

# MLG Oz Limited - ACN 102 642 366

## ANNUAL FINANCIAL REPORT

Year ended 30 June 2022



**MLG**

[www.mlgoz.com.au](http://www.mlgoz.com.au)

## 1. Company details

Name of entity:	MLG OZ Ltd
ACN:	102 642 366
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

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## 2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	12.4% to	289,775
Profit from ordinary activities after tax attributable to the owners of MLG OZ Ltd	down	61.3% to	4,815

### Commentary

The increase in revenues is primarily attributable to the addition of new contracts across a number of sites through FY2022 and rate increases applied to clients throughout the year resulting from escalation in costs (Labour, Parts, and Fuel). This increase was partially offset by the loss of the high volume crushing contract with Fortescue previously announced in 2021.

The reduction in profit from ordinary activities follows the loss of the contract with Fortescue and an overall contraction in margins through FY2022, as a result of the higher input costs noted above. Profit was also constrained due to the challenging labour market conditions experienced within the mining industry from shortages in the availability of skilled labour, high absenteeism experienced as a result of Covid 19 protocols and escalation of labour rates throughout the year.

Further information on the operational performance can be found in our ASX announcement and Investor Presentation

## 3. Dividends

On 1 October 2021, the company paid a final dividend in respect of the financial year ended 30 June 2021 of \$2,490,943 representing \$0.0171 per share.

The Company has determined not to pay a final dividend for 30 June 2022.

#### 4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>163</u>	<u>153</u>

#### 5. Details of associates and joint venture entities

##### Associates

NA

##### Joint Venture

NA

#### 6. Details of entities in which control has been gained or lost

##### Associates

NA

##### Joint Venture

NA

#### 7. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unqualified opinion has been issued.

#### 8. Signed



Signed **Philip Mirams**  
Company Secretary

Date: 25 August 2022

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## **Corporate Information**

### **DIRECTORS**

Garret Dixon  
Murray Leahy  
Anna Neuling  
Jim Walker

### **COMPANY SECRETARIES**

Dennis Wilkins  
Philip Mirams

### **REGISTERED OFFICE**

10 Yindi Way  
Kalgoorlie WA 6430  
(08) 9022 7746

### **PRINCIPAL PLACE OF BUSINESS**

10 Yindi Way  
Kalgoorlie WA 6430  
(08) 9022 7746

### **SHARE REGISTER**

Link Market Services

### **BANKERS**

Westpac Banking Corporation

### **AUDITORS**

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

### **STOCK EXCHANGE LISTING**

MLG Oz Limited are listed on the ASX (code: MLG)

### **WEBSITE**

[www.mlgoz.com.au](http://www.mlgoz.com.au)

## Directors' 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 2022.

### 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:

Director	Role	Date of Appointment
Garret Dixon	Independent Non Executive Director	23 March 2021
Murray Leahy	Managing Director and Chief Executive Officer	28 October 2002
Anna Neuling	Independent Non Executive Director	23 March 2021
Jim Walker	Chairman and Independent Director	20 January 2021

### Principal activities

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

- Bulk haulage
- Crushing and screening
- Site Services and civil works
- Export logistics
- Sale of construction materials

## **Dividends**

Dividends declared during the financial year were as follows:

	30 June 2021 \$'000	30 June 2022 \$'000
Interim ordinary dividend	\$120,869	\$-
Final ordinary dividend	\$-	\$2,490,943

Both Interim and final dividend were fully franked to 100%

On 1 October 2021, the company paid a final dividend in respect of the financial year ended 30 June 2021 of \$2,490,943 representing \$0.0171 per share.

The Company has determined not to pay a final fully franked dividend for 30 June 2022.

## **Results**

The net profit of the Group for the financial year, after providing for income tax was \$4,814,730 (2021: \$12,456,905)



## Operating and Financial Review

### Statutory Financial Results

Group revenue for FY2022 was \$289.8m up \$31.9m (12.4%) on the prior corresponding period (pcp) of \$257.9m. Net after tax profit decreased to \$4.9m versus \$12.5m in FY2021.

Revenue growth in FY2022 is primarily due to new projects commencing with Northern Star for their Jundee operation, Norton Gold's Paddington project and expansion of our scope of works with Red 5 and Evolution. In addition, we have initiated a number of rate increases across our client portfolio, reflecting the higher costs of parts, fuel and labour in line with rise and fall provisions within contracts in recognition of the challenging cost pressures being experienced within the industry.

The Group's net profit after tax was \$4.9m as compared to \$12.5m in the comparable period which has primarily been impacted by labour shortages, escalating labour costs, supply chain challenges, and higher costs of freight, parts and fuel. These material cost increases and operational constraints were primarily due to border closures, global shipping challenges, public health orders and supply chain constraints of the Covid 19 pandemic. The group was also forced to respond to material increases in sea freight charges within our Lime business. The increase has made the importation of lime from overseas economically unsustainable at this time and as a result the group incurred approximately \$580,000 in losses through the first half of the year supporting commitments made to clients, before suspending this operation. In addition, there has been a lower profit contribution from crushing services following the cessation of the high volume crushing operation at Fortescue's Christmas Creek in June 2021.

To mitigate these cost challenges the group has managed to successfully renegotiate the majority of its client contracts through rise and fall provisions and renewals agreeing material increases in our charge out rates throughout the period. This has helped deliver an improved performance in the second half as clients absorbed the higher operating costs. Labour shortages and cost rises have continued throughout the year which has resulted in materially lower margins in FY2022.

### Mine site services and bulk haulage

Revenue grew strongly up 31.4% to \$252.0m (\$191.8m in FY2021) as rates were reset through the year with clients to account for the higher cost inputs developing over the year. New projects and expanded scope of works also helped propel revenue growth. Services commenced with Northern Star's Jundee operation, Norton Gold's Paddington project and scope of work were also expanded with Red 5 and Evolution.

Site services and bulk haulage has experienced very challenging market conditions with rising costs of labour and an overall shortage of available resource making it difficult to appropriately resource each operational project. In addition, the group has experienced high levels of absenteeism due to Covid 19 quarantine across the industry.

The underlying cost of fuel, parts and equipment also continues to escalate making pricing of new work difficult and requiring regular client interaction around rise and fall provisions and escalating costs. Weather has had a greater impact than in recent years with higher rainfall and severe cyclone events across the Western Australian state and in the company's Granites operation in the Northern Territory, disrupting the ability to haul and operate in multiple sites. The group was also forced to respond to material increases in sea freight charges within the lime business. The increase has made the importation of lime from overseas economically unsustainable at this time and as a result the group incurred approximately \$580,000 in losses through the first half supporting commitments made to clients, before suspending this operation.

Key drivers of the increase in mine site services revenue were:

- price increases across sites
- the commencement of new contracts
- expansion of our scope of works with both Red 5 and Evolution
- growth in sales of construction materials

### Crushing and screening

Revenue contribution from crushing and screening services was materially lower in FY2022 following the cessation of crushing services at Fortescue's Christmas Creek operation in June 2021. While the group continued to deliver contract crushing services for Fortescue's Solomon operation and several other client campaigns the total revenue from crushing and screening services was \$27.5m, down 50.4% on the comparable period of \$55.5m. The mobilisation of crushing services for Roy Hill and at Lithco No2's Bald Hill lithium operation have made strong contributions to the full year crushing revenues. The crushing operation incurred approximately \$1.5m in care and maintenance costs in relation to the two crushing plants held in situ at Christmas Creek in the first half of FY2022 which did not recur in the second half.

### Export Logistics

Revenues from export logistics were \$7.3m up \$0.6m on FY2021. Volume increases in client demand for this service have contributed to stronger revenue in FY2022

The Company delivered a net profit after tax of \$4.9m down \$7.6m (down 60.8%) on FY2021. FY2021 included the full costs associated with the IPO.



#### Explanation of non-IFRS measures

The MLG Group uses certain measures to manage and report on its business that are not recognised under accounting standards. These measures are collectively referred to as 'non-IFRS measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC.

