30 AUGUST 2024

ASX ANNOUNCEMENT

Appendix 4E
Preliminary Final Report
for the Year Ended 30 June 2023

Ten Sixty Four Limited (Subject to Deed of Company Arrangement) ("Ten Sixty Four" or the "Company"; ASX:X64) provides the Appendix 4E for the financial year ended 30 June 2023 as required by ASX Listing Rule 4.3A which was due for lodgement with the ASX on 31 August 2023.

This announcement has been authorised for release by the Deed Administrator and the Board of Ten Sixty Four Limited.

Simon Theobald
Chief Executive Officer
Ten Sixty Four Limited

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Appendix 4E

Preliminary final report
Period ending 30 June 2023

Name of entity

Ten Sixty Four Limited

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/ financial ended ("current period")
60 099 377 849		✓	**30 June 2023**

Results for announcement to the market

		FY2022		FY2023
Revenues and profits:		US$'000		US$'000
Revenues from ordinary activities	down 18%	139,959	to	115,110
Profit/(Loss) from ordinary activities after tax attributable to members	down 915%	2,823	to	(22,993)
Net profit/(loss) for the period attributable to members Refer Other information for underlying results	down 1028%	2,864	to	(26,574)

(All comparisons to the previous period ended 30 June 2022)

Dividends:	Amount per security	Franked amount per security
Interim dividend (paid 20 October 2022)	A$0.05	Nil
Final dividend	Nil	Nil
Total dividend paid for the year	A$0.05	Nil

Net tangible assets per share:

The net tangible assets per share as at 30 June 2023 was US$0.753 (30 June 2022: US$0.786), including the value of the Reporting Group's investment in Philsaga Management and Holdings, Inc ("**PMHI**") Group.

Earnings per share (Basic):

The net earnings/loss per share for the financial year ended 30 June 2023 was loss US$0.10 (30 June 2022: earnings US$0.01).

Change in control of entities:

The Company holds a direct 40% equity interest in PMHI. The PMHI Group includes Philsaga Mining Corporation ("**PMC**") which owns and operates the Co-O Mine in the Philippines. In February 2023 a dispute over, amongst other things, the ownership of the 60% equity of PMHI not held by the Company occurred, and various legal claims were filed in the Filipino Courts ("**the Dispute**"). The Company is not a party to any of these claims.

The Company had previously claimed to have relevant agreements in place pursuant to local statutory provisions that enabled the Company to have effective sole rights to the economic returns of PMHI and the PMHI Group was consolidated into the Reporting Group.

In February 2023 the Dispute resulted in the inability of the Company's personnel to access the physical operations, financial systems or operating bank accounts for PMC. On analysis of the relevant facts, it is considered that there was insufficient evidence that the Company had the ability to effect control over the operations or finances of entities within the PMHI Group. After review of the available information the Company determined that the PMHI Group should be deconsolidated from 13 February 2023.

The contribution of PMHI Group to the Reporting Group's reported profit for the period 1 July 2022 to 13 February 2023 is recorded at US$17.1M (2022: Loss US$10.8M).

Associates and Joint Venture entities:

Due to the deconsolidation event noted above, the PMHI Group was recognised and accounted for as an "associate" from 13 February 2023. The Reporting Group holds a 40% equity interest in PMHI and could exert significant influence, but not control, over PMHI through the ability to exercise voting rights attached to its 40% equity interest.

Unaudited Financial Statements:

This report is based on accounts which are in the process of being audited. The audit report is anticipated to include a disclaimer of opinion on the following basis:

On 19 June 2023 the predecessor Board and Management resigned en-mass. As such, the Directors signing this financial report were not in office for the vast majority of the financial year ended 30 June 2023. Whilst every reasonable effort was made, they were unable to obtain all the necessary books and records pertaining to the Group for the period. Including the financial information relating to the PMHI Group to 13 February 2023. Consequently, the Directors have been unable to provide written representations that the consolidated financial report is prepared in accordance with the Corporations Act 2001.

Upon taking office on 19 June 2023 the Board commenced a detailed financial analysis of the Company's business. This review identified that circumstances arose prior to their appointment on 19 June 2023 that resulted in there being no guarantee of continued income to support its operations, and which may result in the Company becoming insolvent. On 2 July 2023, X64 was placed into voluntary administration. Following the appointment of the administrators, the powers of the Directors and officers of X64 were suspended and the administrators assumed control of the Company's business, property and affairs.

