance obligation is completed. Consequently, the Group recognises revenue at a point in time. Payment terms are usually within 30 to 60 days.

- Crushing Services
  The Group performs crushing services. These activities are highly integrated and accordingly where appropriate are accounted for as a single performance obligation. Performance obligations are fulfilled over time as when the crushing is performed the Group has a right of payment for services delivered. Consequently, revenue is recognised over time. Payment terms are usually within 30 to 60 days.

- Commodities
  Commodities are sold to various customers on a on demand basis. These sales are completed on an individual basis and are completed when the control of the commodities sold are transferred to the customer. Consequently, the Group recognises revenue at a point in time. Payment terms are usually within 30 to 60 days.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

(b) Income Tax Expense

The income tax expense or benefit 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 difference 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's subsidiaries 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

MLG Oz Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

MLG Oz Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(d) Cash and Cash Equivalents

Cash comprises cash at bank and in hand.

Cash equivalents are short term, highly liquid investments 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 statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 90 days.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

The Group also maintains debtor insurance over clients that qualify.

(f) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – based on the costs incurred in extracting and allocated based on the quantities on hand at period end.

Finished goods – purchase cost on a first-in, first-out basis.

Spares and parts - purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Freehold land and buildings	20 years
Earth moving equipment	5-25 years
Crushing and screening	5-25 years
Ancillary equipment	5-25 years
Fixtures & fittings	10 years
Light and service vehicles	4-10 years
Trucks and trailers	4-10 years
Computer software/hardware	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and 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 an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Revaluation

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

(i) Trade and Other Payables

Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

(j) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(l) Parent Entity Disclosures

The financial information for the parent entity, MLG Oz Limited, has been prepared on the same basis as the consolidated financial statements.

(m) New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Company accounting policies.

Note 3: Significant Accounting Estimates and Assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

(b) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(c) Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(d) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(e) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(f) 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 consolidated entity 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.

Note 4: Revenue

	Consolidated 2020	Consolidated 2019
	$	$
Revenue from contracts with customers	205,135,545	199,625,955
Fuel tax credits	3,311,327	2,935,766
Other revenue	147,345	118,246
	208,594,217	202,679,967

Disaggregation of revenue

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following categories.

	2020
	$
At a point in time	
Mine site services	152,247,271
Crushing and screening	45,987,510
Over time	
Civil works	6,900,764
Total revenue from contracts with customers	205,135,545

Note 5: Expenses

	Notes	Consolidated 2020 $	Consolidated 2019 $
Interest and finance expense			
- Hire purchase charges		2,144,347	2,325,672
- Bank interest		990,581	339,563
- Interest on right of use assets		366,728	-
- Bank fees		570,912	183,395
		4,072,568	2,848,630
Depreciation and amortisation expense			
- Depreciation of right of use asset		1,475,462	-
- Depreciation charge		12,269,289	9,987,018
- Depreciation recovery		-	(271,878)
		13,744,751	9,715,140

Note 6: Income Tax Expense

Income tax recognised in profit or loss

The major components of tax expense are:

	Consolidated 2020 $	Consolidated 2019 $
• Current tax expense	773,642	5,440,050
• Deferred tax expense	1,469,138	(360,507)
	2,242,780	5,079,543

Reconciliation

	Consolidated 2020 $	Consolidated 2019 $
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit before income tax	7,934,568	21,929,430
Income tax expense calculated at 30% (2019: 30%)	2,380,370	6,578,829
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
• Tax effect of non-deductible expenses	37,452	39,815
• Over (Under) Provision of tax in the prior year	(175,042)	(1,457,538)
• Movement of temporary differences through reserve	-	(81,563)
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	2,242,780	5,079,543

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2019: 30%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

Current tax payable comprise

	Notes	Consolidated 2020 $	Consolidated 2019 $
Income tax payable/(receivable) attributable to:			
• Parent entity		(239,268)	1,222,446
• Entities in the tax consolidation Group		(19,235)	(4,761)
	14	(258,503)	1,217,685

Deferred tax liabilities comprise

	Consolidated 2020 $	Consolidated 2019 $
Deferred tax liabilities		
- Prepayments	(545,614)	(249,170)
- Plant and equipment	(6,995,660)	(4,424,213)
- Inventory	(206,887)	(257,626)
	(7,748,161)	(4,931,009)
Deferred tax assets		
- Employee provision	2,121,978	1,587,746
- Other provisions	200,709	86,143
- Previously expensed blackhole costs	711,526	21,600
- Other	9,290	-
	3,043,503	1,695,489
Net recognised deferred tax liabilities	(4,704,658)	(3,235,520)

Note 7: Dividends

Dividends declared and paid during the year

	Consolidated 2020 $	Consolidated 2019 $
Fully franked dividends paid	288,882	381,815
	288,882	381,815

Franking account balance

	Consolidated 2020 $	Consolidated 2019 $
Balance of franking account at year end adjusted for franking credits arising from the payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in a subsequent financial year.	18,844,199	17,397,817

The tax rate at which paid dividends have been franked is 30% (2019: 30%).