The Directors believe that these measures provide useful information about financial position, financial performance and cashflows, they should be considered as supplements to the statement of financial position, income statement and cash flow measures that have been presented in accordance with the AAS and IFRS and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS), they do not have standard definitions, and the way these measures are calculated may differ from similarly titled measures used by other companies. Undue reliance should not be placed on these non-IFRS financial measures.

The principal non-IFRS financial measures are as follows:

EBITDA – which is earnings before interest on debt, net of interest income as well as the interest on the lease liability recognised under AASB 16, income tax expense, depreciation (including depreciation of the right of use asset recognised under AASB 16) and amortisation;

EBITDA margin – which is EBITDA as a percentage of revenue;

EBIT – which is earnings before interest on debt, interest on the lease liability recognised under AASB 16 and income tax expense;

EBIT margin – which is EBIT as a percentage of revenue;

The following table outlines our statutory result as compared to the pro forma financial information in our recent prospectus.

\$'000	Notes	Statutory		Pro Forma	
		Actuals		Actuals	
		FY2021	FY2022	FY2021	FY2022
<b>Revenue</b>					
Mine Site Services (including civil works) and Bulk Haulage		191,818	252,006	191,818	252,006
Crushing and Screening		55,478	27,523	55,478	27,523
Export Logistics		6,720	7,312	6,720	7,312
Fuel Tax Credits		3,470	2,647	-	-
Other Income		329	288	-	-
<b>Total revenue</b>	<sup>1</sup>	<b>257,815</b>	<b>289,775</b>	<b>254,016</b>	<b>286,841</b>
Costs of sales	<sup>1</sup>	(200,112)	(245,386)	(196,313)	(242,452)
<b>Gross profit</b>		<b>57,703</b>	<b>44,389</b>	<b>57,703</b>	<b>44,389</b>
General and administration		(17,465)	(14,345)	(14,984)	(14,345)
<b>EBITDA</b>		<b>40,238</b>	<b>30,044</b>	<b>42,719</b>	<b>30,044</b>
Depreciation	<sup>2</sup>	(18,519)	(21,300)	(18,519)	(21,300)
<b>EBIT</b>		<b>21,719</b>	<b>8,744</b>	<b>24,200</b>	<b>8,744</b>

Notes: <sup>1</sup> Pro Forma offsets fuel tax credit revenue and other income against Costs of sales

<sup>2</sup> Includes impairment of the Fixed Plants at the Fortescue's Christmas Creek site in Statutory Actual and Pro Forma Actual FY2021

### **Balance Sheet and Capital Management**

Total assets increased to \$254.6m up \$31.7m on FY2021 (\$222.9m).

Total liabilities as at 30 June 2022 were \$138.3m up \$29.6m on FY2021 which were \$108.7m. The company's net assets have increased by \$2.1m to \$116.3m as at 30 June 2022.

Total capital expenditure resulted in \$55.8m of additions to property, plant and equipment. The total written down value of these assets has increased to \$187.0m as at 30 June 2022, after depreciation and disposals resulting in an increase of \$34.9m on FY2021 (\$152.1m).

### **Significant changes in the state of affairs**

There were no 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 Company has invited key management personnel to participate in its Long Term Incentive program in August 2022. Details of these rights can be found in the Remuneration report on page 16.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not been financially material for the consolidated entity up to 30 June 2022, 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.

No other matter or circumstance has arisen since 30 June 2022 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:	<b>Garret Dixon</b>
Title:	Independent Non-Executive Director
Qualifications:	Bachelor of Engineering, Civil (Hons) Master of Business Administration(MBA) Member of the Australian Institute of Company Directors.
Experience and expertise:	Garret is a Non-Executive Director of MLG. Garret has extensive experience in the resources and mining contracting sectors in Australia and overseas. His work in both private and ASX-listed companies spans more than three decades, having worked in senior executive roles for major mine owners, mine operators and contractors. Until recently, Garret held the position of Executive Vice President and President Bauxite at NYSE-listed Alcoa Corporation, where he was responsible for Alcoa's global bauxite mining business. Garret's previous roles have also included Executive General Manager of Henry Walker Eltin Group Limited and Managing Director of ASX-listed Gindalbie Metals Ltd.
Special Responsibilities	Chair of Remuneration and Nomination Committee Member of Health, Safety, Environment and Community Committee Member of Audit and Risk Committee
Interest in Shares	100,000
Other Directorships held in the 3 years to 30 June 2022	BCI Minerals Limited (ASX listed) – Independent Non-Executive Director Dynamic Group Holdings Limited (ASX Listed) – Independent Non-Executive Chairman Chalice Mining Limited (ASX Listed) – Independent Non-Executive Director Fenix Resources Limited (ASX Listed) – Independent Non-Executive Director (resigned February 2021)
Name:	<b>Murray Leahy</b>
Title:	Managing Director and Chief Executive Officer
Qualifications:	
Experience and expertise:	Murray is the founder of MLG and its Managing Director and Chief Executive Officer. Starting initially as a small contractor providing silica mining and haulage services for BHP, Murray has grown and developed MLG into a significant Western Australian business. Murray has over 20 years of experience in the mining industry, establishing and developing MLG's mine site operations and working with multiple clients to support their operations. Murray has grown MLG which now has 29 locations across Western Australia and the Northern Territory and employs more than 600 people.  In 2019, following the success of MLG being awarded the business of the year in the Goldfields Business Awards, Murray was awarded the Goldfields businessman of the year.  Murray is a director of MLG Cement & Lime Pty Ltd and MLG Connect Pty Ltd.
Special Responsibilities	Member of, Health, Safety, Environment and Community Committee
Interest in Shares	73,934,163
Other Directorships held in the 3 years to 30 June 2022	None

Name:	<b>Anna Neuling</b>
Title:	Independent Non-Executive Director
Qualifications:	Fellow of the Institute of Chartered Accountants in England and Wales, Graduate of the Australian Institute of Company Directors, Degree in mathematics from the University of Newcastle (UK).
Experience and expertise:	<p>Anna is a Non-Executive Director of MLG.</p> <p>Anna has 20 years of experience in financial and corporate roles in the resources industry with ASX listed companies including Lionore Mining International Limited, Antipa Minerals Ltd and Avoca Resources Ltd. Prior to that, Anna worked at Deloitte in London and Perth.</p> <p>Anna is currently a Non-Executive Director of ASX-listed S2 Resources Ltd. Prior to moving to Non-Executive Director in August 2022, Anna was Executive Director of S2 Resources Ltd since it was demerged from Sirius Resources Limited as part of its merger with IGO in 2015. Anna has held various roles at Sirius since its inception and was Executive Director – Corporate and Commercial at the time of the \$2.7 billion merger.</p>
Special Responsibilities	<p>Anna is also Non-Executive Chair of Tombador Iron Limited, an ASX-listed Brazilian iron ore company</p> <p>Chair of Audit and Risk Committee</p> <p>Member of, Health, Safety, Environment and Community Committee</p> <p>Member of Remuneration and Nomination Committee</p>
Interest in Shares	50,000
Other Directorships held in the 3 years to 30 June 2022	<p>Tombador Iron Ltd (ASX Listed) – Independent Non-Executive Chair</p> <p>CZR Resources Ltd (ASX Listed) – Independent Non-Executive Director</p> <p>S2 Resources Ltd (ASX Listed) – Non-Executive Director (Previously Executive Director until August 2022)</p>
Name:	<b>James (Jim) Walker</b>
Title:	Independent Non-Executive Chairman
Qualifications:	
Experience and expertise:	<p>Jim Walker is the Chairman of MLG Oz. Jim has over 45 years of experience in the resources, construction, and agriculture sector. Jim's current directorships include Non-Executive Chairman of Austin Engineering Ltd and Mader Group. Jim is Chairman of the Diggers &amp; Dealers Forum. Jim was formerly Non-Executive Chairman of Macmahon Holdings Limited, Managing Director and Chief Executive Officer of WesTrac Pty Ltd. He was formerly Chairman of Wesley College and Australian Potash. A past National President of Australian Institute of Management (AIM) and AIM Western Australia.</p> <p>Jim 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 &amp; Dealers in August 2014.</p>
Special Responsibilities	<p>Chairman of Board of Directors</p> <p>Chair of Health, Safety, Environment and Community Committee</p> <p>Member of Remuneration and Nomination Committee</p> <p>Member of Audit and Risk Committee</p>
Interest in Shares	75,000
Other Directorships held in the 3 years to 30 June 2022	<p>Mader Group Ltd (ASX Listed) – Independent Non-Executive Chairman</p> <p>Austin Engineering Ltd (ASX Listed) – Independent Non-Executive Chairman</p> <p>Australian Potash Ltd (ASX Listed) – Independent Non-Executive Chairman (resigned December 2021)</p>

