

MLG Oz Limited - ACN 102 642 366

INTERIM REPORT

Period ended 31 December 2022



MLG

www.mlgoz.com.au

Preliminary financial statements for the half year ended 31 December 2022 as required by ASX listing rule 4.2A

1. Company details

Name of entity:	MLG OZ Ltd
ACN:	102 642 366
Reporting period:	For the period ended 31 December 2022
Previous period:	For the period ended 31 December 2021

2. Results for announcement to the market

	Change from comparative period	% change		AUD \$'000's
Revenues from ordinary activities	up	23.9%	to	175,907
Profit from ordinary activities after tax attributable to the owners of MLG Oz Ltd	up	40.5%	to	2,596
Net Profit attributable to members	up	40.5%	to	2,596

Commentary

Group revenue for HY2023 was \$175.9m up \$34.0m (23.9%) on the prior corresponding period (pcp) of \$141.9m. Net after tax profit increased from \$1.85m in HY2022 to \$2.60m in HY2023 (40.5%).

Revenue growth was primarily driven by increased rates across the Company's existing client portfolio and the contribution from new project wins with Westgold and the Gold Fields Barren Lands project.

The six-month trading period ending 31 December 2022 presented a challenging operating environment with continued high turnover of labour in the industry, rising input prices and a volatile fuel price. MLG has experienced material inflationary pressures and has had to respond with higher rates to our clients. Our investment in training and focus on international workers has helped materially increase our labour pool. New graduates from our new-to-industry program have now been successfully transitioned into our workforce and a high number of roles have been filled by foreign workers through skilled migration visas from international markets. Our recruitment teams have been hard at work to mitigate the continued turnover however our new EBA and site payments have helped attract candidates. Labour rates and site payments have driven a high cost of labour into the operation and are not expected to fall in the near term. The Group's investment in systems has begun to add material value to decision making and operational transparency. We have successfully implemented a daily production reporting tool, monitoring our production performance and revenue on a daily basis. New financial tools have also greatly assisted in pushing financial responsibility to our project managers and providing tools to monitor costs and review trends. Additional supporting reports also now provide better visibility across assets and staff rosters allowing greater focus on utilisation and manning levels.

3. Dividends

The Directors have not declared an interim dividend in respect to the 30 June 2023 year.

4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	172	163

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: 26 February 2023

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Corporate Information

DIRECTORS

Garret Dixon
Murray Leahy
Anna Neuling
Jim Walker

COMPANY SECRETARY

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

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') 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 period ended 31 December 2022.

Directors

The following persons were directors of MLG Oz Limited during the whole of the financial period 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	Chair and Independent Director	20 January 2021

Principal activities

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

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

Dividends

The Company did not pay a final fully franked ordinary dividend in respect to the financial year ended 30 June 2022 (2021: \$2,490,943 fully franked representing \$0.0171 per share).

The Company does not propose to pay an interim dividend for the year ended 30 June 2023.

Results

The net profit of the Group for the half-year, after providing for income tax was \$2,595,811 (2021: \$1,848,123).

Operating and Financial Review

Statutory Financial Results

Group revenue for HY2023 was \$175.9m up \$34.0m (23.9%) on the prior corresponding period (pcp) of \$141.9m. Net after tax profit increased from \$1.85m in HY2022 to \$2.60m in HY2023 (40.5%).

Revenue growth was primarily driven by increased rates across the Company's existing client portfolio and the contribution from new project wins with Westgold and the Gold Fields Barren Lands project.

The six month trading period ending 31 December 2022 presented a challenging operating environment with continued high turnover of labour in the industry, rising input prices and a volatile fuel price. MLG has experienced material inflationary pressures and has had to respond with higher rates to our clients. Our investment in training and focus on international workers has helped materially increase our labour pool. New graduates from our new-to-industry program have now been successfully transitioned into our workforce and a high number of roles have been filled by foreign workers through skilled migration visas from international markets. Our recruitment teams have been hard at work to mitigate the continued turnover however our new EBA and site payments have helped attract candidates. Labour rates and site payments have driven a high cost of labour into the operation and are not expected to fall in the near term. The Group's investment in systems has begun to add material value to decision making and operational transparency. We have successfully implemented a daily production reporting tool monitoring our production performance and revenue on a daily basis. New financial tools have also greatly assisted in pushing financial responsibility to our project managers and providing tools to monitor costs and review trends. Additional supporting reports also now provide better visibility across assets and staff rosters allowing greater focus on utilisation and manning levels.

