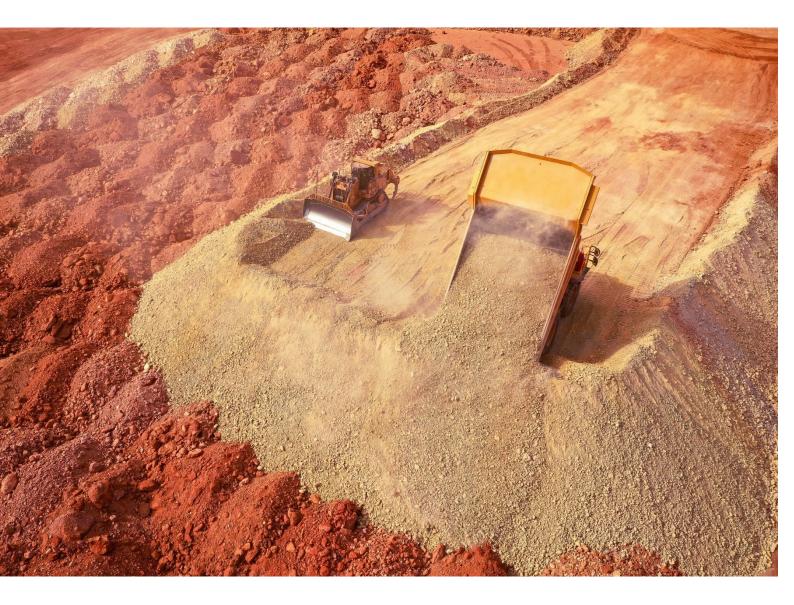
# MLG Oz Limited - ACN 102 642 366

# **ANNUAL FINANCIAL REPORT**

Year ended 30 June 2023



MLG www.mlgoz.com.au

# Appendix 4E Preliminary final report



#### 1. Company details

Name of entity: MLG OZ Ltd ACN: 102 642 366

Reporting period: For the year ended 30 June 2023 Previous period: For the year ended 30 June 2022

#### 2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	32.5% to	383,845
Profit from ordinary activities after tax attributable to the owners of MLG OZ Ltd	down	83.2% to	810

#### Commentary

Group Revenue of \$383.8 m up \$94.1m (32.4%) on the prior corresponding period (pcp) of \$289.8m. Net profit after tax decreased from \$4.8m to \$0.8m heavily impacted by the \$6.6m loss on sale of the high-capacity crushing plants during the period as well as the \$3.1m write-off of ancillary equipment and inventories related to these plants.

The strong increase in revenues is a result of both new work and higher rates applied to clients throughout the year. The escalation in costs (Labour, Parts, and Fuel) in the first six-months presented a challenging operating environment and this combined with high turnover of labour reduced our operating performance in the opening months of the financial year. Responding to the material inflationary pressure MLG was forced to increase the rates it charged to clients.

Operationally MLG also implemented a number of new reporting systems materially improving its insight into production volumes and cost drivers which led to better management of costs and improvement in margin. Further investment in training and a focus on international workers helped materially increase the groups' labour pool increasing productivity across Its fleet.

The combination of higher rates, larger workforce and operational transparency helped drive materially improved outcomes through the second half. While statutory NPAT is \$0.8m for FY2023 we note the material Impact of the sale of the high-capacity crushing plants which incurred a non-cash loss of \$9.7m delivering underlying NPAT of \$10.5m (up 18.7%).

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

# Appendix 4E Preliminary final report



## 3. Dividends

The Company has determined not to pay a final dividend for 30 June 2023.

4. Net tangible assets

Reporting Previous period

Cents Cents

91.3

93.0

Net tangible assets per ordinary security

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: 23 August 2023

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# **Corporate Information**

## **DIRECTORS**

**Garret Dixon** 

Murray Leahy

Anna Neuling

#### **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 'the 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 year ended 30 June 2023.

#### **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	<b>Date of Resignation</b>
Garret Dixon	Independent Non Executive Director	23 March 2021	
Murray Leahy	Managing Director and Chief Executive Officer	28 October 2002	
Anna Neuling	Chair and Independent Non Executive Director	23 March 2021 / 21 April 2023 (Chair)	
Jim Walker	Chair and Independent Non Executive Director	20 January 2021	21 April 2023

# **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 2022	30 June 2023	
	\$'000	\$'000	
Interim ordinary dividend	\$-	\$-	
Final ordinary dividend	\$2,490,943	\$-	

Both Interim and final dividend were fully franked to 100%

The Company has determined not to pay a final fully franked dividend for 30 June 2023.

# **Results**

The net profit of the Group for the financial year, after providing for income tax was \$809,665 (2022: \$4,814,730)

# **Operating and Financial Review**

# **Statutory Financial Results**

A.C.N. 102 642 366

Group Revenue of \$383.8m up \$94.1m (32.4%) on the prior corresponding period (pcp) of \$289.8m. Net profit after tax decreased from \$4.8m to \$0.8m heavily impacted by the \$6.6m loss on sale of the high-capacity crushing plants during the period as well as the \$3.1m write-off of ancillary equipment and inventories related to these plants.

The strong increase in revenues is a result of both new work and higher rates applied to clients throughout the year. The escalation in costs (Labour, Parts, and Fuel) in the first six-months presented a challenging operating environment and this combined with high turnover of labour reduced our operating performance in the opening months of the financial year. Responding to the material inflationary pressure MLG was forced to increase the rates it charged to clients.

Operationally MLG also implemented a number of new reporting systems materially improving its insight into production volumes and cost drivers which led to better management of costs and improvement in margin. Further investment in training and a focus on international workers helped materially increase the groups' labour pool increasing productivity across Its fleet.

The combination of higher rates, larger workforce and operational transparency helped drive materially improved outcomes through the second half. While statutory NPAT is \$0.8m for FY2023 we note the material Impact of the sale of the high-capacity crushing plants which incurred a non-cash loss of \$9.7m delivering underlying NPAT of \$10.5m (up 18.7%).