## Meetings of directors

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 2022, and the number of meetings attended by each director were:

	Board		Audit and Risk Committee		Health, Safety, Environment and Community Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Garret Dixon	10	10	3	3	4	4	3	3
Murray Leahy	10	10	-	-	4	4	-	-
Anna Neuling	10	10	3	3	4	4	3	3
Jim Walker	10	10	3	3	4	4	3	3

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

## **Remuneration Report**

### **Letter from the Remuneration Committee Chair**

Dear Shareholder,

I am pleased to present the 2022 Financial Year (FY2022) Remuneration Report (Remuneration report) for MLG (the Company) on behalf of the Remuneration Committee (the Committee). The Company has experienced challenging market conditions in responding to Covid 19 disruptions, and in dealing with an extremely tight labour market, particularly within the mining industry. Labour shortages continue across the industry with labour rates rising and turnover tracking at historically high levels. MLG has invested in additional recruitment resource to identify, attract and onboard labour for our operational needs. Absenteeism continues to be high as Covid 19 spreads through the country and individuals are required to quarantine.

Despite these challenges the company has continued to grow revenue and establish new projects. Our services have experienced high demand both from existing clients and for new projects. Our total employee headcount is 656, with an additional 191 service contractors and labour hire workers currently utilised across the group.

The remuneration strategy for MLG's senior management remains consistent with the strategy outlined in our recent prospectus and was established with advice from an independent remuneration specialists. In line with this strategy the Company has now implemented the short term and long term incentive framework in FY2022 which is outlined in the remuneration report. The Company has unfortunately not met its targets for FY2022 and as a result while the short term incentive plan has been initiated there will not be any award granted in FY2022 for key management personnel. The long term incentive grants outlined in the remuneration report are based on a three year vesting period and require 10% CAGR growth in total shareholder returns each year over the first two years of each award for these to fully vest to the individual. Details of these plans are outlined in the FY2022 remuneration report.

While FY2022 has been a challenging labour market we continue to develop plans to help address our skills shortage. Further investment in a "new to industry" training program to help transition drivers and operators who are not experienced in the mining industry has commenced and will also include a program to help assess and retrain individuals in MLG's safe operating practices. The company is also excited about the ability to access international workers through the regional designated area migration agreements within the Goldfields region. This is expected to align with our training program to open up opportunities to bring in greater numbers of operators and drivers in the later half of this year.

The outlook for FY2023 is much stronger as we address labour needs and initiate margin improvement initiatives. Our billing rates have risen and we anticipate a stronger performance in FY2023.

I invite you to review the full report laid out over the following pages and thank you for your interest and support in our Company.

Yours faithfully



Garret Dixon  
Independent Non-Executive Director  
Chair of Remuneration and Nomination Committee

## Remuneration report contents

1. Key Management Personnel (KMP)
2. Remuneration governance
3. Remuneration strategy
4. Remuneration framework
5. Remuneration outcomes for FY2022
6. Key Changes to Remuneration for FY2022
7. Summary of KMP employment conditions
8. KMP statutory remuneration schedules
9. Equity instruments held by KMP

### 1. Key Management Personnel (KMP)

Key Management Personnel (KMP) comprise those persons that have responsibility, authority and accountability for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity. In this report, a reference to an "Executive" or "Executives" is a reference to a KMP executive, including the Managing Director. The following table outlines the KMP of the Group during the whole of FY2022 and up to the date of this report, unless otherwise stated:

#### Executive KMP

Murray Leahy	Managing Director and Chief Executive Officer
Phil Mirams	Chief Financial Officer
Mark Hatfield	Chief Operating Officer

#### Non-Executive KMP

Garret Dixon	Non-Executive Director
Anna Neuling	Non-Executive Director
Jim Walker	Non-Executive Chairman

### 2. Remuneration Governance

#### 2.1 Remuneration Committee Independence

The Remuneration Committee is comprised solely of independent Non-Executive Directors:

- Garret Dixon, Committee Chair
- Anna Neuling, Committee Member
- Jim Walker, Committee Member

The Board is satisfied that the Remuneration Committee is independent and has sufficient expertise to undertake its mandate.

#### Role of the Remuneration Committee

The Remuneration Committee advises the Board on KMP remuneration by performing the following functions:

- a) making recommendations to the Board on remuneration structure, practices, policy and quantum for CEO, KMP, and NEDs
- b) determining the eligibility and vesting of long-term incentive (LTI) awards; and
- c) providing oversight of company diversity and gender pay equity and recommendations to the board on appropriate targets.

The Remuneration Committee held 3 formal committee meetings during FY2022.

#### 2.2 External and independent advice

No remuneration consultants were utilised or remuneration recommendations received as defined in Section 9B of the Corporations Act 2001 during FY2022.



### 3. Remuneration Strategy

#### 3.1 The context in which we set our remuneration strategy

The remuneration framework has now been formally established to align with the achievement of the Company's vision to be recognised as a great Australian company that:

- is a leading provider of innovative and sustainable mining services;
- is recognised for the quality and reliability of service to our clients;
- operates with a culture of ownership and pride; and
- delivers a safety and client led culture, empowering employees to work as one team with the client.

The difficulty of attracting and retaining executives of the necessary calibre to realise the above vision and strategy varies depending on the current phase of Australia's resources industry. Presently, industry demand for executive talent is strong. This requires the Company to have adequate and effective retention mechanisms in place to ensure we maintain experienced and competent employees who are capable of innovating to promote growth that leads to attractive long-term rates of return. The Company has established a remuneration framework which delivers a significant portion of remuneration in equity, or equity-based remuneration to align the senior leadership team's interest with shareholders' interests.

#### 3.2 Remuneration principles

The following principles guide the Company's KMP remuneration decisions:

- Fairness and impartiality
- Transparency
- Alignment of reward with performance
- Promoting attraction and retention of key personnel over the long term
- Aligning the employee to shareholder and client interests
- Incentivising behaviours aligned to our longer-term strategies
- Promote behaviours that align to our core values

#### 3.3 Market position for remuneration

The Company will review its remuneration for KMP in relation to common practice within comparable businesses, external advice and input from investors and their advisors. In determining the amount and mix of remuneration to offer, the Board will consider remuneration on offer in a broad group of ASX-listed companies of a comparable size in terms of relative measures such as enterprise value, revenue, services etc with a particular focus on those in the construction and mining sectors (Comparator Businesses).

### 4. Remuneration Framework

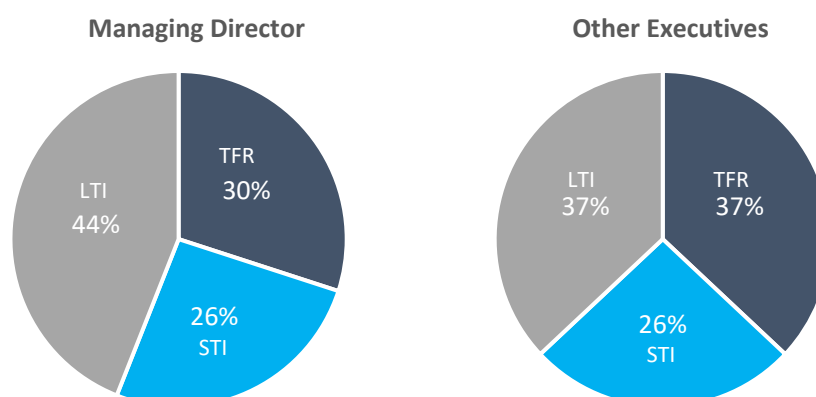
The remuneration packages for MLG's senior management have been structured with the aim of retaining and incentivising those employees, and (insofar as is appropriate) aligning their interests with those of MLG's shareholders. Their remuneration packages comprise:

- **Total Fixed Remuneration (TFR):** This is the fixed amount of the remuneration package and includes base salary and superannuation contributions, as well as motor vehicles and other non-cash items. Total fixed remuneration is typically set by reference to the present value or market rate for the relevant role having regard to the relevant employee's particular skills and experience.
- **Total Variable Remuneration (TVR):** This ensures an executives remuneration is aligned to MLG's performance. TVR is considered at risk and is comprised of:
  - **Short Term Incentive (STI):** This component of the remuneration package is intended to incentivise the achievement of annual objectives that are a priority for MLG over the applicable financial year.
  - **Long Term Incentive (LTI):** This component of the remuneration package is intended to incentivise the achievement of market and non-market related objectives aimed at achieving longer term shareholder returns and sustained business value.