On 31 October 2023, a Deed of Company Arrangement ("DOCA") was executed by Martin Ford and Simon Theobald (in their capacity as Voluntary Administrators of X64), Komo Diti Traders Ltd ("KDTL"), and X64, pursuant to which X64 was placed into DOCA Administration.

KDTL, a wholly owned subsidiary of X64 which was not subject to the administration process, negotiated and executed the DOCA to return the Company to the X64 board and its shareholders. On effectuation of the DOCA, which the Directors and Deed Administrators consider there are reasonable grounds to consider will occur, the Directors and Deed Administrators are of the opinion that the Company will be solvent, as creditors' claims (excluding related parties and excluded creditors) have been paid in full and the Company will have an ongoing source of income with which to meet its future trading expenses.

As such, the Directors consider there are reasonable grounds to consider the Company will have, or have access to, sufficient funding to pay its debts as and when they become due and payable for the foreseeable future, and at least the next 12 months. Accordingly, the financial statements have been prepared on a going concern basis. However, the Directors note that there is uncertainty regarding the assumptions on which this is based.

Except for matters noted above, all disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within the Company's unaudited consolidated financial statements for the year ended 30 June 2023 which accompany this report.

Discussion on Result

The unaudited Net Profit before tax for the financial year ended 30 June 2023 has been materially impacted by the following:

i. The Reporting Group deconsolidated PMHI and its subsidiaries including PMC (which owns and operates the Co-O Mine) from 13 February 2023. On deconsolidation of PMHI a loss of US$37.7M was recorded;

ii. The deconsolidation of PMHI gave rise to an indicator of impairment. As such impairment testing was performed on the carrying value of all the Reporting Group's assets located in the Philippines, including the gold mill and related assets near the Co-O Mine and associated assets including the deferred tax asset. After review, the deferred tax asset was impaired to its expected recoverable value, whilst all other assets were considered to be carried at or above their recoverable value. Income tax expense of US$12.1M was recorded in respect to the impaired deferred tax asset; and

iii. The operating results for the financial year ended 30 June 2023 are generated from the operations of the Co-O Mine and the respective sale of production until 13 February 2023, at which point the Co-O Mine was deconsolidated from the Group. Subsequent to this date, revenue has been earned from the toll-treatment by the gold mill (in which the Reporting Group owns a direct 80% interest) of ore from the Co-O Mine. A reduction in gold production of approximately 13% by PMC, and thus ore treated by the gold mill, also impacted the earnings of the Reporting Group. Details of production from the Co-O Mine are provided below.

The operator of the Co-O Mine, PMC, has advised the following physical and cost results for the mine on a 100% basis. The production statistics for each quarter of the Financial Year ended 30 June 2023 and comparatives for the Financial Year ended 30 June 2022 are provided below.

Production Statistics (100% Basis) – the Reporting Group Holds a 40% Equity Interest

Description	Unit	SEP 2022 QTR	DEC 2022 QTR	MAR 2023 QTR	JUN 2023 QTR	FY2023	FY2022
Ore Mined	WMT	146,561	129,446	131,918	127,217	**535,142**	576,421
Ore Milled	DMT	132,155	116,356	117,033	114,266	**479,810**	511,212
Head Grade	g/t	4.94	5.62	5.33	5.44	**5.32**	5.74
Recovery	%	95.0	94.8	95.0	95.2	**95.0**	95.3
Gold Produced	ounces	20,047	19,965	19,124	18,925	**78,061**	89,789
Gold Sold	ounces	22,538	18,801	6,060	28,348	**75,747**	88,710
AISC	US$/oz	1,542	1,505	1,604	1,737	**1,593**	1,362
Average Gold Price Received	US$/oz	1,648	1,746	1,914	1,960	**1,810**	1,811

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	Consolidated 2023 US$000	2022 US$000
Revenue	1	115,110	139,959
Cost of sales		(75,702)	(101,291)
Gross Profit		**39,408**	**38,668**
Other income	1	324	33
Exploration & Evaluation expenses		(1,954)	(1,697)
Administration expenses		(11,992)	(8,255)
Cost of company acquisition		53	(12,491)
Loss on deconsolidation	22	(37,744)	-
Other expenses	2	(1,262)	(12,315)
Profit/(Loss) before income tax expense		**(13,167)**	**3,943**
Income tax expense	4	(9,826)	(1,120)
Profit/(Loss) for the year after income tax expense		**(22,993)**	**2,823**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in other reserves (net of tax)		679	484
Exchange differences on translation of foreign operations (net of tax)		(4,260)	(443)
Total comprehensive profit attributable to the owners		**(26,574)**	**2,864**
Basic profit per share (US$ per share)	3	(0.101)	0.012
Diluted profit per share (US$ per share)	3	(0.101)	0.012