#### Mine site services and bulk haulage

Revenue grew strongly up 30.9% to \$329.9m (\$252.0m in FY2022) as a result of new rates applied to clients and stronger productivity particularly in the second half of the year. The addition of the Westgold projects part way through the year contributed to higher revenue as did the delivery of the Barren Lands open pit mining project, a material civil construction project for MLG in FY2023. MLG's integrated services model has helped to see overall volumes also increase across many clients, as they themselves extended their operation, and MLG helps to support greater tonnes of ore being moved to processing facilities from new mines, and across new routes. This has seen a material increase in revenue from organic growth, which when combined with higher rates has further increased our revenue in FY2023.

Site services and bulk haulage continued to experience challenging market conditions in the first half with high costs of labour and a high competition for skills within the industry. 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 June 2022 to 850 in June 2023. 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 played a role in our underlying input costs. Fuel prices were highly volatile and parts continued to escalate in price. Weather once again impacted 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 throughout the year. These pressures resulted in an intense period of negotiation and interaction across all clients throughout the year as we worked with them to reset our pricing outside of contractual rise and fall provisions.

The second half of the financial year delivered a more stable operating environment and when combined with the improvement in internal analysis systems and greater transparency of costs helped deliver a materially better performance. Our project managers are now better equipped to maximise production and monitor cost drivers. The group as a whole has a better insight into daily productivity and asset utilisation. While the labour market remains challenging with continued high turnover of staff, MLG has managed to successfully attract and recruit high numbers of staff.

## Crushing and screening

Revenue contribution from crushing and screening services has materially increased in FY2023 up \$12.6m to \$40.1m (up 45.7%). The group has been focused on increasing our volume of crushing activity and successfully secured projects at Koolan Island and FMG. The ongoing support for Lithco No2's Bald hill lithium operation continued to deliver strong revenue contributions through the year.

The sale of the high-capacity crushing plants through the year was a major milestone for the group helping to materially improve our capital position. The sale involved the decommissioning of both plants, isolation of all component parts, reconciliation and tagging of all inventories and the related ancillary equipment and final delivery to the purchasers site. The operational team successfully completed this major project within appropriate safety guidelines and co-ordinated the entire project with the purchaser resulting in the completion of the sale in June this year. The overall loss on sale of the plants was \$6.6m and the group also wrote down the inventory items and ancillary equipment not required by the purchaser for a further \$3.1m. The cash impact of this transaction was a net gain in cash to MLG of \$16.6m and a non-cash profit impact of \$9.7m.

# MLG OZ LIMITED Annual Financial Report – Year Ended 30 June 2023 A.C.N. 102 642 366

#### **Export Logistics**

Revenues from export logistics were \$5.2m, down 29.3% on \$7.3m in FY2022.

The Company delivered a net profit after tax of \$0.8m down \$4.0m (down 83.2%) on FY2022.

#### **Business Risks**

Exposure to labour market – The business is a large employer across the Goldfields region relying on a broad range of skills from equipment operators, road train drivers and mechanics. The current labour market is experiencing a high degree of turnover and labour rates within the mining industry have been negatively impacted by labour inflation. The group does have exposure to rising costs of labour which are a large portion of its total cost base. It mitigates this risk by investing heavily in training and development programs, providing tailored remuneration benefits and maintaining a dedicated recruitment team.

Inflation – The general procurement of parts and equipment is a key operational expense of the group and we remain exposed to price inflation across these input cost both in terms of our internal maintenance programs and in the procurement of new capital equipment. MLG is actively implementing strategic procurement initiatives to source and price parts and equipment as economically as possible.

Fuel price – A core aspect of the operational requirement is the availability of diesel and oil to fuel and service our trucks and equipment. It therefore assumes risk associated with the volatility in the price of fuel. The groups exposure to this is mitigated through clients who supply MLG with fuel or agreeing a maximum price and by way of rise and fall mechanisms in our contracts to adjust rates to reflect changes in fuel price.

Material weather events – MLG operates predominantly on off-road mining sites which can be adversely impacted by major weather events where roads and conditions stop the ability to operate heavy equipment. This can materially reduce production in the short term and defer revenue generation into the future.

Business development – MLG has a large portion of its revenue generation capacity within existing contracts but must still continue to win new work particularly in its crushing and civil construction activities where the duration of those projects is shorter in length. As such is does have the risk of not winning new work or having delays in relacing work and therefore experiencing reductions in revenue.

## **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 deprecation of the right of use assets recognised under AASB 16), amortisation and profit / loss on disposal of assets;

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.

		Statutor	ту	_	Pro Form	a
		Actuals	5		Actuals	
\$'000	Notes	FY2022	FY2023		FY2022	FY2023
Revenue						
Mine Site Services (including civil works) and Bulk Haulage		252,006	329,943		252,006	329,943
Crushing and Screening		27,523	40,096		27,523	40,096
Export Logistics		7,312	5,171		7,312	5,171
Fuel Tax Credits		2,647	8,290		-	-
Other Income		288	345		-	-
Total revenue	1	289,775	383,845		286,841	375,210
Costs of sales	1	(246,049)	(326,556)		(243,115)	(317,921)
Gross profit		43,726	57,289		43,726	57,289
General and administration		(13,597)	(22,256)		(13,597)	(22,256)
EBITDA		30,129	35,033		30,129	35,033
Depreciation		(21,300)	(23,373)		(21,300)	(23,373)
Loss on disposal	2	(86)	(6,963)		(86)	(6,963)
EBIT		8,743	4,697		8,743	4,697

Notes: 1. Pro Forma offsets fuel tax credit revenue and other income against Costs of sales

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

Total assets decreased to \$246.2m down \$8.4m on FY2022 (\$254.6m).

Total liabilities as at 30 June 2023 were \$128.0m down \$10.3m on FY2022 which were \$138.3m. The company's net assets have increased by \$1.8m to \$118.1m as at 30 June 2023.

Total capital expenditure resulted in \$38.2m of additions to property, plant and equipment. The total written down value of these assets has decreased to \$177.5m as at 30 June 2023, after depreciation and disposals resulting in a decrease of \$9.5m on FY2022 (\$187.1m).

# 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.

<sup>&</sup>lt;sup>2</sup> Includes sale of the high-capacity crushing plants in Statutory Actual and Pro Forma Actual FY2023

# 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

No matter or circumstance has arisen since 30 June 2023 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: Garret Dixon

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

Chair 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 2023

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: Murray Leahy

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.