Remuneration Component	Mechanism	Purpose	Link to Performance
Total Fixed Remuneration (TFR)	Includes base salary and superannuation contributions, as well as motor vehicles and other non-cash items.	To provide competitive base salary set with reference to Company size, achievements, role, market and experience.	Changes to an executive's scope of responsibilities are considered during the annual remuneration review and, along with performance, drive remuneration changes.
Short Term Incentive (STI)	Paid in cash annually following assessment of the annual performance for that year	Rewards executives for their contribution to achievement of Company key performance indicators (KPIs) during the financial year.	MLG health and safety (total recordable injury frequency rate (TRIFR)), operating earnings before interest, and tax, (Operating EBIT) and employee-specific operational targets are the key performance measures in which determine if any short-term component is payable.
Long Term Incentive (LTI)	Issued as performance rights (to MLG Ordinary shares) after the assessment of performance over the vesting period.	Rewards executives for growth of total shareholder return over a two-year performance period. Exercisable performance rights will convert into shares after vesting at the end of a three-year period (subject to any earlier vesting as set out below) directly aligning executive interests with shareholder value over the period.	The incentive's value is ultimately dependent on the total shareholder return after the two-year performance period, so drives executives to maximise shareholder return.

TOTAL REMUNERATION	
<b>How is overall remuneration and mix determined?</b>	The Company aims to reward executives with a level and mix (proportion of fixed remuneration, short term incentives and long-term incentives) of remuneration appropriate to their position, responsibilities and performance within the Company and that which is aligned with targeted market comparators.

The chart below summarises the Managing Director and other executives' overall remuneration mix (assuming maximum award) for fixed remuneration, short term incentives and long-term incentives. The target mix is considered appropriate for MLG based on the Company's short term and long-term objectives.



#### FIXED REMUNERATION

<b>How is fixed remuneration paid?</b>	Fixed remuneration is paid in cash and benefits and includes base salary, superannuation contributions, as well as motor vehicles and other non-cash items. Total fixed remuneration is typically set by reference to the present value or market rate for the relevant role having regard to the relevant employee's particular skills and experience.
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#### VARIABLE REMUNERATION

<b>How is overall remuneration and mix determined?</b>	The Company aims to reward executives with a level and mix (proportion of fixed remuneration, short term incentives and long-term incentives) of remuneration appropriate to their position, responsibilities and performance within the Company and that which is aligned with targeted market comparators.
--	--

<b>How much variable remuneration can executives earn?</b>	The below table sets out the maximum incentive opportunity for each executive under the STI and LTI plans, expressed as a percentage of total fixed remuneration (TFR).
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Executive	Position	Maximum STI as % of TFR	Maximum LTI as % of TFR	Maximum Total as % of TFR
M Leahy	Managing Director and Chief Executive Officer	90%	150%	240%
M Hatfield	Chief Operating Officer	70%	100%	170%
P Mirams	Chief Financial Officer and Company Secretary	70%	100%	170%

<b>How is variable remuneration delivered?</b>	<b>STI</b>	Paid in cash annually following assessment of the annual performance for that year
	<b>LTI</b>	Issued as performance rights (to MLG Ordinary shares) after the assessment of performance over the vesting period.

<b>When is performance measured?</b>	<b>STI</b>	Annually
	<b>LTI</b>	<p>The quantum of the LTI shall be calculated each August.</p> <p>The LTI assessment represents a 3 year vesting period (comprised of a 2 year assessment period and a 1 year lock period). The applicable performance rights are exercisable in accordance with the Employee Securities Incentive Plan and in accordance with the Company's share trading policy.</p> <p>Performance rights are measured every two years from award.</p>

Performance against key performance metrics are assessed annually with weighting allocated to each key metric as outlined below:

SAFETY	TARGET	MD	Other Executives
TRIFR - MLG	< Previous FY	10%	10%
LTIFR - MLG	< Previous FY	10%	10%
Maximum % of Opportunity		<b>20%</b>	<b>20%</b>

*Subject to a fatality gateway – no payment if a work-related fatality occurs in the FY*

FINANCIAL	TARGET	MD	Other Executives
NPAT - MLG	>% of agreed budget	30%	30%
Earnings Per Share	≥ previous FY	30%	30%
Maximum % of Opportunity		<b>60%</b>	<b>60%</b>

*Subject to a threshold gateway – Minimum EBITDA 90% of budget*

PROFESSIONAL	TARGET	MD	Other Executives
Values & Behaviours	As set by MD/Board	10%	10%
Targeted Objectives	As set by MD/Board	10%	10%
Maximum % of Opportunity		<b>20%</b>	<b>20%</b>

How are  
awards  
determined?

The measurement is based on the movement in the total shareholder return (TSR) between award and vesting date. The 10 day VWAP period commences 1 calendar day after the release of the Company's full year financial results. Performance rights will vest based on achievement of the following growth targets:

The achievement required to trigger a vesting of rights is determined based on the following:

TARGET	PER ANNUM MEASUREMENT	OPPORTUNITY
	0 – 4.99%	0%
Compound Annual Growth Rate (CAGR)	5 – 7.49%	20%
Total Shareholder Return	7.5% - 9.99%	50%
	≥ 10%	100%
Maximum Opportunity		<b>100%</b>

*TSR is calculated on the movement of the 10 day Volume Weighted Average Price (VWAP) of the Company's Share Price including dividends paid in the Financial Year to vesting date being two years following the release of the Company's full year financial results and the calculation of the VWAP for that award..*

What happens  
if an executive  
leaves?

The Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with if there are extenuating circumstances to a person leaving MLG, however typically a leaver will forfeit all rights to their LTI except in situations where the terms of the invitation letter supersedes the employee equity plan rules for board discretion.

What happens  
if there is a  
change in  
control?

The Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

## 5. Remuneration Outcomes

No STI awards were provided in FY2022.

No LTI performance rights were provided in FY2022

Subsequent to the end of the financial year LTI Performance rights were agreed to be issued to the Key Management personnel as follows

LTI Award	Position	Number to be issued	Date measured for vesting	Vesting & Exercise Date	Expiry Date	Vested %	Number Vested
M Hatfield	Chief Operations Officer	154,383	31/08/2023	01/07/2024	31/08/2026	0%	-
M Leahy	Managing Director and Chief Executive Officer	812,739 <sup>1</sup>	31/08/2023	01/07/2024	31/08/2026	0%	-
P Mirams	Chief Financial Officer	417,206	31/08/2023	01/07/2024	31/08/2026	0%	-

<sup>1</sup> Subject to shareholder approval

## 6. Key changes to remuneration for FY2022

At the time of preparing this report, there are no changes planned for remuneration of KMP in FY2022

## 7. Summary of KMP employment Conditions

### 7.1 Executives

KMP	Term of Agreement	Fixed Annual Remuneration	Notice Period	Termination Entitlements
Mark Hatfield	Full time – permanent	\$401,818	3 Months	Notice period per contract
Murray Leahy	Full time – permanent	\$502,272	12 Months	Notice period per contract
Phil Mirams	Full time – permanent	\$386,750	3 Months	Notice period per contract

### 7.2 Non-Executive Directors

Under the Constitution, the Board may decide the total amount paid by the Company to each Director as remuneration for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of fees approved by the Company in general meeting.

This amount has currently been fixed by the Company at \$600,000 per annum.