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. Some figures have been rounded.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Notes	Consolidated 2023 US$000	Consolidated 2022 US$000
CURRENT ASSETS			
Cash & cash equivalents	5	7,474	45,971
Trade & other receivables	6	6,176	14,103
Inventories	7	456	30,659
Other current assets		387	694
Total Current Assets		**14,493**	**91,427**
NON-CURRENT ASSETS			
Cash & cash equivalents	5	1,619	4,687
Trade & other receivables	6	3,471	10,871
Property, plant & equipment	9	5,346	29,612
Intangible assets		36	563
Site Rehabilitation		527	638
Development expenditure	10	-	65,129
Deferred tax assets	4	4,358	23,818
Right-of-use assets		842	1,374
Loan receivable from associates	8	40,697	-
Investments in associate	11	113,818	-
Total Non-current Assets		**170,714**	**136,692**
Total Assets		**185,207**	**228,119**
CURRENT LIABILITIES			
Trade & other payables	13	5,414	16,240
Borrowings	15	-	839
Provisions	14	391	360
Lease Liabilities		264	535
Total Current Liabilities		**6,069**	**17,974**
NON-CURRENT LIABILITIES			
Borrowings	15	-	213
Deferred tax liability		-	469
Provisions	14	1,336	3,709
Lease Liabilities		615	917
Total Non-current Liabilities		**1,951**	**5,308**
TOTAL LIABILITIES		**8,020**	**23,282**
NET ASSETS		**177,187**	**204,837**
EQUITY			
Issued capital	16	114,362	114,348
Reserves	17	4,327	7,670
Non-controlling interest	19	2,287	-
Retained profits	18	56,211	82,819
TOTAL EQUITY		**177,187**	**204,837**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. Some figures have been rounded.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2023

	Share capital ordinary US$000	Retained profits US$000	Non-controlling interest US$000	Share based payment reserves US$000	Other reserves US$000	Foreign currency translation reserve US$000	Total US$000
CONSOLIDATED							
Balance at 1 July 2021	**102,902**	**82,731**	-	**1,155**	**(1,042)**	**7,325**	**193,071**
Net profit/(loss) after tax	-	2,823	-	-	-	-	2,823
Other comprehensive profit	-	-	-	-	484	(443)	41
Total comprehensive profit for the year	-	2,823	-	-	484	(443)	2,864
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the period	11,425	-	-	-	-	-	11,425
Share buy back	(71)	-	-	-	-	-	(71)
Share options expensed	-	-	-	681	-	-	681
Transfer from option reserve	92	398	-	(490)	-	-	-
Dividend paid	-	(3,133)	-	-	-	-	(3,133)
Balance at 30 June 2022	**114,348**	**82,819**	-	**1,346**	**(558)**	**6,882**	**204,837**
Balance at 1 July 2022	**114,348**	**82,819**	-	**1,346**	**(558)**	**6,882**	**204,837**
Net profit/(loss) after tax	-	(22,993)	-	-	-	-	(22,993)
Other comprehensive profit	-	-	-	-	680	(4,260)	(3,580)
Total comprehensive profit for the year	-	(22,993)	-	-	680	(4,260)	(26,573)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the period	-	-	-	-	-	-	-
Share buy back	(193)	-	-	-	-	-	(193)
Performance rights expensed	-	-	-	409	-	-	409
Transfer from option reserve	207	-	-	(237)	-	-	(30)
Dividend paid		(7,292)	-	-	-	-	(7,292)
De-recognised on deconsolidation/Recognition of non-controlling interest	-	3,677	2,287	-	-	65	6,029
Balance at 30 June 2023	**114,362**	**56,211**	**2,287**	**1,518**	**121**	**2,687**	**177,187**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. Some figures have been rounded.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	Note	Consolidated 2023 US$000	2022 US$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		115,110	154,336
Payments to suppliers & employees		(69,266)	(94,231)
Payments for exploration & evaluation activities		(2,122)	(1,678)
Other income		1,190	10
Interest received		230	22
Income tax paid		(5,753)	(4,528)
Net cash provided by operating activities		**39,389**	**53,931**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	9	(12,829)	(18,211)
Payment for development activities	10	(21,329)	(32,372)
Payments for purchase of company, net of cash acquired		-	(317)
Net cash (used in) investing activities		**(34,158)**	**(50,900)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for lease liabilities		(240)	(535)
Proceeds from issue of shares/(buy back)		(139)	(71)
Payments for dividends	20	(7,292)	(3,133)
(Payment of) from bank loans		5,027	(652)
Net cash (used in) financing activities		**(2,644)**	**(4,392)**
Net increase/(decrease) in cash held		**2,587**	**(1,360)**
Cash and cash equivalent at the beginning of the year		50,658	51,074
Exchange rate adjustment		944	944
Deconsolidation of PMHI Group	22	(45,096)	-
Cash and cash equivalent at the end of the year	5(a)	**9,093**	**50,658**