7. Waras, Marray was awaraca the dolancias basinessman of the year.

 $\label{lem:murray} \textbf{Murray is a director of MLG Cement \& Lime Pty Ltd} \ \textbf{and MLG Connect Pty Ltd}.$ 

Special Responsibilities Member of, Health, Safety, Environment and Community Committee

Interest in Shares 73,934,163

Other rights 2,344,059 performance rights

Other Directorships held in the 3 years

to 30 June 2023

None

Name: **Anna Neuling** 

Title: Chair and 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: Anna is a Non-Executive Director of MLG.

> 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.

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.

Anna is also Non-Executive Chair of Tombador Iron Limited, an ASX-listed Brazilian iron ore company

Special Responsibilities Chair of Board of Directors (appointed 21 April 2023)

Chair of Audit and Risk Committee

Member of, Health, Safety, Environment and Community Committee

Member of Remuneration and Nomination Committee

Interest in Shares 50,000

Other Directorships held in the 3 years

to 30 June 2023

Tombador Iron Ltd (ASX Listed) - Independent Non-Executive Chair

S2 Resources Ltd (ASX Listed) - Non-Executive Director (Previously Executive Director until August

CZR Resources Ltd (ASX Listed) - Independent Non-Executive Director (appointed November 2020,

resigned September 2021)

# **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 2023, and the number of meetings attended by each director were:

	Boar	rd	Audit an Commi		Health, Safety, and Community		Remunerat Nomination (	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Garret Dixon	14	15	3	4	1	1	2	2
Murray Leahy	15	15	4	4	1	1	2	2
Anna Neuling	14	15	3	4	1	1	2	2
Jim Walker	12	13	4	4	1	1	1	1

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

# **Audited Remuneration Report**

## **Remuneration report contents**

- 1. Key Management Personnel (KMP)
- 2. Remuneration governance
- 3. Remuneration strategy
- 4. Remuneration framework
- 5. Remuneration outcomes for FY2023
- 6. Key Changes to Remuneration for FY2024
- 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 FY2023 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 Chair (appointed 21 April 2023, previously Non-Executive Director)
Jim Walker	Non-Executive Chair (resigned 21 April 2023)

#### 2. Remuneration Governance

2.1 Remuneration and Nomination Committee Independence

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

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

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

Role of the Remuneration and Nomination Committee

The Remuneration and Nomination 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.
- d) provide support to the Board for the recruitment of Directors and Executives

The Remuneration Committee held 2 formal committee meetings during FY2023.

#### 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 FY2023.

#### 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 theachievement 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.

A.C.N. 102 642 36	A.C.	٧.	10	<b>J</b> 2	642	3	6	6
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Past Financial Performance of MLG	2019	2020	2021	2022	2023
Revenue (\$k)	199,625	205,136	254,016	289,775	383,845
Net profit (\$k)	16,578	5,692	12,457	4,814	810
Share price at year end (\$)	N/A	N/A	0.940	0.480	0.615
Dividends paid (cents per share)	nil	nil	nil	1.71	nil

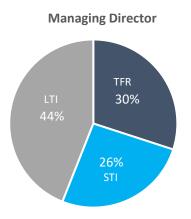
Remuneration Component	Mechanism	Purpose	Link to Performance
Total Fixed Remuneration (TFR)	Includes base salary and superannuation contributions, as well as motor vehicles and other noncash items.	To provide competitive base salary set with reference to Company size, achievements, role, market and experience.	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.

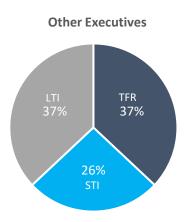
#### **TOTAL REMUNERATION**

How is overall remuneration and mix determined?

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

How is fixed remuneration paid?

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.

#### VARIABLE REMUNERATION

How is overall remuneration and mix determined?

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.

How much variable remuneration can executives earn?

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).

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%

How is variable	STI	Paid in cash annually following assessment of the annual performance for that year.
remuneration delivered?	LTI	Issued as performance rights (to MLG Ordinary shares) after the assessment of performance over the vesting period.
	STI	Annually
-		The quantum of the LTI shall be calculated each August.
When is performance measured?	LTI	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.
		Performance rights are measured every two years from award.

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	LTIFR - MLG < Previous FY		10%
Maximum %	% of Opportunity	20%	20%

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 %	6 of Opportunity	60%	60%

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	20%	20%	

How are awards determined?

STI

LTI

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 <u>after</u> 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	5 – 7.49%	20%
Growth Rate (CAGR) Total Shareholder	7.5% - 9.99%	50%
Return	≥ 10%	100%
	<b>Maximum Opportunity</b>	100%

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

\$0.7m of STI awards were provided in FY2023.

\$0.8m of LTI performance rights were provided in FY2023

LTI Performance rights were issued to the Key Management personnel as follows

LTI Award	Position	Number to be issued	Date measured for vesting*	Vesting & Exercise Date	Expiry Date	Value per performance right	Vested %	Number Vested
M Hatfield	Chief Operations	154,383	31/08/2023	01/07/2024	31/07/2027	0.040	0%	-
Officer	Officer	816,702	31/08/2024	01/07/2025	18/10/2027	0.348	0%	-
Miloahy	Managing Director and	812,739	31/08/2023	01/07/2024	02/11/2027	0.044	0%	-
M Leahy Chief Executive Of	Chief Executive Officer	1,531,320	31/08/2024	01/07/2025	02/11/2027	0.285	0%	-
	Chief Financial Officer	417,206	31/08/2023	01/07/2024	31/07/2027	0.040	0%	-
	Chief Financial Officer	786,077	31/08/2024	01/07/2025	18/10/2027	0.348	0%	-

<sup>\*</sup>The calendar day and month mentioned is indicative as the actual measurement date is a 10 day period from 1 calendar day after the release of the Company's full year financial results each year.

Retention Award (Issued 29/08/2022)	Position	Number issued	Date measured for vesting	Vesting & Exercise Date	Expiry Date	Value per performance right	Vested %	Number Vested
P Mirams	Chief Financial Officer	825,000	01/07/2023	01/07/2023	01/07/2025	0.460	100%	825,000
		825,000	01/07/2024	01/07/2024	01/07/2026	0.460	0%	-

# 6. Key changes to remuneration for FY2024

At the time of preparing this report, there are no changes planned for remuneration of KMP in FY2024.