The Company has agreed to pay the following base annual directors' fees to its Non-Executive Directors;

- The Chairman will be paid a base annual fee of \$115,000,
- Each of the other Non-Executive Directors will be paid a base annual fee of \$75,000.

Non-Executive Directors will also be paid a Board Committee fee of \$10,000 per year for each Board Committee of which they are a Chair. Directors will not receive a fee for being a member of a Board Committee.

All Non-Executive Directors' fees are exclusive of statutory superannuation contributions.

## 8. KMP Statutory remuneration schedules

The following table details the statutory remuneration disclosures prepared in accordance with Australian Accounting Standards. These tables differ from the remuneration outcomes tables in section 5.5, due to the accounting treatment of share-based payments.

Year ended 30 June 2022		Short-Term Benefits				Post Employment Benefits	Share-Based Payments	TOTAL	Performance Related
		Cash Salaries and Fees	Other	STI Cash Value	Non-Monetary	Super-annuation	Performance Rights		
<b>Non-Executive Directors</b>									
<b>Garret Dixon</b>	<b>2022</b>	<b>\$85,000</b>	-	-	-	<b>\$8,500</b>	-	<b>\$93,500</b>	-
	2021	\$22,184	-	-	-	\$2,107	-	\$24,291	-
<b>Anna Neuling</b>	<b>2022</b>	<b>\$85,000</b>	-	-	-	<b>\$8,500</b>	-	<b>\$93,500</b>	-
	2021	\$22,184	-	-	-	\$2,107	-	\$24,291	-
<b>Jim Walker</b>	<b>2022</b>	<b>\$125,000</b>	-	-	-	<b>\$12,500</b>	-	<b>\$137,500</b>	-
	2021	\$32,623	-	-	-	\$3,099	-	\$35,722	-
<b>Executive Directors</b>									
<b>Murray Leahy</b>	<b>2022</b>	<b>\$472,691</b>	-	-	-	<b>\$27,500</b>	-	<b>\$500,191</b>	-
	2021	\$189,124	-	-	\$53,579	\$25,000	-	\$267,703	-
<b>Other Executives</b>									
<b>Mark Hatfield</b>	<b>2022</b>	<b>\$125,874</b>	-	-	-	<b>\$12,587</b>	-	<b>\$138,462</b>	-
	2021	-	-	-	-	-	-	-	-
<b>Phil Mirams</b>	<b>2022</b>	<b>\$357,692</b>	-	-	-	<b>\$27,500</b>	-	<b>\$385,192</b>	-
	2021	\$358,626	-	-	-	\$25,694	-	\$384,320	-
<b>Total</b>	<b>2022</b>	<b>\$1,251,258</b>	-	-	-	<b>\$97,087</b>	-	<b>\$1,348,346</b>	-
	2021	\$624,741	-	-	\$53,579	\$58,007	-	\$736,327	-

There was no variable remuneration paid during the year

## 9. Equity instruments held by KMP

### 9.1 Rights awarded under incentive plans

### 9.2 KMP Shareholdings

KMP	Instrument	Balance at start of year	Performance rights Issued as part of Remuneration	Other Additions	Disposals/ Other	Balance at end of the year
<b>Non-Executive Directors</b>						
Jim Walker	Shares	75,000 <sup>1</sup>	-	-	-	75,000
Anna Neuling	Shares	50,000 <sup>1</sup>	-	-	-	50,000
Garret Dixon	Shares	75,000 <sup>1</sup>	-	25,000 <sup>1</sup>	-	100,000
<b>Executive Director</b>						
Murray Leahy	Shares	73,034,163	-	900,000 <sup>1</sup>	-	73,934,163
<b>Other KMP</b>						
Mark Hatfield	Shares	-	-	-	-	-
Phil Mirams	Shares	925,000 <sup>1</sup>	-	-	-	925,000

<sup>1</sup> Purchased on market

## 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 2022 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



Jim Walker  
Chairman  
Perth, 24 August 2022



## 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 2022, 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**  
**24 August 2022**

**B G McVeigh**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue	5	289,775,172	257,814,795
Changes in inventories of finished goods and work in progress		(1,019,405)	(3,264,849)
Employee benefits expense		(97,514,599)	(89,730,609)
Other employee expenses		(9,651,756)	(8,259,832)
Operational repairs and maintenance expense		(35,617,129)	(34,051,573)
Equipment and labour hire expenses		(43,156,615)	(31,278,956)
Fuel expenses		(26,793,721)	(19,283,040)
Subcontractor charges		(27,525,346)	(13,964,328)
Licences, registrations, permits & insurance expenses		(6,604,362)	(5,246,930)
Freight expenses		(5,145,861)	(4,784,125)
Occupancy expense		(1,704,048)	(1,255,927)
Royalties expense		(479,479)	(459,109)
Other expenses		(4,519,326)	(5,997,611)
Interest and finance expense	6	(2,874,288)	(4,162,636)
Depreciation and amortisation expense	6	(21,300,294)	(18,518,733)
<b>Profit before income tax expense</b>		<b>5,868,943</b>	<b>17,556,537</b>
Income tax expense	7	(1,054,213)	(5,099,632)
<b>Profit after income tax</b>		<b>4,814,730</b>	<b>12,456,905</b>
<b>Total comprehensive income for the year</b>		<b>4,814,730</b>	<b>12,456,905</b>
<i>Profit per share attributable to ordinary equity holders</i>			
Basic earnings per share (\$ per share)	27	0.03	0.12
Diluted earnings per share (\$ per share)	27	0.03	0.12

The accompanying notes form part of these financial statements

## Consolidated Statement of Financial Position as at 30 June 2022

		2022	2021
	Notes	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	209,788	9,689,060
Trade and other receivables	10	45,272,269	42,226,392
Inventories	11	18,161,990	14,214,135
<b>Total current assets</b>		<b>63,644,047</b>	<b>66,129,587</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	187,053,816	152,097,538
Deferred exploration and evaluation expenditure		59,911	59,911
Right of use assets	13	3,884,451	4,598,532
Intangible assets		1,047	1,047
<b>Total non-current assets</b>		<b>190,999,225</b>	<b>156,757,028</b>
<b>Total assets</b>		<b>254,643,272</b>	<b>222,886,615</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	51,660,575	47,074,170
Financial liabilities	15	26,464,486	28,228,561
Lease liabilities	16	894,494	1,524,589
Provisions	17	1,186,993	1,008,976
<b>Total current liabilities</b>		<b>80,206,548</b>	<b>77,836,296</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	15	37,722,526	18,225,829
Lease liabilities	16	3,451,920	3,287,128
Provisions	17	287,966	326,625
Deferred tax liability	7	16,630,425	8,986,086
<b>Total non-current liabilities</b>		<b>58,092,837</b>	<b>30,825,668</b>
<b>Total liabilities</b>		<b>138,299,385</b>	<b>108,661,964</b>
<b>Net assets</b>		<b>116,343,887</b>	<b>114,224,651</b>
<b>EQUITY</b>			
Issued capital	18	47,204,474	47,409,025
Retained earnings		69,139,413	66,815,626
<b>Total equity</b>		<b>116,343,887</b>	<b>114,224,651</b>

The accompanying notes form part of these financial statements

## Consolidated Statement of Changes in Equity for the year ended 30 June 2022

	<i>Issued Capital</i>	<i>Retained Earnings</i>	<i>Total</i>
	\$	\$	\$
<b>Consolidated</b>			
<b>Balance at 1 July 2020</b>	1	54,479,590	54,479,591
Net profit after tax for the period	-	12,456,905	12,456,905
<b>Total comprehensive income for the year</b>	-	12,456,905	12,456,905
Dividends provided for or paid	-	(120,869)	(120,869)
Shares issued	47,409,024	-	47,409,024
<b>Balance at 30 June 2021</b>	47,409,025	66,815,626	114,224,651
<b>Consolidated</b>			
<b>Balance at 1 July 2021</b>	47,409,025	66,815,626	114,224,651
Tax impact of capital raising costs	(204,551)	-	(204,551)
Net profit after tax for the period	-	4,814,730	4,814,730
<b>Total comprehensive income for the year</b>	(204,551)	4,814,730	4,610,179
Dividends provided for or paid	-	(2,490,943)	(2,490,943)
<b>Balance at 30 June 2022</b>	47,204,474	69,139,413	116,343,887