The above Consolidated Statement of Cash Flows should be used in conjunction with the accompanying notes. Some figures have been rounded.

BASIS OF PREPARATION

These unaudited preliminary consolidated financial statements have been prepared to meet the periodic reporting requirements of the Australian Securities Exchange ("ASX"), specifically Appendix 4E of its listing rules. The unaudited preliminary financial statements comprise the consolidated financial statements of the Company and its controlled entities (collectively the Group).

The financial statements have been prepared in accordance with the recognition and measurement requirements (but not all disclosure requirements) of Australia Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The unaudited preliminary consolidated financial statements have been prepared on an accrual basis and are based on historical costs modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The unaudited preliminary financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies. Amounts have been rounded off in accordance with the instruments to the nearest thousand dollars, or in certain cases, the nearest dollar.

This preliminary final report does not include all the notes of the type normally included in a consolidated annual financial report. Accordingly, this report should be read in conjunction with any public announcements made by the Company during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

These unaudited preliminary financial statements are in the process of being audited by the Company's auditor, BDO Audit (WA) Pty Ltd.

(a) Principles of Consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries as at 30 June 2023. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(b) Key Estimates and Judgments

In the process of applying the Group's accounting policies, management has made a number of judgments and applied estimates of future events

(c) Going Concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors note that there is uncertainty regarding the assumptions on which this is based.

Upon taking office on 19 June 2023 the Board commenced a detailed financial analysis of the Company's business. This review identified that circumstances arose prior to their appointment on 19 June 2023 that resulted in a dispute concerning the alleged transfer of ownership of a 60% interest in the Company's subsidiary PMHI who holds a 100% interest in PMC.

While this dispute continued the Company had no guarantee of continued income from PMC to support its operations. In these circumstances having regard to the interests of the Company's stakeholders and the future prospects of the business that Administration was necessary.

As such the Board of Directors appointed PwC's Marin Ford and Simon Theobald as Voluntary Administrators effective 2 July 2023.

Following a Second Creditors' meeting of X64 held on 31 October 2023, a DOCA was executed by Martin Ford and Simon Theobald (in their capacity as Voluntary Administrators of X64), KDTL, and the Company.

KDTL, a wholly owned subsidiary of X64 which was not subject to the voluntary administration process, negotiated and executed the DOCA to return the Company to the X64 board and its shareholders. Following execution of the DOCA, the management and Board of X64 has worked with the Deed Administrators, to complete certain conditions precedent prior to completion of the DOCA administration.

The conditions precedent to the completion of the DOCA include:

- resolution of the various disputes involving intra-group entities to ensure continuing income from PMC to support the Company;
- resolution of the ownership disputes involving a disputed 60% ownership PMHI;
- resolution of the various intercompany claims;
- variation of the Tolling Agreement between Mindanao Mineral Processing and Refining Corporation ("**MMPRC**") and PMC;
- execution of a Management Agreement between MMPRC and X64; and
- Directors and officers liability insurance being placed.

The Directors and Deed Administrators consider there are reasonable grounds to consider that the conditions precedent will be fulfilled or waived and the DOCA will complete. The Directors and Deed Administrators are of the opinion that, once the DOCA is effectuated, the Company will be solvent, as creditors' claims (excluding related parties and excluded creditors) will have been paid in full and the Company will have an ongoing source of income with which to meet its future trading expenses. As such the Directors consider there are reasonable grounds to consider the Company will have, or have access to, sufficient funding to pay its debts as and when they become due and payable for the foreseeable future, and at least the next 12 months, as such the financial statements have been prepared on a going concern basis.

PERFORMANCE FOR THE YEAR

This section of the notes includes segment information and provides further information on key line items relevant to the financial performance of the Group. It includes relevant accounting policies, key judgments and estimates relevant to understanding these items.