# 7. Summary of KMP employment Conditions

#### 7.1 Executives

КМР	Term of Agreement	Fixed Annual Remuneration	Notice Period	Termination Entitlements
Mark Hatfield	Full time – permanent	\$401,819	3 Months	Notice period per contract
Murray Leahy	Full time – permanent	\$502,273	12 Months	Notice period per contract
Phil Mirams	Full time – permanent	\$386,749	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 Chair 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 Jur	ne 2023	Sh	ort-Term	Benefits		Post Employment Benefits	Share-Based Payments		
		Cash Salaries and Fees	Other	STI Cash Value	Non- Monetary	Super- annuation	Performance Rights**	TOTAL	Performance Related
Non-Executive Directors									
Garret Dixon	2023	\$85,000	-	-	-	\$8,925	-	\$93,925	-
Garret Dixon	2022	\$85,000	-	-	-	\$8,500	-	\$93,500	-
Access Bloodless	2023	\$90,539	-	-	-	\$9,506	-	\$100,045	-
Anna Neuling	2022	\$85,000	-	-	-	\$8,500	-	\$93,500	-
L' XAZ-II*	2023	\$103,366	-	-	-	\$10,853	-	\$114,219	-
Jim Walker*	2022	\$125,000	-	-	-	\$12,500	-	\$137,500	
Executive Directors	;								
Murray Leahy	2023	\$474,774	-	\$272,511^	-	\$27,500	\$121,899	\$896,684	44%
	2022	\$472,691	-	-	-	\$27,500	-	\$500,191	
Other Executives									
Mark Hatfield	2023	\$363,637	-	\$218,008	-	\$38,182	\$76,371	\$696,198	42%
Mark Hatrieid	2022	\$125,874	-	-	-	\$12,587	-	\$138,462	-
DI 11 2 41	2023	\$359,249	-	\$209,833	_	\$27,500	\$629,130	\$1,225,712	68%
Phil Mirams	2022	\$357,692	-	-	-	\$25,694	-	\$385,192	
Total	<b>2023</b> 2022	<b>\$1,476,565</b> \$1,251,258	<b>-</b>	\$700,352 -	-	<b>\$122,466</b> \$97,087	\$827,400 -	<b>\$3,126,783</b> \$1,348,345	49%

<sup>\*</sup>Resigned 21 April 2023

<sup>\*\*</sup>Shown at fair value of rights

<sup>^</sup>Murray Leahy voluntarily reduced his maximum 2023 STI as % of TFR to align with all other executives

# 9. Equity instruments held by KMP

# 9.1 Rights awarded under incentive plans

КМР	Instrument	Balance at start of year	Additions	Expired / Other	Balance at end of the year
Non-Executive Directors					
Jim Walker	Rights	-	-	-	-
Anna Neuling	Rights	-	-	-	-
Garret Dixon	Rights	-	-	-	-
Executive Director					
Murray Leahy	Rights	-	2,344,059	-	2,344,059
Other KMP					
Mark Hatfield	Rights	-	971,085	-	971,085
Phil Mirams	Rights	-	2,853,283	-	2,853,283

# 9.2 KMP Shareholdings

КМР	Instrument	Balance at start of year	Other Additions	Disposals/ Other	Balance at end of the year
Non-Executive Directors					
Jim Walker	Shares	75,000	-	-	75,000
Anna Neuling	Shares	50,000	-	-	50,000
Garret Dixon	Shares	100,000	-	-	100,000
Executive Director					
Murray Leahy	Shares	73,934,163	-	-	73,934,163
Other KMP					
Mark Hatfield	Shares	-	-	-	-
Phil Mirams	Shares	925,000	-	-	925,000

# 10. Related party transactions

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

Related Party	Activity	2023 \$	2022 \$
M&M Leahy	Rent of laydown yard	126,999	123,300
TJ & IM Leahy Family Trust	Rent of workshop	120,000	120,000
Panorama	Mining village accommodation	35,475	35,475
Leahy Aviation Pty Ltd	Hire of 3 prime movers	110,000	-
Leahy Aviation Pty Ltd	Rent of aircraft hangar	91,475	-
		483,949	278,775

## **End of Audited Remuneration Report**

#### 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 2023 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

Anna Neuling Chair

Perth, 23 August 2023



#### **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 2023, 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 23 August 2023 B G McVeigh Partner

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HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849 **T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au Liability limited by a scheme approved under Professional Standards Legislation.

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 2023

		2023	2022
	Notes	\$	\$
Revenue	5	383,844,587	289,775,172
Changes in inventories of finished goods and work in progress		(159,824)	(1,019,405)
Employee benefits expense		(134,061,156)	(97,514,599)
Other employee expenses		(15,424,256)	(9,651,756)
Operational repairs and maintenance expense		(49,014,113)	(35,617,129)
Equipment and labour hire expenses		(56,798,973)	(43,156,615)
Fuel expenses		(37,618,602)	(26,793,721)
Subcontractor charges		(31,422,301)	(27,525,346)
Licences, registrations, permits & insurance expenses		(8,108,445)	(6,604,362)
Freight expenses		(6,542,285)	(5,145,861)
Occupancy expense		(2,336,351)	(1,704,048)
Royalties expense		(486,851)	(479,479)
Other expenses		(6,837,816)	(4,433,705)
Interest and finance expense	6	(3,342,975)	(2,874,288)
Depreciation and amortisation expense	6	(23,372,685)	(21,300,294)
Loss on disposal		(6,963,463)	(85,622)
Profit before income tax expense		1,354,491	5,868,943
Income tax expense	7	(544,826)	(1,054,213)
Profit after income tax		809,665	4,814,730
Other comprehensive income		-	-
Total comprehensive income		809,665	4,814,730
Profit per share attributable to ordinary equity holders			
Basic earnings per share (\$ per share)	27	0.01	0.03
Diluted earnings per share (\$ per share)	27	0.01	0.03