The accompanying notes form part of these financial statements

## Consolidated Statement of Cash Flows for the Year Ended 30 June 2022

	Notes	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		318,519,773	273,078,094
Payments to suppliers and employees		(288,565,532)	(234,992,853)
Interest received		258	591
Finance costs		(782,239)	(1,596,781)
Income tax paid		1,654,625	(3,138,569)
Fuel tax credits received		2,842,180	3,543,159
<b>Net cash provided by operating activities</b>	9	33,669,065	36,893,641
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(12,111,371)	(12,928,828)
Proceeds from sale of property, plant and equipment		1,156,682	153,269
<b>Net cash (used in) investing activities</b>		(10,954,689)	(12,775,559)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(2,490,943)	(120,870)
Net movement in borrowings from related entities		-	445,000
Proceeds from / (repayments of) borrowings	9	(128,989)	(3,712,949)
Payments in relation to hire purchase agreements	9	(28,367,116)	(47,250,891)
Repayment of lease liabilities		(1,466,334)	(1,496,404)
Issue of share capital		(204,551)	47,409,024
<b>Net cash provided (used in) financing activities</b>		(32,657,933)	(4,727,090)
Net increase/(decrease) in cash held		(9,943,557)	19,390,992
Cash at the beginning of the financial period		9,689,060	(9,701,932)
<b>Cash and cash equivalents at the end of the period</b>	9	(254,497)	9,689,060

The accompanying notes form part of these financial statements

## Notes to the Financial Statements

### Note 1: Basis of Preparation

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 Directors' Report.

#### (a) Statement of compliance

The financial report was authorised for issue on 24 August 2022.

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) New, revised or amending Accounting Standards and Interpretations adopted

New, revised or amending Accounting Standards and Interpretations adopted

Standards and Interpretations applicable to 30 June 2022

The Directors have reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2022. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted by the Company, and therefore, no change is necessary to Group accounting policies and no changes from new accounting standards have been adopted.

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

#### (c) 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 reassesses 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).

## **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:

- **Mine Site Services**  
The Group performs haulage and site services including civil works on various mine sites. These activities are usually 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. 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.
- **Construction Materials**



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.

- **Export Logistics**

The Group performs haulage works and facilitates export services via its Esperance hub. These activities are performance in line with Mine site service for various clients. Whilst these contracts can be 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.

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 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) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MLG Oz Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares

### 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: Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of MLG Oz Limited.

The Board has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operational segments with discrete financial information.

The Board of Directors' review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows.

The Company has no individual customer site where the revenue from that customer was in excess of 10% of the Company's revenue (2021: Customer A generated 13% of the Company's revenue for the year).

## Note 5: Revenue

	Consolidated 2022	Consolidated 2021
	\$	\$
Revenue from contracts with customers	286,840,699	254,015,952
Fuel tax credits	2,646,646	3,470,286
Other revenue	287,827	328,557
	289,775,172	257,814,795

*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.

	2022	2021
	\$	\$
<i>At a point in time</i>		
Mine site services and bulk haulage	230,017,417	179,353,261
Crushing and screening	27,522,760	55,477,606
Export logistics	7,311,765	6,719,916
<i>Over time</i>		
Civil works	21,988,757	12,465,169
Total revenue from contracts with customers	286,840,699	254,015,952

## Note 6: Expenses

	Notes	Consolidated 2022	Consolidated 2021
		\$	\$
Interest and finance expense			
- Hire purchase charges		2,115,550	2,497,153
- Bank interest		236,228	607,286
- Interest on right of use assets		272,875	305,070
- Bank fees		249,635	753,127
		2,874,288	4,162,636
Depreciation and amortisation expense			
- Amortisation of right of use asset		1,721,226	1,644,700
- Depreciation charge		19,579,068	16,874,033
		21,300,294	18,518,733

## Note 7: Income Tax Expense

### Income tax recognised in profit or loss

The major components of tax expense are:

	Consolidated 2022	Consolidated 2021
	\$	\$
· Current tax expense	(6,385,574)	-
· Deferred tax expense	7,439,787	5,099,632
	1,054,213	5,099,632

### Reconciliation

	Consolidated 2022	Consolidated 2021
	\$	\$
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	5,868,943	17,556,537
Corporate tax rate	30%	30%
Income tax expense calculated	1,760,682	5,266,961
Tax effect of:		
· Non-deductible expenses	98,082	37,222
· Over (Under) Provision of tax in the prior year	(600,000)	-
· Movement of temporary differences through share capital	(204,551)	(204,551)
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	1,054,213	5,099,632

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2021: 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 2022	Consolidated 2021
		\$	\$
Income tax payable/(receivable) attributable to:			
· Parent entity		(5,650,950)	(2,081,775)
· Subsidiaries in the tax consolidated group		715,448	224,198
	10,	(4,935,502)	(1,857,577)

Deferred tax liability comprises

30 June 2022	Consolidated			
	Opening balance	Charged to income	Charged to equity	Closing balance
	\$	\$	\$	\$
Prepayments	(626,125)	(81,695)	-	(707,820)
Plant and equipment	(13,731,569)	(14,056,745)	-	(27,788,314)
Inventory	(387,478)	(257,214)	-	(644,692)
Unearned income	-	(8,276)	-	(8,276)
Employee provisions	2,446,169	120,597	-	2,566,766
Other provisions	444,230	58,616	-	502,846
ROU Assets	63,954	74,636	-	138,590
Previously expensed blackhole costs	1,127,669	(328,075)	-	799,594
Equity raising blackhole costs	818,202	-	(204,551)	613,651
Tax losses	838,541	7,019,410	-	7,857,951
Other	20,320	18,959	-	39,279
	(8,986,087)	(7,439,787)	(204,551)	(16,630,425)

30 June 2021	Consolidated			
	Opening balance	Charged to income	Charged to equity	Closing balance
	\$	\$	\$	\$
Prepayments	(545,614)	(80,511)	-	(626,125)
Plant and equipment	(6,995,660)	(6,735,908)	-	(13,731,568)
Inventory	(206,887)	(180,591)	-	(387,478)
Employee provisions	2,121,978	324,191	-	2,446,169
Other provisions	200,709	243,521	-	444,230
ROU Assets	1,326	62,628	-	63,954
Previously expensed blackhole costs	711,526	416,143	-	1,127,669
Equity raising blackhole costs	-	-	818,204	818,204
Tax losses	-	838,539	-	838,539
Other	7,964	12,356	-	20,320
	(4,704,658)	(5,099,632)	818,204	(8,986,086)

## Note 8: Dividends

Dividends declared and paid during the year

	Consolidated 2022 \$	Consolidated 2021 \$
Fully franked dividends paid	2,490,943	120,869
	2,490,943	120,869

Franking account balance

	Consolidated 2022 \$	Consolidated 2021 \$
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.	17,083,811	20,391,462

The tax rate at which paid dividends have been franked is 30% (2021: 30%).

Dividends proposed will be franked at the rate of 30% (2021: 30%).