	Note	Consolidated 2023 US$000	Consolidated 2022 US$000
1. REVENUE AND OTHER INCOME			
Operating activities:			
Gold and silver sales		112,008	139,959
Tolling income		3,102	-
Non-operating activities:			
Interest income		276	23
Other income		48	10
Total revenue and other income		115,434	139,992

(a) Recognition and Measurement

Sale of refined gold & silver

Revenue is recognised when control of the goods has passed to the buyer based upon agreed delivery terms.

The Company's metal sales represent sales of refined gold and silver, when control passes to the customer which is when legal title to the refined metal transfers to the customer. The sales price is based on prevailing market metal prices.

Judgement is required to determine when transfer of control occurs relating to the sale of the goods to customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, and whether the control and legal title have transferred to the customer.

2. EXPENSES

	2023 US$000	2022 US$000
Profit/(loss) before income tax expense/(income) has been determined after charging/(crediting) the following items:		
Depreciation & amortisation:		
- Depreciation expense	3,238	8,067
- Amortisation expense	16,337	29,935
- Mine rehabilitation and right of use assets amortisation	526	823
Total depreciation & amortisation	20,101	38,825
Employee benefits expense	13,785	18,707
Interest expense & unwinding of discount on provisions	241	404
Cost of company acquisition (i)	(53)	12,491
Loss on Deconsolidation (ii)	37,744	-

	Consolidated 2023 US$000	Consolidated 2022 US$000
Other expenses:		
- VAT impairment	418	2,813
- Forex realised	(147)	1,153
- Forex unrealised	972	4,244
- Defined benefit plans	15	612
- Assets impaired	-	9
- Share-based payment expense	409	681
- Bad debts write off	-	35
- Tax settlement	-	2,768
- Gain on disposal of asset	(405)	-
Total other expenses	1,262	12,315

Notes:

(i) Asset Acquisition

On 24 February 2022, the Company acquired 100% of the ordinary shares of CQ22 Pty Ltd a Queensland based gold exploration company.

The exploration asset acquired is in the exploration phase and this together with the unique nature of the assets, means that the valuation of the asset cannot be readily estimated and as such, the fair value of the asset acquired has been measured by reference to the value of the equity instruments granted. The consideration payable was 20,000,000 million ordinary shares in the Company valued at USD$11.446m, based on the share price at the date of completion when the rights of ownership to the asset was transferred. The acquisition was accounted for as an asset acquisition by the way of a share based payment transaction whereby the excess of consideration paid and net assets acquired was recognised as exploration and evaluation expenditure in the profit and loss in accordance with the Group's accounting policy. This is because the assets acquired do not constitute an integrated set of activities and assets that are capable of being conducted and managed for a purpose of providing a return at the time of acquisition and hence is not a business.

The fair value of the identifiable net assets and liabilities of CQ22 Pty Ltd as at that date of acquisition are:

Purchase Consideration comprises:	**USD$000**
20,000,000 fully paid ordinary shares	11,425
Transaction costs (inc. Stamp Duty)	1,013
Total consideration	**12,438**
Net Asset acquired:	
Cost of Company Acquisition	**12,438**

Pursuant to the Company accounting policy, the Group expenses all costs incurred in respect of the acquisition costs of exploration assets and exploration and evaluation activities. Accordingly, the cost of acquiring CQ22 Pty Ltd has been expensed in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(ii) Loss on Deconsolidation

The Reporting Group deconsolidated PMHI and its subsidiaries including PMC which owns and operates the Co-O Mine from 13 February 2023. On deconsolidation of PMHI a loss of US$37.7M was recorded.

(a) Recognition and Measurement

(i) Depreciation

Plant and equipment (excluding the Co-O Mine) is depreciated applying the straight-line method over their estimated useful lives, commencing from the time the asset is held ready for use.

Co-O mine's useful life is estimated to approximate the expected life of the mine, the depreciation rate is based on a charge proportional to the depletion of estimated recoverable gold ounces contained in indicated and inferred resources.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation method	Depreciation rate (%)
Plant and equipment (excluding Co-O Mine)	Straight line	20.0% to 33%
Office furniture and fittings	Straight line	7.5% to 20%
Building	Straight line	5.0% to 20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

Capital works in progress is included in Property, Plant and Equipment. Depreciation of the asset is applied when construction is completed, and the asset is ready for use.