Mine site services and bulk haulage

Revenue has grown strongly up 22.1% to \$150.6m (\$123.4m in pcp) as rates were reset through the period with clients to account for the higher cost inputs developing and new projects being mobilised. Several existing clients grew scope of works to help drive demand for MLG services and, combined with rate rises, underlying revenues grew strongly. The Group also secured new project wins with Westgold and Gold Fields. The Westgold project has now fully mobilised but with limited contribution to profit in the first half.

Site services and bulk haulage continued to experience challenging market conditions with high costs of labour and a high competition for skills within the industry. Absenteeism continued to play a part with Covid 19, although management of this issues is now a more established operational challenge to rostering and planning. The Group's investment in training programs through our new-to-industry program has helped transition operators and drivers into the workforce from non-mining backgrounds. Recruitment has also continued to be a main focus with the number of MLG employees increasing from 647 in December 2021 to 814 in December 2022. These headcount levels have also been improved through the attraction of foreign workers via skilled labour visa's. The Group now has a sizeable number of foreign workers through both its maintenance facilities and in operator roles.

Inflation continues to play a role in our underlying input costs. Fuel prices were highly volatile and parts have continued to escalate in price. Weather has again continued to play a role in impacting productivity with cyclone events in the northern parts of Western Australian and in the Company's Granites operation in the Northern Territory, disrupting the ability to haul and operate in multiple sites. These pressures have resulted in an intense period of negotiation and interaction across all clients as we work with them to reset our pricing outside of contractual rise and fall provisions.

The first half has experienced cost pressures and initial setup costs for new projects but still delivered a significantly improved overall profit position. We have heavily utilised subcontractor businesses to transition new projects and growth initiatives, and labour hire for critical skills gaps. The full contribution from the Westgold project is expected to be greater in the second half and we are also focused on margin improvements across the remaining client operations with new pricing and greater control of our cost base.

Crushing and screening

Revenues in our crushing and screening services were stronger with \$16.1m of Revenue delivered in HY2023, up 23.2% from the pcp (\$13.1m). An ongoing large project at Lithco No2's Bald Hill lithium operation continued to contribute a large portion of the revenue with the addition of a stemming campaign for Fortescue and the completion of our operations at Roy Hill in August. The Group continues to incur ongoing care and maintenance costs in relation to the two crushing plants held in situ at Christmas creek.

Export Logistics

Revenues from export logistics were \$4.9m up \$1.2m on HY2022. Volume increases in client demand for this service have contributed to stronger revenue in HY2023 although we anticipate this operation to see lower revenue in the second half due to client production forecasts.

Significant changes in the state of affairs

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

Significant events after balance date

In February 2023, the Company agreed to sell both of its high-capacity crushing plants and an agreed list of ancillary equipment and inventory for \$19.0m to an unrelated third-party purchaser (part of a private corporate group that has substantial financial resources).

The Company is responsible for the decommissioning and transport of the plants, related ancillary equipment and inventory to the designated third-party site for laydown but will not be involved in any future commissioning of the plants. The decommissioning process is expected to commence in late February 2023 with final transport and sign off expected to be completed by June 2023.

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

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.

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 period ended 31 December 2022 has been received and immediately follows the Directors' Report.

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

On behalf of the directors



Murray Leahy
Managing Director
Kalgoorlie, 26 February 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of MLG Oz Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
26 February 2023