# **Consolidated Statement of Financial Position as at 30 June 2023**

		2023	2022
N	lotes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	143,734	209,788
Trade and other receivables	10	47,380,613	45,272,269
Inventories	11	14,550,618	18,161,990
Total current assets		62,074,965	63,644,047
NON-CURRENT ASSETS			
Property, plant and equipment	12	177,538,220	187,053,816
Deferred exploration and evaluation expenditure		59,911	59,911
Right to use assets	13	6,479,602	3,884,451
Intangible assets		1,047	1,047
Total non-current assets		184,078,780	190,999,225
Total assets		246,153,745	254,643,272
CURRENT LIABILITIES			
Trade and other payables	14	47,852,255	51,660,575
Financial liabilities	15	28,632,928	26,464,486
Lease liabilities	16	2,039,662	894,494
Provisions	17	600,419	1,186,993
Total current liabilities		79,125,264	80,206,548
NON-CURRENT LIABILITIES			
	15	25,463,329	37,722,526
Lease liabilities	16	4,753,052	3,451,920
Provisions	17	1,314,344	287,966
Deferred tax liability	7	17,379,801	16,630,425
Total non-current liabilities		48,910,526	58,092,837
Total liabilities		128,035,790	138,299,385
Net assets		118,117,955	116,343,887
EQUITY			
	18	46,999,923	47,204,474
Share based payment reserve	29	1,168,954	-
Retained earnings		69,949,078	CO 120 112
		09,949,076	69,139,413

# Consolidated Statement of Changes in Equity for the year ended 30 June 2023

	Issued Capital	Retained Earnings	Share Based Payment Reserve	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2021	47,409,025	66,815,626	-	114,224,651
Net profit after tax for the period	-	4,814,730	-	4,814,730
Total comprehensive income for the year	-	4,814,730	-	4,814,730
Tax impact of capital raising costs	(204,551)	-	-	(204,551)
Dividends provided for or paid	-	(2,490,943)	-	(2,490,943)
Balance at 30 June 2022	47,204,474	69,139,413		116,343,887
Consolidated				
Balance at 1 July 2022	47,204,474	69,139,413	-	116,343,887
Net profit after tax for the period	-	809,665	-	809,665
Total comprehensive income for the year	-	809,665		809,665
Tax impact of capital raising costs	(204,551)	-	-	(204,551)
Share based payments	-	-	1,168,954	1,168,954
Dividends provided for or paid				
Balance at 30 June 2023	46,999,923	69,949,078	1,168,954	118,117,955

# Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

		2023	2022
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	•		
Receipts from customers		413,064,425	318,519,773
Payments to suppliers and employees		(386,095,786)	(288,565,532)
Interest received		229	258
Finance costs		(1,630,987)	(782,239)
Income tax paid		-	1,450,074
Fuel tax credits received		7,368,212	2,842,180
Net cash provided by operating activities	9	32,706,093	33,464,514
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(18,270,342)	(12,111,371)
Proceeds from sale of property, plant and equipment	_	18,624,869	1,156,682
Net cash provided by / (used in) investing activities	-	354,527	(10,954,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		_	(2,490,943)
Proceeds from / (repayments of) borrowings	9	1,083,327	(128,989)
Payments in relation to hire purchase agreements	9	(37,931,239)	(28,367,116)
Repayment of lease liabilities		(1,706,465)	(1,466,334)
Net cash provided (used in) financing activities	<u>-</u>	(38,554,377)	(32,453,382)
Net increase/(decrease) in cash held		(5,493,757)	(9,943,557)
Cash at the beginning of the financial period	_	(254,497)	9,689,060
Cash and cash equivalents at the end of the period	9	(5,748,254)	(254,497)

# **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 23 August 2023.

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 2023

The Directors have reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2023. 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 of 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.

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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).

#### (d) Going Concern

The Group had a working capital deficit of \$17,050,299 as at 30 June 2023 (\$16,562,501 as at 30 June 2022) 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.

We note that this working capital deficit includes the current financial liabilities associated with our financing arrangements for equipment which are financed over three, four and five year, hire purchase contracts with the underlying asset providing security against those loans. We note that the Group has large unused equipment finance facilities well in excess of the working capital deficit and more than \$50.0m of unencumbered assets should further financing be required for working capital.

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 capital needs of the business.

In view of the outlook for the Group, and it's existing finance facilities, 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 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.

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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

Instruments within the scope of the 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 not 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

Depreciation is temporarily paused on assets whilst undergoing significant capital rebuilds.

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.

## <u>Impairment</u>

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.

## <u>Revaluation</u>

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.

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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.

## (I) 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 Group'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 Group 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.

## (g) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 28 for further information.

#### (h) Supply chain finance

In assessing the classification of supply chain finance arrangements, the Group assesses whether the liability has a similar nature and function to that of trade payables. This includes determining if there is any additional security provided as part of the arrangement and the extent to which the terms of the supply chain finance facility arrangement differs from the terms of the Group's existing trade payables that are not part of the arrangement.

# 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 sites where the revenue from that customer was in excess of 10% of the Company's revenue (2022: none).

## Note 5: Revenue

	383,844,587	289,775,172
Other revenue	344,714	287,827
Fuel tax credits	8,290,280	2,646,646
Revenue from contracts with customers	375,209,593	286,840,699
	2023 \$	2022 \$

## 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.

	2023	2022
	\$	\$
At a point in time		
Mine site services	313,693,824	230,017,417
Crushing and screening	40,096,350	27,522,760
Export logistics	5,170,655	7,311,765
Over time		
Civil Works	16,248,764	21,988,757
Total revenue from contracts with customers	375,209,593	286,840,699

# **Note 6: Expenses**

	2023	2022
	\$	\$
Interest and finance expense		
Hire purchase charges	2,231,837	2,115,550
Bank interest	269,716	236,228
Interest on right of use assets	398,480	272,875
Bank fees	442,942	249,635
	3,342,975	2,874,288
Depreciation and amortisation expense		
Depreciation of right of use asset	1,525,403	1,721,226
Depreciation charge	21,847,282	19,579,068
	23,372,685	21,300,294

# **Note 7: Income Tax Expense**

## Income tax recognised in profit or loss

The major components of tax expense are:

	2023	2022
	\$	\$
Current tax expense	-	(6,385,574)
Deferred tax expense	544,826	7,439,787
	544,826	1,054,213

## Reconciliation

2023	2022
\$	\$

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:

Income tax expense / (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	544,826	1,054,213
Deductible equity raising costs	(204,551)	(204,551)
Over provision for prior year	(27,455)	(600,000)
Non-deductible expenses	19,800	98,082
Share based payments expense	350,686	-
Tax effect of:		
Income tax expense calculated	406,346	1,760,682
Corporate tax rate	30%	30%
Accounting profit before income tax	1,354,488	5,868,942

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2022: 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

current tax payable comprise	2023	2022
	\$	\$
Income tax payable / (receivable) attributable to		
Parent entity	(37,635)	(5,650,950)
Subsidiaries in the tax consolidated group	37,635	715,448

## Deferred tax liability comprises

	Opening balance	Charged to income	Charged to equity	Closing balance
2023	\$	\$	\$	\$
Prepayments	(707,820)	716	-	(707,104)
Plant and equipment	(27,788,314)	(5,316,432)	-	(33,104,746)
Inventory	(644,692)	284,158	-	(360,534)
Unearned income	(8,276)	8,276		-
Employee provisions	2,566,766	425,270	-	2,992,036
Other provisions	502,846	459,382	-	962,228
ROU Assets	138,590	(39,151)	-	99,439
Previously expensed blackhole costs	799,594	(327,247)	-	472,347
Equity raising blackhole costs	613,651	-	(204,551)	409,100
Tax losses	7,857,951	3,965,242	-	11,823,193
Other	39,279	(5,039)	-	34,240
	(16,630,425)	(544,826)	(204,551)	(17,379,801)

	Opening balance	Charged to income	Charged to equity	Closing balance
2022	\$	\$	\$	\$
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)

## **Note 8: Dividends**

Dividends declared and paid during the year

	2023	2022
	\$	\$
Fully franked dividends paid	-	2,490,943
	-	2,490,943

#### Franking account balance

	2023	2022
	\$	\$
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.	11,080,673	16,016,174

The tax rate at which paid dividends have been franked is 30% (2022: 30%).

Dividends proposed will be franked at the rate of 30% (2022: 30%).

# Note 9: Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank	143,584	207,315
Cash on hand	150	2,473
	143,734	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:

	2023	2022
	\$	\$
Cash and cash equivalents	143,734	209,788
Overdraft facility	(5,891,988)	(464,285)
	(5,748,254)	(254,497)

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

	2023	2022
	\$	\$
Net profit for the year	809,665	4,814,730
Non-cash flows in profit from ordinary activities		
(Gain) / loss on sale or disposal of non-current assets	6,963,463	85,622
Depreciation of property, plant and equipment	23,372,685	21,300,294
Share based payments	1,168,954	-
Reclassification to financing activities		
Interest expense on finance liabilities	1,711,988	2,092,049
Changes in operating assets and liabilities		
Decrease / (Increase) in receivables	(2,108,344)	(2,841,591)
Decrease / (Increase) in inventory	3,611,372	(4,152,141)
(Decrease) / Increase in creditors	(3,808,320)	4,586,405
(Decrease) / Increase in provisions	439,804	139,358
(Decrease) / Increase in deferred tax liability	544,826	7,439,788
Net cash from operating activities	32,706,093	33,464,514

## Changes in liabilities arising from financing activities

	Hire purchase liability	Supply Chain Finance	Total
2023	\$	\$	\$
Opening balance	63,722,728	-	63,722,728
Net cash from/(used in) financing activities	(37,931,239)	1,083,327	(36,847,912)
Non-cash interest expense	2,231,837	-	2,231,837
Acquisition of plant and equipment by means of finance leases	19,097,616	-	19,097,616
Closing balance	47,120,942	1,083,327	48,204,269

2022	Hire purchase liability \$	Supply Chain Finance \$	Total \$
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

## **Note 10: Trade and Other Receivables**

		2023 \$	2022 \$
Trade receivables	(i)	39,391,958	27,585,517
Allowance for expected credit losses		-	-
Trade receivables net of allowance for expected credit losses		39,391,958	27,585,517
Accrued revenue		554,060	7,927,975
Prepayments		5,216,407	4,040,742
Other debtors		2,218,190	5,718,035
		47,380,613	45,272,269

<sup>(</sup>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 2023 and 30 June 2022 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 2023 and 30 June 2022 was determined as follows:

		Trade receivables aging							
2023	Current	More than 30 days	More than 60 days	More than 90 days	Total				
Expected credit loss rate	0%	0%	0%	0%	0%				
Gross carrying amount	33,410,888	5,210,958	(30,365)	800,477	39,391,958				

		Trade receivables aging								
2022	Current	More than 30 days	More than 60 days	More than 90 days	Total					
Expected credit loss rate	0%	0%	0%	0%	0%					
Gross carrying amount	21,187,027	5,271,872	941,976	184,642	27,585,517					

# **Note 11: Inventories**

	2023	2022
	\$	\$
Raw materials – at cost	987,015	1,146,839
Spares and parts – at cost	13,563,603	17,015,151
	14,550,618	18,161,990

# 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	6,922,929	96,598,854	24,859,153	7,413,808	3,799,645	8,578,822	117,545,648	9,621,901	275,340,760
Accumulated depreciation	(1,188,416)	(40,490,709)	(7,627,579)	(3,668,820)	(2,812,916)	(4,218,034)	(37,796,066)	-	(97,802,540)
Carrying value as at 30 June 2023	5,734,513	56,108,145	17,231,574	3,744,988	986,729	4,360,788	79,749,582	9,621,901	177,538,220
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	15,444,422	187,053,816

## Reconciliation

2023	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	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
Additions	2,735,369	14,996,927	2,111,158	1,995,852	714,024	632,740	20,810,675	(5,822,521)	38,174,224
Disposals	(130,743)	(1,520,867)	(23,225,973)	(385,709)	(554)	(62,963)	(515,728)	-	(25,842,538)
Depreciation expense	(464,049)	(8,980,371)	(1,131,920)	(1,231,918)	(709,609)	(970,720)	(8,358,695)	-	(21,847,282)
Closing balance	5,734,513	56,108,145	17,231,574	3,744,988	986,729	4,360,788	79,749,582	9,621,901	177,538,220

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2022	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

Included in the above is \$81,230,424 of carrying value of assets under hire purchase arrangements (2022 - \$100,501,304).