Dividends proposed will be franked at the rate of 30% (2019: 30%).

Note 8: Cash and Cash Equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash at bank	1,005,124	550,907
Cash on hand	300	300
	1,005,424	551,207

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash and cash equivalents		1,005,424	551,207
Debtor financing facility	15	(10,707,356)	(6,663,188)
		(9,701,932)	(6,111,981)

Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated 2020 $	Consolidated 2019 $
Net profit for the year	5,691,788	16,849,887
Non-cash flows in profit from ordinary activities		
(Gain) / loss on sale or disposal of non-current assets	17,057	37,929
Depreciation of property, plant and equipment	13,744,751	9,715,140
Reclassification to financing activities		
Interest expense on finance liabilities	2,394,485	2,325,672
Changes in operating assets and liabilities		
Decrease / (Increase) in receivables	(5,421,253)	(6,419,098)
Decrease / (Increase) in inventory	(519,388)	(5,663,019)
(Decrease) / Increase in creditors	8,469,632	5,491,562
(Decrease) / Increase in provisions	384,363	404,133
(Decrease) / Increase in deferred tax liability	1,469,138	(360,508)
Net cash from operating activities	26,230,573	22,381,698

Changes in liabilities arising from financing activities

	Consolidated			
	Bank Borrowings	Hire purchase liability	Supply Chain Finance	Total
30 June 2020	$	$		$
Opening balance	2,479,050	41,964,719	-	44,443,769
Net cash from/(used in) financing activities	16,012,103	(22,475,902)	3,841,938	(2,621,861
Non cash interest expense	-	2,394,485	-	2,394,485
Acquisition of plant and equipment by means of finance leases	-	26,327,226	-	26,327,226
Closing balance	18,491,153	48,210,528	3,841,938	70,543,619

	Consolidated			
	Bank Borrowings	Hire purchase liability	Supply Chain Finance	Total
30 June 2019	$	$	$	$
Opening balance	-	41,394,556	-	41,394,556
Net cash from/(used in) financing activities	2,479,050	(21,177,601)	-	(18,698,551)
Non cash interest expense	-	2,325,672	-	2,325,672
Acquisition of plant and equipment by means of finance leases	-	19,422,092	-	19,422,092
Closing balance	2,479,050	41,964,719	-	44,443,769

Note 9: Trade and Other Receivables

	Note	Consolidated 2020	Consolidated 2019
		$	$
Trade receivables	*(i)*	28,269,172	20,393,726
Allowance for expected credit losses		-	-
		28,269,172	20,393,726
Accrued revenue		1,499,650	4,899,606
Prepayments		2,935,481	2,095,048
Other debtors		688,141	582,811
		33,392,444	27,971,191

(i) Trade receivables are non-interest bearing and are generally on terms of 30 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2020 and 30 June 2019 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 30 June 2020 and 30 June 2019 was determined as follows:

Consolidated	Trade receivables past due				
30-Jun-20	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount	23,471,596	4,449,273	77,049	271,254	28,269,172

Consolidated	Trade receivables past due				
30-Jun-19	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount	16,218,887	4,069,459	151,486	(41,348)	20,393,726

Note 10: Inventories

	Consolidated 2020	Consolidated 2019
	$	$
- Raw materials – at cost	813,552	1,186,869
- Spares and parts – at cost	8,467,788	6,901,434
- Finished goods – at cost	584,428	1,258,077
	9,865,768	9,346,380

Note 11: Other Financial Assets

Non-current

	Notes	Consolidated 2020 $	Consolidated 2019 $
Loans carried at amortised cost:			
– Loans to related parties		445,000	408,000