B G McVeigh
Partner

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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 Period Ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Revenue	4	175,906,769	141,949,300
Changes in inventories of finished goods and work in progress		440,124	(223,332)
Employee benefits expense		(60,557,987)	(49,627,560)
Operational repairs and maintenance expense		(21,142,374)	(17,723,286)
Equipment and labour hire expenses		(25,152,725)	(21,164,708)
Fuel expenses		(18,299,361)	(12,098,426)
Subcontractor charges		(14,914,129)	(12,940,557)
Licences, registrations, permits & insurance expenses		(3,711,553)	(3,095,066)
Freight expenses		(3,632,315)	(2,487,226)
Other employee expenses		(7,322,609)	(4,679,041)
Occupancy expense		(1,343,736)	(963,260)
Royalties expense		(231,021)	(180,611)
Interest and finance expense		(2,038,725)	(1,513,737)
Other expenses		(3,506,028)	(2,608,426)
Depreciation and amortisation expense		(10,914,875)	(10,891,920)
Profit before income tax expense		3,579,455	1,752,144
Income tax (expense) / benefit	5	(983,644)	95,979
Net profit for the year		2,595,811	1,848,123
Other comprehensive income net of tax		-	-
Total comprehensive income for the year		2,595,811	1,848,123
<i>Earnings per share attributable to ordinary equity holders</i>			
Basic earnings per share (\$ per share)	13	0.02	0.01
Diluted earnings per share (\$ per share)	13	0.02	0.01

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 31 December 2022

		31 December 2022	30 June 2022
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	266,868	209,788
Trade and other receivables		48,085,164	45,272,269
Inventories		18,506,663	18,161,990
Total current assets		66,858,695	63,644,047
NON-CURRENT ASSETS			
Property, plant and equipment		194,491,688	187,053,816
Deferred exploration and evaluation expenditure		59,911	59,911
Right of use assets		6,617,703	3,884,451
Intangible assets		1,047	1,047
Total non-current assets		201,170,349	190,999,225
Total assets		268,029,044	254,643,272
CURRENT LIABILITIES			
Trade and other payables		61,049,509	51,660,575
Financial liabilities	8	29,887,247	26,464,486
Lease liabilities		1,845,727	894,494
Provisions		1,113,131	1,186,993
Total current liabilities		93,895,614	80,206,548
NON-CURRENT LIABILITIES			
Financial liabilities	8	31,832,225	37,722,526
Lease liabilities		5,275,105	3,451,920
Provisions		287,966	287,966
Deferred tax liability		17,716,344	16,630,425
Total non-current liabilities		55,111,640	58,092,837
Total liabilities		149,007,254	138,299,385
Net assets		119,021,790	116,343,887
EQUITY			
Issued capital	9	47,102,201	47,204,474
Share-based payment reserve	15	184,365	-
Retained earnings		71,735,224	69,139,413
Total equity		119,021,790	116,343,887

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the period ended 31 December 2022

	<i>Issued Capital</i>	<i>Share- based Payment Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2021	47,409,025	-	66,815,626	114,224,651
Tax impact of capital raising costs	(102,275)	-	-	(102,275)
Net profit after tax for the period	-	-	1,848,124	1,848,124
Total comprehensive income for the year	-	-	-	-
Dividends provided for or paid	-	-	(2,490,943)	(2,490,943)
Balance at 31 December 2021	<u>47,306,750</u>	<u>-</u>	<u>66,172,807</u>	<u>113,479,557</u>
Consolidated				
Balance at 1 July 2022	47,204,474	-	69,139,413	116,343,887
Tax impact of capital raising costs	(102,273)	-	-	(102,273)
Net profit after tax for the period	-	-	2,595,811	2,595,811
Total comprehensive income for the year	-	-	-	-
Share-based payments	-	184,365	-	184,365
Dividends provided for or paid	-	-	-	-
Balance at 31 December 2022	<u>47,102,201</u>	<u>184,365</u>	<u>71,735,224</u>	<u>119,021,790</u>

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the Period Ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		183,624,260	154,932,274
Payments to suppliers and employees		(166,687,552)	(143,365,743)
Interest received		258	56
Finance costs		(762,830)	(391,454)
Income tax received / (paid)		5,037,777	76,777
Fuel tax credits received		1,075,514	1,676,367
Net cash provided by operating activities		22,287,427	12,928,277
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,311,449)	(4,663,408)
Proceeds from sale of property, plant and equipment		406,837	442,026
Net cash (used in) investing activities		(8,904,612)	(4,221,382)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(2,370,073)
Repayments of borrowings		-	(128,989)
Payments in relation to hire purchase agreements		(15,733,763)	(12,599,807)
Repayment of lease liabilities		(907,301)	(734,128)
Issue of share capital		(102,273)	-
Net cash used in financing activities		(16,743,337)	(15,832,997)
Net (decrease) / increase in cash held		(3,360,522)	(7,126,102)
Cash at the beginning of the financial period		(254,497)	9,689,060
Cash and cash equivalents at the end of the period	7	(3,615,019)	2,562,958

The accompanying notes form part of these financial statements

Notes to the Financial Statements

Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(a) Adoption of New and Revised Standards

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted to the Group and, therefore, no change is necessary to Group accounting policies.