The group has reviewed property, plant and equipment assets for indicators of impairment in accordance with AASB 136 and concluded that impairment indicators existed at year end. An assessment for impairment over the property, plant and equipment assets has been undertaken under the requirements of AASB 136. No impairment was recognised as a result of this assessment.

# Note 13: Right of Use Assets

## Carrying value

	Consolidated	Consolidated	Consolidated
	Premises	Equipment	Total
2023	\$	\$	\$
Cost	5,133,866	3,530,947	8,664,813
Accumulated amortisation	(1,391,255)	(793,956)	(2,185,211)
Carrying value as at 30 June 2023	3,742,611	2,736,991	6,479,602

	Consolidated	Consolidated	Consolidated
	Premises	Equipment	Total
2022	\$	\$	\$
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	Consolidated	Consolidated
	Premises	Equipment	Total
2023	\$	\$	\$
Opening balance	3,693,286	191,165	3,884,451
Additions	2,465,244	3,530,949	5,996,186
Adjustments to leases	(1,875,639)	-	(1,875,639)
Depreciation expense	(540,280)	(985,123)	(1,525,403)
Closing balance	3,742,611	2,736,991	6,479,602

	Consolidated	Consolidated	Consolidated
	Premises	Equipment	Total
2022	\$	\$	\$
Opening balance	3,424,406	1,174,126	4,598,532
Additions	1,297,311	-	1,297,311
Adjustments to leases	(290,163)	-	(290,166)
Depreciation expense	(738,268)	(982,961)	(1,721,226)
Closing balance	3,693,286	191,165	3,884,451

#### 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 14: Trade and Other Payables**

#### Current

	Notes	2023	2022
	Notes	\$	\$
Trade payables	<i>(i)</i>	20,735,683	21,240,616
Accruals		7,692,087	5,964,286
Annual leave payable		8,058,690	7,080,927
Other creditors		11,365,795	17,374,746
		47,852,255	51,660,575

(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. In assessing the classification of supply chain finance arrangements, the Group assesses whether the liability has a similar nature and function to that of trade payables. This includes determining if there is any additional security provided as part of the arrangement and the extent to which the terms of the supply chain finance facility arrangement differs from the terms of the Group's existing trade payables that are not part of the arrangement.

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

## **Note 15: Financial Liabilities**

#### Current

<u> </u>	, ,	<u> </u>	
Insecured facility	(iii)	649,996	-
lire purchase liability	(ii)	22,090,944	26,000,202
Overdraft facility	(i)	5,891,988	464,285
	Notes	<b>2023</b> \$	<b>2022</b> \$

#### Non-current

	Notes	2023	2022
	Notes	\$	\$
Hire purchase liability	(ii)	25,029,998	37,722,526
Unsecured facility	(iii)	433,331	-
		25,463,329	37,722,526

#### Summary of borrowing arrangements

- (i) The bank borrowing facilities are with Westpac and encompass:
  - a. a flexible options facility (overdraft and bank guarantee facility)
  - b. a revolving credit equipment finance facility for the purchase of capital assets
  - c. 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.
- (iii) The unsecured facility encompass:
  - a. a short-term finance arrangement in place for a period of 24 months from draw down.

## Financing facilities available

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

	2023	2022
	\$	\$
Total facilities		
Bank overdraft	14,800,000	9,800,000
Unsecured facility	1,083,327	-
	15,883,327	9,800,000
Facilities used at balance date		
Bank overdraft	5,891,988	464,285
Unsecured facility	1,083,327	-
	6,975,315	464,285
Facilities unused at balance date		
Bank overdraft	8,908,012	9,335,715
Unsecured facility	-	-
	8,908,012	9,335,715

## 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

	Premises	Equipment	Total
	\$	\$	\$
Current liabilities	903,577	1,136,085	2,039,662
Non-current liabilities	3,114,729	1,638,323	4,753,052
Carrying value as at 30 June 2023	4,018,306	2,774,408	6,792,714

	Premises	Equipment	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

## Reconciliation

2023	Premises	Equipment	Total
	\$	\$	\$
Opening balance	4,156,648	189,766	4,346,414
Lease inception	621,817	3,530,947	4,152,765
Principal repayments	(760,159)	(946,305)	(1,706,465)
Closing balance	4,018,306	2,774,408	6,792,714

2022	Premises	Equipment	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

## **Note 17: Provisions**

#### Current

	2023	2022
	\$	\$
Employee benefits	600,419	1,186,993

#### Non-current

	2023	2022
	\$	\$
Employee benefits	1,314,344	287,966

## **Note 18: Issued Capital**

	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares issued and fully paid	145,669,163	145,669,163	46,999,923	47,204,474

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	30-June-22	-	-	(204,551)
Balance	30-Jun-22	145,669,163	\$1.00	47,204,474
Tax impact of prior period share issue costs	30-Jun-23	-	-	(204,551)
Balance	30-Jun-23	145,669,163	\$1.00	46,999,923

## **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.

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## 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 \$53,600 (2022: \$1,300); 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.