Note 12: Property, Plant and Equipment

Carrying value

	Freehold land and buildings	Earthmoving equipment	Crushing and screening	Ancillary equipment	Fixtures and fittings	Light & service vehicles	Trucks and trailers	Work in progress	Total
	$	$	$	$		$	$	$	$
Cost	2,091,166	38,436,665	15,594,160	2,844,706	1,283,497	5,134,523	53,232,399	7,095,391	125,712,508
Accumulated depreciation	(270,461)	(12,437,587)	(3,794,729)	(1,003,441)	(768,514)	(1,981,491)	(13,045,315)	-	(33,301,539)
Carrying value as at 30 June 2019	1,820,705	25,999,078	11,799,431	1,841,265	514,983	3,153,032	40,187,083	7,095,391	92,410,969
Cost	2,432,646	49,223,620	26,089,639	3,487,103	2,013,261	5,959,459	64,648,931	19,509,554	173,364,213
Accumulated depreciation	(392,310)	(17,397,570)	(4,760,467)	(1,388,652)	(1,121,711)	(2,593,825)	(17,698,034)	-	(45,352,569)
Carrying value as at 30 June 2020	2,040,336	31,826,050	21,329,172	2,098,451	891,550	3,365,634	46,950,897	19,509,554	128,011,644

Reconciliation

	Consolidated								
	Freehold land and buildings	Earthmoving equipment	Crushing and screening	Ancillary equipment	Fixtures and fittings	Light & service vehicles	Trucks and trailers	Work in progress	Total
30 June 2019	$	$	$	$		$	$	$	$
Opening balance	1,536,161	21,455,234	11,932,742	1,124,324	572,014	2,901,892	36,120,666	1,136,289	76,779,322
Additions	447,667	8,195,379	930,423	932,282	41,567	706,469	8,469,071	5,959,102	25,681,960
Disposals	-	-	-	-	-	-	(63,295)	-	(63,295)
Depreciation expense	(163,123)	(3,651,535)	(1,063,736)	(215,340)	(98,598)	(455,329)	(4,339,357)	-	(9,987,018)
Closing balance	1,820,705	25,999,078	11,799,429	1,841,266	514,983	3,153,032	40,187,085	7,095,391	92,410,969

	Consolidated								
	Freehold land and buildings	Earthmoving equipment	Crushing and screening	Ancillary equipment	Fixtures and fittings	Light & service vehicles	Trucks and trailers	Work in progress	Total
30-Jun-20	$	$	$	$		$	$	$	$
Opening balance	1,820,705	25,999,078	11,799,429	1,841,266	514,983	3,153,032	40,187,085	7,095,391	92,410,969
Additions	340,347	10,694,840	10,495,481	653,236	729,764	889,595	11,865,852	12,414,163	48,083,278
Disposals	-	-	-	(42,639)	-	(44,856)	(318,559)	-	(406,054)
Depreciation expense	(120,716)	(4,867,868)	(965,738)	(353,412)	(353,197)	(632,137)	(4,783,481)	-	(12,076,549)
Closing balance	2,040,336	31,826,050	21,329,172	2,098,451	891,550	3,365,634	46,950,897	19,509,554	128,011,644

Note 13: Right of Use Assets

Carrying value

	Consolidated Premises $	Consolidated Equipment $	Consolidated Total $
Cost	4,481,954	2,954,331	7,436,285
Accumulated depreciation	(678,216)	(797,245)	(1,475,461)
Carrying value as at 30 June 2020	3,803,738	2,157,086	5,960,824

Reconciliation

	Consolidated Premises $	Consolidated Equipment $	Consolidated Total $
Recognised on 1 July 2019 on adoption of AASB 16	4,077,336	70,881	4,148,217
Additions	404,618	2,883,450	3,288,068
Depreciation expense	(678,216)	(797,245)	(1,475,461)
Closing balance	3,803,738	2,157,086	5,960,824

Note 14: Trade and Other Payables

	Note	Consolidated 2020 $	Consolidated 2019 $
Trade payables	*(i)*	15,518,581	14,110,674
Accruals		1,948,035	1,166,262
Annual leave payable		5,938,972	4,542,565
Income tax payable		(258,503)	1,217,684
Other creditors		11,902,159	5,542,427
		35,049,244	26,579,612

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 19.