(b) Going Concern

The Group had a working capital deficit of \$27,036,919 as at 31 December 2022 (June 2022: \$16,562,501) and therefore, the Directors have reviewed the financial performance of the Group and have determined that it will have sufficient cashflows to meet its expenditure requirements for a period of at least 12 months from the date of this report. As a result of that determination, the accounts have been prepared on a going concern basis.

The Group's going concern position does rely on the generation of sufficient operating cashflows and availability of appropriate finance facilities to fund the purchase of its equipment and to provide working capital. The forecasted operating cashflows show positive cash generation over the next 12 months with sufficient headroom to fund the expected operating needs of the business. The Company has now executed a contract to sell its two high-capacity crushing plants which will generate a material cash inflow and provide funds to repay the current loans over the plants materially, reducing the Company's debt gearing position and monthly cashflow outflows.

The mining industry continues to have a large amount of activity in our core markets and the Group is very well placed to capitalise on the growth that current clients are planning as well as increase the client base. The Group will review its finance facilities following the sale of the crushing plants and in recognition of the growth in the business working capital needs which have increased due to its higher revenue levels.

Should the Group fail to generate sufficient operating cashflow and be unsuccessful in securing appropriate funding, there exists a material uncertainty that may cast doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

However, in view of the outlook for the Group, its existing finance facilities, and the sale of the high-capacity crushing plants, we are confident of our outlook and the Board is satisfied that the going concern basis of preparation is appropriate. Therefore, the financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

Note 2: Significant Accounting Estimates and Assumptions

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

Note 3: 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 (2022: no customer site in excess of 10%).

Note 4: Revenue

	31 December 2022 \$	31 December 2021 \$
Revenue from contracts with customers	171,533,622	140,142,596
Fuel tax credits	4,218,422	1,669,787
Other revenue	154,725	136,917
	175,906,769	141,949,300

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.

	31 December 2022 \$	31 December 2021 \$
At a point in time		
Mine site services	145,664,671	110,224,960
Crushing and screening	16,080,064	13,054,865
Export logistics	4,896,322	3,733,684
Over time		
Civil Works	4,892,565	13,129,087
Total revenue from contracts with customers	171,533,622	140,142,596

Note 5: Income Tax Expense

Income tax recognised in profit or loss

The major components of tax expense / (benefit) are:

	31 December 2022	31 December 2021
	\$	\$
Current tax		
· Current tax expense	-	(4,395,502)
· Over provision for tax in prior period	-	(1,450,074)
Deferred tax		
· Origination and reversal of temporary differences	1,011,100	5,439,524
· Under Provision for tax in prior period	(27,456)	850,073
	983,644	(95,979)

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	3,579,455	1,752,144
Corporate tax rate	30%	30%
Income tax expense calculated	1,073,837	525,643
Tax effect of:		
· Non-deductible expenses	39,538	80,654
· Over (Under) Provision of tax in the prior year	(27,456)	(600,000)
· Movement of temporary differences through share capital	(102,275)	(102,275)
Income tax expense / (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	983,644	(95,978)

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.

Note 6: Dividends

Dividends declared and paid during the year

	31 December 2022	31 December 2021
	\$	\$
Fully franked dividends paid	-	2,490,943
	-	2,490,943

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 7: Cash and Cash Equivalents

	31 December 2022	30 June 2022
	\$	\$
Cash at bank	265,898	207,315
Cash on hand	970	2,473
	266,868	209,788

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	31 December 2022	30 June 2022
		\$	\$
Cash and cash equivalents		266,868	209,788
Overdraft facility	8	(3,881,888)	(464,285)
		(3,615,019)	254,497

Note 8: Financial Liabilities

Current

	Notes	31 December 2022 \$	30 June 2022 \$
- Overdraft facility	(i)	3,881,888	464,285
- Hire purchase liability	(ii)	26,005,359	26,000,201
		29,887,247	26,464,486