	Current		Non-Current		Total
	Within 6 months	6 – 12 months	1 – 5 years	5+ years	
2023	\$	\$	\$	\$	\$
Trade and other payables	20,735,683	-	-	-	20,735,683
Supply chain finance	324,998	324,998	433,331	-	1,083,327
Hire purchase leases	12,769,838	10,969,793	26,545,983	-	50,285,614
Finance lease obligations	1,125,449	1,130,962	25,029,998	-	7,577,101
	34,955,968	12,425,753	32,300,004	-	68,939,951

	Current		Non-Current		Total
	Within 6 months	6 – 12 months	1 – 5 years	5+ years	
2022	\$	\$	\$	\$	\$
Trade and other payables	21,240,616	-	-	-	21,240,616
Supply chain finance	-	=	-	-	-
Hire purchase leases	14,664,467	13,069,675	38,965,832		66,699,974
Finance lease obligations	456,850	270,928	1,941,509	-	2,669,287
	36,361,933	13,340,603	40,907,341	0	90,609,877

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:

	2023 \$	2022 \$
Short-term employee benefits	2,176,917	1,251,257
Post-employment benefits	122,466	97,087
Other reportable benefits	827,400	-
	3,126,783	1,348,344

#### Related party transactions

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

Related Party	Activity	2023 \$	2022 \$
M&M Leahy	Rent of laydown yard	126,999	123,300
TJ & IM Leahy Family Trust	Rent of workshop	120,000	120,000
Panorama	Mining village accommodation	35,475	35,475
Leahy Aviation Pty Ltd	Hire of 3 prime movers	110,000	-
Leahy Aviation Pty Ltd	Rent of aircraft hangar	91,475	-
		483,949	278,775

# **Note 22: Contingent Liabilities and Assets**

The Group has no contingent liabilities and assets as at 30 June 2023 (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.

		Equity Interest		
	Country of incorporation	2023	2022	
		%	%	
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

	2023	2022
	\$	\$
Current assets	60,047,839	62,567,107
Non-current assets	184,078,782	190,999,227
Current liabilities	79,174,603	81,219,930
Non-current liabilities	48,911,735	58,087,454
Net assets	116,040,283	114,258,950
Equity		
Issued capital	48,168,877	47,204,476
Retained earnings	67,871,406	67,054,474
Total equity	116,040,283	114,258,950

Statement of profit or loss and other comprehensive income  $% \left( 1\right) =\left( 1\right) \left( 1\right) \left$ 

	2023	2022
	\$	\$
Profit for the year	1,574,870	3,248,881
Other comprehensive income	-	-
Total comprehensive income	1,574,870	3,248,881

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

As at 30 June 2023, 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 2023 MLG Oz Limited has no contingent liabilities (2022: Nil)

## Note 25: Auditor's Remuneration

The auditor of MLG Oz Limited is HLB Mann Judd.

	2023	2022
	\$	\$
Auditor of the parent entity		
Audit of the financial statements	70,000	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**

	2023	2022
	\$	\$
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of MLG Oz Limited	809,665	4,814,730

	2023	2022
	\$	\$
Basic earnings per share	0.01	0.03
Diluted earnings per share	0.01	0.03

	2023	2022
	\$	\$
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	156,266,903	145,669,163

# **Note 28: 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-Jul-22	31-Jul-27	\$-	\$98,112	1-Jul-24
Series 2	5,885,137	18-Oct-22	18-Oct-27	\$-	\$2,042,028	1-Jul-25
Series 3	812,739	2-Nov-22	2-Nov-27	\$-	\$35,761	1-Jul-24
Series 4	1,531,320	2-Nov-22	2-Nov-27	\$-	\$436,426	1-Jul-25
Series 5	1,150,000	29-Aug-22	1-Jul-25	\$-	\$517,500	1-Jul-24
Series 6	1,150,000	29-Aug-22	1-Jul-26	\$-	\$517,500	1-Jul-25

The fair value of the equity-settled share performance rights 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	Series 5	Series 6
Dividend yield (%)	0%	0%	0%	0%	0%	0%
Expected volatility (%)	50.2%	56.70%	56.40%	56.40%	0%	0%
Risk-free interest rate (%)	2.49%	3.40%	3.26%	3.31%	0%	0%
Expected life of rights (years)	1.9	2.7	1.7	2.7	1.0	2.0
Exercise price (cents)	Nil	Nil	Nil	Nil	Nil	Nil
Grant date share price	\$0.46	\$0.53	\$0.48	\$0.48	\$0.46	\$0.46

# **Note 29: Share-based Payments Reserve**

The share-based payments reserve is used to recognise the fair value of options and rights issued by the Company to Directors, employees and other suppliers or consultants that are not exercised or expired.

	2023	2022	
	\$	\$	
Share-based payments reserve	1,168,954	-	_

## **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 2023 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 2023.

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

Anna Neuling

Chair

Perth, 23 August 2023



#### 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 2023, 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 2023 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 (including Independence Standards)* ("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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#### HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849 **T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au Liability limited by a scheme approved under Professional Standards Legislation.

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#### **Key Audit Matter**

How our audit addressed the key audit matter

## **Revenue Recognition**

Refer to Note 5

The Group generated revenue of \$383,844,587 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.

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. Our procedures included but were not limited to:

- Evaluated the Group's revenue recognition policies against the requirements of the relevant accounting standards;
- Gained an understanding of the Group's process for accounting for revenue across different contracts against the terms in the customer contracts;
- Tested key controls in the revenue recognition process;
- Performed substantive analytical procedures;
- Tested a sample of revenue amounts recognised during the year; and
- Obtained significant credit notes recognised post year end to check the Group's recognition of revenue in the correct period;

#### Impairment of PPE

Refer to Note 12

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.

The carrying value of these assets at 30 June 2023 was \$177,538,220. 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-inuse.

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.

Our procedures included but were not limited to:

- Critically evaluated management's methodology in the value-in-use model and the basis for key assumptions;
- Performed 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:
- Reviewed the key inputs management used to determine the necessary impairment;
- Considered whether the assets comprising the cash-generating unit had been correctly allocated; and
- Assessed the appropriateness of the disclosures included in the relevant notes to the financial report.

## Going concern

Refer to Note 1

At 30 June 2023 the Group had a working capital deficiency of \$17,050,299 and had total cash outflows of \$5,493,757.

Based on the above factors, we considered the appropriateness of the going concern basis of preparation for the financial statements. The going concern basis of accounting was a key audit matter as it is fundamental to the financial report overall.

Our procedures included but were not limited to:

- Critically evaluated management's cashflow forecast;
- Performed sensitivity analyses around the key inputs used in the cash flow forecasts;
- Reviewed the key inputs management used to determine the ability to continue as a going concern; and
- Verified existence of facilities put in place to manage cashflow.



#### 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 2023, 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, actions taken to eliminate threats or safeguards applied.

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 within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of MLG Oz Limited for the year ended 30 June 2023 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** 

HLB Mann Judd

Perth, Western Australia 23 August 2023

B G McVeigh Partner