Note 15: Financial Liabilities

Current

	Notes	Consolidated 2020 $	Consolidated 2019 $
- Invoice financing facility	*(i)*	10,707,356	6,663,194
- Bank borrowings	*(ii)*	14,649,215	1,750,200
- Hire purchase liability	*(iii)*	19,808,801	17,901,536
- Supply chain finance	*(iv)*	3,841,938	-
		49,007,310	26,314,930

Non-current

	Notes	Consolidated 2020 $	Consolidated 2019 $
- Bank borrowings	*(ii)*	-	728,850
- Hire purchase liability	*(iii)*	28,401,728	24,063,184
		28,401,728	24,792,034

Summary of borrowing arrangements

(i) The invoice financing facility

(ii) The bank borrowing facilities are with Westpac, and consist of:

a. a bank bill facility and was granted on 29 October 2018 for a period of 24 months; the final 4 payments were deferred for 6 months by Westpac as part of the Christmas Creek Fixed Plant financing arrangement. The loan is secured by a fixed and floating charge over all of MLG Pty Ltd assets and uncalled capital.

b. a trade finance facility taken out for the construction of the Christmas Creek Fixed Plant. Following the period end and the completion of the project, this was consolidated to a new loan repayable over 18 months from October 2020.

(iii) There are various finance lease obligations currently in place charged at fixed interest rates appropriate to the leased asset. These leases expire over a varied timeframe. Security is largely based on the individual assets leased.

(iv) The supply chain finance is a short-term finance arrangement in place for a period of 4 months from draw down.

As at 30 June 2020, the Group was in breach of its banking covenants. The Group actively communicated with the bank in advance of this and the bank extended finance accordingly. New banking facilities were subsequently established with amended covenant targets and signed after the balance sheet date. The Group was in compliance with these as at the date of this report.

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2020 $	Consolidated 2019 $
Total facilities		
• Invoice financing facility	12,500,000	9,000,000
• Bank borrowings	14,649,215	2,479,050
• Supply chain finance	4,000,000	-
	31,149,215	11,479,050
Facilities used at balance date		
• Bank overdraft	10,707,356	6,663,194
• Bank borrowings	14,649,215	2,479,050
• Supply chain finance	3,841,938	-
	29,198,509	9,142,244
Facilities unused at balance date		
• Bank overdraft	1,792,644	2,336,806
• Bank borrowings	-	-
• Supply chain finance	158,062	-
	1,950,706	2,336,806

Fair value disclosures

Details of the fair value of the Group's borrowings are set out in Note 19.

Note 16: Lease liabilities

Fair Value

	Consolidated Premises $	Consolidated Equipment $	Consolidated Total $
Current liabilities	570,366	879,478	1,449,844
Non-current liabilities	3,392,098	1,123,302	4,515,400
Carrying value as at 31 December 2019	3,962,464	2,002,780	5,965,244

Reconciliation

	Consolidated Premises	Consolidated Equipment	Consolidated Total
	$	$	$
Recognised on 1 July 2019 on adoption of AASB 16	4,077,336	70,881	4,148,217
Lease inception	404,618	2,883,450	3,288,068
Principal repayments	(519,490)	(951,552)	(1,471,042)
Closing balance	3,962,464	2,002,779	5,965,243

AASB 16 has been adopted during the period.

Right-of-use leased assets

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. On initial adoption of AASB 16 *Leases*, the Group has adjusted the right-of-use leased assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right-of-use lease asset and shows indicators of impairment and an impairment loss is recognised against any right-of-use lease assets that is impaired.

Leases, which transfer to the Group substantially the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the Condensed Statement of Profit or Loss and Other Comprehensive Income.

Leased assets are depreciated on a straight-line basis over the estimated useful life of the asset.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

	$
Operating lease commitments – buildings as at 1 July 2019	*5,326,237*
Operating lease commitments – other as at 1 July 2019	*78,000*
Discounted using the lessee's incremental borrowing rate at the date of initial application	*(1,100,838)*
Less: Short term leases recognised on a straight-line basis as an expense	*(155,142)*
Less: Low value leases recognised on a straight-line basis as an expense	*-*
Lease liability as at 1 July 2019	*4,418,217*

Note 17: Provisions

Current

	Consolidated 2020	Consolidated 2019
	$	$
Employee benefits	763,425	437,600

Non-current

	Consolidated 2020	Consolidated 2019
	$	$
Employee benefits	370,862	312,329

Note 18: Issued Capital

	Consolidated 2020	Consolidated 2019
	$	$
Ordinary shares issued and fully paid	1	1

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Note 19: Financial Instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Financial risk management objectives

The Group is exposed to, (i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk), (ii) credit risk and (iii) liquidity risk.

The Group seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the sole Director, which provide written principles on market risk, credit risk, liquidity risk and cash flow interest rate risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and share prices.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Profit or loss would increase/decrease by $69,082 (2019: $45,711); and

The Group's sensitivity to interest rate risk has not changed significantly from the prior year.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Service customers are required to pay the annual amount of the service upfront, mitigating the credit risk.