## Note 9: Cash and Cash Equivalents

	Consolidated 2022 \$	Consolidated 2021 \$
Cash at bank	207,315	9,688,172
Cash on hand	2,473	888
	209,788	9,689,060

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:

	Notes	Consolidated 2022 \$	Consolidated 2021
Cash and cash equivalents		209,788	9,689,060
Overdraft facility		(464,285)	-
		(254,497)	9,689,060

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

	Consolidated 2022 \$	Consolidated 2021 \$
Net profit for the year	4,814,730	12,456,905
<i>Non-cash flows in profit from ordinary activities</i>		
(Gain) / loss on sale or disposal of non-current assets	85,622	(17,441)
Depreciation of property, plant and equipment	21,300,294	18,518,733
<i>Reclassification to financing activities</i>		
Interest expense on finance liabilities	2,092,049	2,565,855
<i>Changes in operating assets and liabilities</i>		
Decrease / (Increase) in receivables	(2,841,591)	(9,038,233)
Decrease / (Increase) in inventory	(4,152,141)	(4,144,081)
(Decrease) / Increase in creditors	4,586,405	12,024,926
(Decrease) / Increase in provisions	139,358	245,551
(Decrease) / Increase in deferred tax liability	7,644,339	4,281,428
Net cash from operating activities	33,669,065	36,893,641

Changes in liabilities arising from financing activities

	Consolidated			
	Bank Borrowings	Hire purchase liability	Supply Chain Finance	Total
30 June 2022	\$	\$		\$
Opening balance	-	46,325,401	128,989	46,454,390
Net cash from/(used in) financing activities		(28,367,116)	(128,989)	(28,496,105)
Non cash interest expense	-	2,115,567	-	2,115,567
Acquisition of plant and equipment by means of finance leases	-	43,648,876	-	43,648,876
Closing balance	-	63,722,728	-	63,722,728

30 June 2021	Consolidated			
	Bank Borrowings	Hire purchase liability	Supply Chain Finance	Total
	\$	\$		\$
Opening balance	14,649,215	48,210,528	3,841,938	66,701,681
Net cash from/(used in) financing activities		(47,250,891)	(3,712,949)	(50,963,840)
Transferred to hire purchase	(14,649,215)	14,649,215	-	-
Non cash interest expense	-	2,497,153	-	2,497,153
Acquisition of plant and equipment by means of finance leases	-	28,219,396	-	28,219,396
Closing balance	-	46,325,401	128,989	46,454,390

## Note 10: Trade and Other Receivables

	Notes	Consolidated 2022	Consolidated 2021
		\$	\$
Trade receivables	(i)	27,585,517	32,202,943
Allowance for expected credit losses		-	-
		27,585,517	32,202,943
Accrued revenue		7,927,975	4,133,711
Prepayments		4,040,742	3,317,304
Income tax payable		4,935,501	1,857,577
Other debtors		782,534	714,857
		45,272,269	42,226,392

- (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 2022 and 30 June 2021 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 2022 and 30 June 2021 was determined as follows:

Consolidated 30-Jun-22	Trade receivables aging				
	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	21,187,027	5,271,872	941,976	184,641	27,585,517

Consolidated 30-Jun-21	Trade receivables aging				
	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	21,043,321	7,179,613	3,823,309	156,700	32,202,943

## Note 11: Inventories

	Consolidated 2022	Consolidated 2021
	\$	\$
- Raw materials – at cost	1,146,839	743,459
- Spares and parts – at cost	17,015,151	12,769,282
- Finished goods – at cost	-	701,394
	18,161,990	14,214,135



## 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	4,354,159	83,526,776	48,800,603	5,925,646	3,107,427	8,433,689	97,524,780	15,444,422	267,117,502
Accumulated depreciation	(760,223)	(31,914,320)	(9,322,294)	(2,558,882)	(2,124,559)	(3,671,958)	(29,711,450)	-	(80,063,686)
Carrying value as at 30 June 2022	3,593,936	51,612,456	39,478,309	3,366,764	982,868	4,761,731	67,813,330	15,444,423	187,053,816
Cost	2,737,118	55,667,519	46,568,575	3,932,871	2,472,842	5,796,012	71,596,178	25,049,523	213,820,638
Accumulated depreciation	(536,207)	(23,234,327)	(8,117,628)	(1,836,627)	(1,602,551)	(3,002,009)	(23,393,751)	-	(61,723,100)
Carrying value as at 30 June 2021	2,200,911	32,433,192	38,450,947	2,096,244	870,291	2,794,003	48,202,427	25,049,523	152,097,538

Reconciliation

30-Jun-22	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
	\$	\$	\$	\$		\$	\$	\$	\$
Opening balance	2,200,911	32,433,192	38,450,947	2,096,244	870,291	2,794,003	48,202,427	25,049,523	152,097,538
Additions	1,826,546	27,956,607	2,232,028	2,121,761	698,812	2,913,559	27,593,282	(9,564,944)	55,777,651
Disposals	(137,383)	(88,767)	-	(49,480)	(3,402)	(72,942)	(850,175)	(40,157)	(1,242,304)
Depreciation expense	(296,138)	(8,688,576)	(1,204,666)	(801,761)	(582,833)	(872,889)	(7,132,204)	-	(19,579,068)
Closing balance	3,593,936	51,612,456	39,478,309	3,366,764	982,868	4,761,731	67,813,330	15,444,422	187,053,816

30-Jun-21	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
	\$	\$	\$	\$		\$	\$	\$	\$
Opening 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
Additions	305,024	6,764,388	20,478,936	417,520	449,188	43,570	7,151,825	5,539,969	41,150,420
Disposals	-	(53,046)	-	(4,167)	-	(12,764)	(120,516)	-	(190,493)
Depreciation expense	(144,449)	(6,104,200)	(3,357,161)	(415,560)	(470,447)	(602,437)	(5,779,779)	-	(16,874,033)
Closing balance	2,200,911	32,433,192	38,450,947	2,096,244	870,291	2,794,003	48,202,427	25,049,523	152,097,538

## Note 13: Right of Use Assets

Carrying value

	Consolidated Premises	Consolidated Equipment	Consolidated Total
	\$	\$	\$
Cost	5,355,293	2,954,331	8,309,624
Accumulated amortisation	(1,662,007)	(2,763,166)	(4,425,173)
Carrying value as at 30 June 2022	3,693,286	191,165	3,884,451

Reconciliation

	Consolidated Premises	Consolidated Equipment	Consolidated Total
	\$	\$	\$
Opening balance	3,424,406	1,174,126	4,598,532
Additions	1,297,318	-	1,297,311
Adjustments to leases	(290,166)	-	(290,166)
Depreciation expense	(738,268)	(982,958)	(1,721,226)
Closing balance	3,693,290	191,168	3,884,451

## Note 14: Trade and Other Payables

	Notes	Consolidated 2022	Consolidated 2021
		\$	\$
Trade payables	(i)	21,240,616	20,476,256
Accruals		5,964,286	5,032,553
Annual leave payable		7,080,927	6,818,294
Other creditors	(ii)	17,374,746	14,747,067
		51,660,575	47,074,170

(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 2022	Consolidated 2021
		\$	\$
- Overdraft facility	(i)	464,285	-
- Hire purchase liability	(ii)	26,000,201	28,099,572
- Supply chain finance		-	128,989
		26,464,486	28,228,561

### Non-current

	Notes	Consolidated 2022	Consolidated 2021
		\$	\$
- Hire purchase liability	(ii)	37,722,526	18,225,829
		37,722,526	18,225,829

### Summary of borrowing arrangements

- (i) The bank borrowing facilities are with Westpac and encompass:
- a flexible options facility (overdraft and bank guarantee facility)
  - a revolving credit equipment finance facility for the purchase of capital assets
  - credit card facility for the provision of corporate credit cards.
- (ii) 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.

#### Financing facilities available

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

	Consolidated 2022	Consolidated 2021
	\$	\$
Total facilities		
• Bank overdraft	9,800,000	-
• Invoice financing facility	-	5,000,000
• Supply chain finance	-	4,000,000
	9,800,000	9,000,000
Facilities used at balance date		
• Bank overdraft	464,285	-
• Bank borrowings	-	-
• Supply chain finance	-	128,989
	464,285	128,989
Facilities unused at balance date		
• Bank overdraft	9,335,715	-
• Invoice financing facility	-	5,000,000
• Supply chain finance	-	4,000,000
	9,335,715	9,000,000

The invoice finance facility was reduced to \$5m prior to 2021 year end.

The supply chain finance was closed out post year end as no additional cost was incurred to do this. There is no balance held as at the date of this report.