Non-current

	Notes	31 December 2022 \$	30 June 2022 \$
- Hire purchase liability	(ii)	31,832,225	37,722,526
		31,832,225	37,722,526

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:

	31 December 2022 \$	30 June 2022 \$
Total facilities		
• Bank overdraft	14,800,000	9,800,000
Facilities used at balance date		
• Bank overdraft	3,881,888	464,285
Facilities unused at balance date		
• Bank overdraft	10,918,112	9,335,715

Note 9: Issued Capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares issued and fully paid	145,669,163	145,669,163	47,102,201	47,306,750

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	\$
Balance	1-Jul-21	145,669,163	\$1.00	47,409,025
Tax impact of prior period share issue costs	31-Dec-21	-	-	(102,275)
Balance	31-Dec-21	145,669,163	\$1.00	47,306,750
Tax impact of prior period share issue costs	30-Jun-22	-	-	(102,276)
Balance	30-Jun-22	145,669,163	\$1.00	47,204,474
Tax impact of prior period share issue costs	31-Dec-22	-	-	(102,273)
Balance	31-Dec-22	145,669,163	\$1.00	47,102,201

Note 10: Financial Instruments

The Directors consider that the carrying value of the financial assets and liabilities as recognised in the financial statements approximate their fair values.

Note 11: 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 12: Contingent Liabilities and Assets

The Group has no contingent liabilities and assets as at 31 December 2022 (30 June 2022: Nil).

Note 13: Significant Events after Balance Date

In February 2023, the Company agreed to sell both of its high-capacity crushing plants and an agreed list of ancillary equipment and inventory for \$19.0m to an unrelated third-party purchaser (part of a private corporate group that has substantial financial resources).

The Company is responsible for the decommissioning and transport of the plants, related ancillary equipment and inventory to the designated third-party site for laydown but will not be involved in any future commissioning of the plants. The decommissioning process is expected to commence in late February 2023 with final transport and sign off expected to be completed by June 2023.

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

Note 14: Earnings Per Share

	31 December 2022	31 December 2021
	\$	\$

Earnings per share for profit from continuing operations

Profit after income tax attributable to the owners of MLG Oz Limited	2,595,811	1,848,123
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	31 December 2022	31 December 2021
	\$	\$

Basic earnings per share	0.02	0.01
Diluted earnings per share	0.02	0.01

	31 December 2022	31 December 2021
	\$	\$

Weighted average earnings per share

Weighted average number of ordinary shares used in calculating basic earnings per share	145,669,163	145,669,163
Weighted average number of ordinary shares used in calculating diluted earnings per share	151,433,950	145,669,163

Note 15: Share-based Payments

The following share-based payment arrangements were in place during the period:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
Series 1	2,452,798	31 July 2022	01 July 2029	\$-	\$98,112	01 July 2024
Series 2	5,885,137	18 October 2022	01 July 2030	\$-	\$2,042,028	01 July 2025
Series 3	812,739	02 November 2022	01 July 2029	\$-	\$35,761	01 July 2024
Series 4	1,531,320	02 November 2022	01 July 2030	\$-	\$436,426	01 July 2025

The fair value of the equity-settled share options granted under both the option and the loan plans is estimated as at the date of grant using the Monte Carlo model taking into account the terms and conditions upon which the options were granted.

	Series 1	Series 2	Series 3	Series 4
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	50.2%	56.7%	56.4%	56.4%
Risk-free interest rate (%)	2.49%	3.40%	3.26%	3.31%
Expected life of options (years)	1.9	2.7	1.7	2.7
Exercise price (cents)	Nil	Nil	Nil	Nil
Grant date share price	\$0.46	\$0.53	\$0.48	\$0.48

Note 16: Relates Party Transactions

During the period to 31 December 2022, the Group commenced hire of an aircraft hangar in Kalgoorlie and two prime movers (incurring \$40,290 and \$13,750 respectively) from Leahy Aviation Pty Ltd, a company to which Murray Leahy, Managing Director, is a related person.

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 31 December 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 period ended 31 December 2022.

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



Murray Leahy
Managing Director
Kalgoorlie, 26 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MLG Oz Limited

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of MLG Oz Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MLG Oz Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 February 2023



B G McVeigh
Partner