Trade receivables consist of a large number of customers in various industries and geographical areas.

Security

Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on the trade receivables balance.

In addition, the group does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Other receivables

Other financial assets at amortised cost include amounts due from related parties refer to Note 21 for further details. There was no material impact from amortisation during the current period.

Liquidity risk management

Responsibility for liquidity risk management rests with the sole Director, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities

The following tables detail the Group's expected contractual maturity for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The tables include both interest and principal cash flows.

	Consolidated			
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
30 June 2020	$	$	$	$
Trade and other payables	15,518,581	-	-	-
Trade financing facility	13,920,365	-	-	-
Bank bill facility	145,850	583,000	-	-
Debtor financing facility	10,707,356	-	-	-
Finance lease obligations	11,761,142	9,981,755	29,820,208	-
	52,053,294	10,564,755	29,820,208	-

	Consolidated			
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
30 June 2019	$	$	$	$
Trade and other payables	14,722,351	-	-	-
Bank bill facility	875,100	875,100	728,850	-
Debtor financing facility	6,663,194	-	-	-
Finance lease obligations	9,566,325	8,335,211	24,063,184	-
	31,826,970	9,210,311	24,792,034	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Fair value measurement

Measured at fair value on recurring basis

There were no financial assets or financial liabilities measured at fair value in the statement of financial position

Not measured at fair value (but fair value disclosures are required)

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Director considers that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation their fair values.

Note 20: Commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery.

As at the balance date, the group had no contractual commitments.

Note 21: Related Party Disclosures

Transactions with Key Management Personnel

The aggregate compensation made to the Director who was considered to be the only key management personnel of the Group is set out below:

	Consolidated 2020	Consolidated 2019
	$	$
Short-term employee benefits	187,200	187,200
Post-employment benefits	24,898	24,897
Other reportable benefits	26,925	21,847
	239,023	233,944

Related party transactions

The following table presents the total amount of transactions that were entered into with related parties for the relevant financial period.

	Consolidated 2020	Consolidated 2019
	$	$
Amounts receivable from related parties:		
Kimberly Granite Quarries Pty Ltd	352,000	332,000
Reef Mining Pty Ltd	93,000	76,000
	445,000	408,000

Kimberly Granite Quarries Pty Ltd and Reef Mining Pty Ltd are both companies, Murray Leah, the sole director, is a related person. These receivable are interest free and are payable on call.

Note 22: Contingent Liabilities and Assets

The Group has no contingent liabilities and assets as at 30 June 2020 (2019: Nil).

Note 23: Interest in Subsidiaries

Transactions with subsidiaries

The consolidated financial statements include the financial statements of MLG Oz Limited and the subsidiaries listed in the following table.

		Equity Interest	
		2020	2019
	Country of incorporation	%	%
MLG Cement and Lime Pty Ltd	Australia	100	100

MLG Oz Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 24: Parent Entity Disclosures

Statement of financial position

	2020 $	2019 $
Current assets	43,320,911	36,742,530
Non-current assets	134,881,362	92,511,496
Current liabilities	85,672,793	51,821,514
Non-current liabilities	37,994,723	28,339,877
Net assets	54,534,757	49,092,635
Equity		
Issued capital	1	1
Retained earnings	54,534,756	49,092,634
Total equity	54,534,757	49,092,635

Statement of profit or loss and other comprehensive income

	2020 $	2019 $
Profit for the year	5,731,004	16,865,883
Other comprehensive income	0	(271,878)
Total comprehensive income	5,731,004	16,594,005

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2020, MLG Oz Limited has entered into a deed of cross guarantee with its wholly-owned subsidiary, MLG Cement & Lime Pty Ltd.

Contingent liabilities of the parent entity

As at 30 June 2020 MLG Oz Limited has no contingent liabilities (2019: Nil)

Note 25: Auditor's Remuneration

The auditor of MLG Oz Limited is HLB Mann Judd.

	Consolidated 2020 $	Consolidated 2019 $
Auditor of the parent entity		
• Audit of the financial statements	60,000	27,400
• Other services	5,154	2,100

Note 26: Significant Events after Balance Date

There have been no significant events after the balance date to the date of this report.

Director's Declaration

1. In the opinion of the Director of MLG Oz Limited (the 'Company'):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Director in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

This declaration is signed in accordance with a resolution of the Sole Director.

Murray Leahy
Director
Kalgoorlie, 8 February 2021.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the members of MLG Oz Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MLG Oz Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
8 February 2021