#### 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	704,728	189,766	894,494
Non-current liabilities	3,451,920	-	3,451,920
Carrying value as at 30 June 2022	4,156,648	189,766	4,346,414

	Consolidated Premises	Consolidated Equipment	Consolidated Total
	\$	\$	\$
Current liabilities	590,994	933,595	1,524,589
Non-current liabilities	3,097,363	189,765	3,287,128
Carrying value as at 30 June 2021	3,688,357	1,123,360	4,811,717

#### Reconciliation

	Consolidated Premises	Consolidated Equipment	Consolidated Total
	\$	\$	\$
Opening balance	3,688,357	1,123,360	4,811,717
Lease inception	1,001,031	-	1,001,031
Principal repayments	(532,740)	(933,594)	(1,466,334)
Closing balance	4,156,648	189,766	4,346,414

#### 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.

## Note 17: Provisions

#### Current

	Consolidated 2022	Consolidated 2021
	\$	\$
Employee benefits	1,186,993	1,008,976

#### Non-current

	Consolidated 2022	Consolidated 2021
	\$	\$
Employee benefits	287,966	326,625

## Note 18: Issued Capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares issued and fully paid	145,669,163	145,669,163	47,204,474	47,409,025

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.

### *Movements in ordinary share capital*

	Date	Shares	Issue price	\$
<b>Balance</b>	<b>1-Jul-20</b>	<b>1</b>	<b>\$1.00</b>	<b>1</b>
Share split	30-Apr-21	95,669,162	\$0.00	-
Issue of shares at IPO	30-Apr-21	50,000,000	\$1.00	50,000,000
Share issue costs for the year	30-June-21	-	\$1.00	(2,590,976)
<b>Balance</b>	<b>30-Jun-21</b>	<b>145,669,163</b>	<b>\$1.00</b>	<b>47,409,025</b>
Tax impact of prior period share issue costs	30-Jun-22	-	-	(204,551)
<b>Balance</b>	<b>30-Jun-22</b>	<b>145,669,163</b>	<b>\$1.00</b>	<b>47,204,474</b>

## 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 necessitates a large amount of capital assets to facilitate the delivery of services. This groups capital management strategy utilises debt facilities to acquire assets and to fund working capital demands as the company grows. Short term working capital demands occur when new projects are mobilised and the costs are initially borne by MLG until projects are fully operational and revenues begin.

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 overall strategy for growth and in the context of banking covenants, 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 \$1,300 (2021: \$47,800); 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 Executives, who have 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.

All of the trade receivables are expected to be received within 6 months of balance date.



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.

30 June 2021	Consolidated				
	Current		Non-Current		Total
	Within 6 months	6 – 12 months	1 – 5 years	5+ years	
	\$	\$	\$	\$	\$
Trade and other payables	21,240,616	-	-	-	21,240,616
Supply chain finance	-	-	-	-	-
Finance lease obligations	13,689,675	12,310,527	37,722,526	-	63,722,728
	34,930,291	12,310,527	37,722,526	-	84,963,344

30 June 2021	Consolidated				
	Current		Non-Current		Total
	Within 6 months	6 – 12 months	1 – 5 years	5+ years	
	\$	\$	\$	\$	\$
Trade and other payables	20,476,256	-	-	-	20,476,256
Supply chain finance	128,989	-	-	-	128,989
Lease liabilities	798,295	726,298	3,287,128	-	4,811,721
Hire purchase liabilities	9,242,862	18,856,710	18,225,829	-	46,325,401
	30,646,402	19,583,008	21,512,957	-	71,742,367

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 Directors consider 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 Key Management Personnel of the Group is set out below:

	Consolidated 2022	Consolidated 2021
	\$	\$
Short-term employee benefits	1,251,257	624,741
Post-employment benefits	97,087	58,007
Other reportable benefits	-	53,579
	1,348,344	736,327

## Note 22: Contingent Liabilities and Assets

The Group has no contingent liabilities and assets as at 30 June 2022 (2021: 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.

	Country of incorporation	Equity Interest	
		2022	2021
		%	%
MLG Cement and Lime Pty Ltd	Australia	100	100
MLG Connect 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

	2022	2021
	\$	\$
Current assets	62,567,107	64,238,317
Non-current assets	190,999,227	157,166,081
Current liabilities	81,219,930	76,873,175
Non-current liabilities	58,087,454	30,825,662
Net assets	114,258,950	113,705,561
Equity		
Issued capital	47,204,476	47,409,024
Retained earnings	67,054,474	66,296,536
Total equity	114,258,950	113,705,561

### Statement of profit or loss and other comprehensive income

	2022	2021
	\$	\$
Profit for the year	3,248,881	11,882,650
Other comprehensive income	-	-
Total comprehensive income	3,248,881	11,882,650

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

As at 30 June 2022, 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 2022 MLG Oz Limited has no contingent liabilities (2021: Nil)

## Note 25: Auditor's Remuneration

The auditor of MLG Oz Limited is HLB Mann Judd.

	Consolidated 2022	Consolidated 2021
	\$	\$
Auditor of the parent entity		
• Audit of the financial statements	60,000	60,000
• Other services	-	-

## Note 26: Significant Events after Balance Date

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

## Note 27: Earnings Per Share

	Consolidated 2022	Consolidated 2021
	\$	\$
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax attributable to the owners of MLG Oz Limited	4,814,730	12,456,905

	Consolidated 2022	Consolidated 2021
	\$	\$
Basic earnings per share	0.03	0.12
Diluted earnings per share	0.03	0.12

	Consolidated 2022	Consolidated 2021
	\$	\$
<i>Weighted average earnings per share</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	145,669,163	104,162,314
Weighted average number of ordinary shares used in calculating diluted earnings per share	145,669,163	104,162,314

## Directors' Declaration

1. In the opinion of the Directors 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 2022 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 Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.



Jim Walker

Chairman

Perth, 24 August 2022

**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 2022, 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 2022 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.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

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Key Audit Matter	How our audit addressed the key audit matter
<b>Revenue Recognition</b> Refer to Note 5	
<p>The Group's revenue arises from the provision of mine site services, crushing and screening services, export logistics and civil works. Revenue recognised is based on contractual rates or on a cost reimbursement basis depending on the type of revenue being generated.</p> <p>We focused on this area as a key audit matter due to its significant value to the Group's financial report and the audit effort associated with a large number of customer contracts.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>• Evaluating the Group's revenue recognition policies against the requirements of the relevant accounting standards;</li><li>• Understanding the Group's process for accounting for revenue across different contracts against the terms in the customer contracts;</li><li>• Testing key controls in the revenue recognition process;</li><li>• Performance of substantive analytical procedures;</li><li>• Testing a sample of revenue amounts recognised during the year; and</li><li>• Obtaining significant credit notes recognised post year end to check the Group's recognition of revenue in the correct period;</li></ul>
<b>Impairment of PPE</b> Refer to Note 12	
<p>An impairment assessment was conducted by management during the year in relation to the property, plant and equipment due the existence of impairment triggers under AASB 136 Impairment of Assets.</p> <p>The carrying value of these assets at 30 June 2022 was \$187,053,8156. The impairment assessment was conducted under AASB 136 Impairment of Assets and involved a comparison of the recoverable amount of the property, plant and equipment with their carrying amounts in the financial statements. Recoverable amount is based upon the higher of fair value less costs of disposal and value-in-use.</p> <p>The evaluation of the recoverable amount of these assets is considered a key audit matter as it was based upon a value-in-use calculation which required significant judgement in verifying the key assumptions.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>• Critically evaluating management's methodology in the value-in-use model and the basis for key assumptions;</li><li>• Performing sensitivity analyses around the key inputs used in the cash flow forecasts that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising;</li><li>• Reviewing the key inputs management used to determine the necessary impairment;</li><li>• Considering whether the assets comprising the cash-generating unit had been correctly allocated;</li><li>• Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.</li></ul>
<b>Going concern</b> Refer to Note 1	
<p>At 30 June 2022 the Group had a working capital deficiency of \$16,562,501 and had total cash outflows of \$9,943,557.</p> <p>Based on the above factors, we considered the appropriateness of the going concern basis of preparation for the financial statements.</p> <p>The going concern basis of accounting was a key audit matter as it is fundamental to the financial report overall.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>• Critically evaluating management's cashflow forecast;</li><li>• Performing sensitivity analyses around the key inputs used in the cash flow forecasts;</li><li>• Reviewing the key inputs management used to determine the ability to continue as a going concern; and</li><li>• Verifying existence of facilities put in place to manage cashflow.</li></ul>

### *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 2022, 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.

### *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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of MLG Oz Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**24 August 2022**



**B G McVeigh**  
**Partner**