(ii) Amortisation

The Group uses the unit-of-production basis when amortising life-of-mine specific assets which results in an amortisation charge proportionate to the depletion of the anticipated remaining life-of-mine production. Each item's economic life, which it assesses annually, has due regard for both its physical life limitations and to present assessments of the available reserve of the mine property at which it is located. Refer Note 10 for further detail.

(iii) Exploration and Evaluation Expenses

Exploration and Evaluation expenditure incurred by or on behalf of the Group is reported separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

The Group expenses all costs incurred in respect of the acquisition of exploration and evaluation activities and ongoing exploration activities in the period in which they are incurred.

(iv) Acquisition not Constituting a Business

The CQ22 Pty Ltd acquisition was not accounted for as a business combination as the assets acquired did not meet the definition of a business as per AASB 3 Business combinations at the date of the acquisition. Namely, the assets do not constitute an integrated set of activities, and assets that are capable of being conducted and managed for a purpose of providing a return at the time of acquisition.

(v) Acquisition share-based payment

For asset acquisitions settled via share-based payment arrangements, the Group measures the cost of the asset at fair value of the asset acquired, or if this cannot be determined, at the fair value of the equity instruments granted. During the year the Group acquired the Queensland exploration projects via the issue of equity and as such the transaction is a share-based payment under AASB 2. Given the nature of the exploration assets acquired, the fair value of the assets was unable to be determined and the transaction was recorded at the fair value of the equity instruments granted.

3. EARNINGS PER SHARE

(a) Earnings/(Loss) per Share

	Consolidated	
	2023	2022
	US$000	US$000
Profit/(Loss) used to calculate basic and diluted EPS	(22,993)	2,823
Weighted average number of ordinary shares used in the calculation of the basic earnings per share.	227,899,150	227,794,301
Weighted average unlisted options & performance rights outstanding	1,500,000	5,598,625
Weighted average of ordinary shares diluted as at 30 June	229,399,150	233,392,926

(b) Recognition and Measurement

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financing costs associated with potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with potential ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares adjusted for any bonus issue.

4. INCOME TAX

(a) Income Tax Expense

(i) The components of tax expense comprise:

	2023	2022
Current tax	(2,282)	6,622
Deferred tax	12,108	(5,590)
Prior year adjustment	-	88
	9,826	1,120

(ii) The prima facie tax on profit before income tax is reconciled to the income tax as follows:

	2023	2022
Operating profit/(loss) before income tax	(13,167)	3,943
Prima facie tax expense/(credit) at 30% (2022: 30%) on operating profit	(3,950)	1,183
Adjusted for - tax effect of:		
loss on deconsolidation (Note 22)	11,323	-
difference of effective foreign income tax rates	(911)	71
Interest income	(83)	(6)
amortisation and depreciation adjustment	(6,030)	(2,149)
VAT impairment	125	-
share based payments expense	123	214
foreign exchange	248	1,787
expiry of tax credits	-	847
derecognition of deferred taxes (Note 12)	12,108	(1,920)
other	(950)	789
deferred tax assets not brought to account	(2,177)	304
Income tax expense	9,826	1,120

OPERATING ASSETS & LIABILITIES

This section of the notes shows cash generation, the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the Capital Structure, Financial Instruments and Risk Section.

5. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash:

For the purposes of the Statement of Cash Flows, cash includes cash on hand and short-term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated 2023 US$000	Consolidated 2022 US$000
Cash at bank	7,474	45,933
Cash at bank – Restricted Funds (Note 5(d))	1,619	4,687
Cash on hand	-	38
Total cash assets	9,093	50,658

(b) Reconciliation of profit /(loss) after income tax to net cash provided by operating activities:

	2023	2022
Profit after income tax add/(less) -	(22,993)	2,823
Non-cash items:		
- Depreciation/amortisation	19,574	38,002
- Mine rehabilitation amortisation	526	823
- Shares issue for company acquisition (Note 3)	-	11,425
- Exploration written off	1,954	-
- Retirement Benefit	17	612
- Gain on asset disposal	(405)	42
- Recognition of share-based expenses	409	714
- VAT write off	418	,813
- Impairment gain/(loss)	12,108	-
- Loss on deconsolidation	37,744	-
- Foreign exchange (gain) / loss	824	5,397
Total non-cash items	50,176	62,651
Changes in assets & liabilities		
- (increase)/decrease in trade & other receivables	15,327	18,494
- (increase)/decrease in VAT provisions for write off	-	(880)
- (increase)/decrease in prepayments	307	(37)
- (increase)/decrease in inventories	30,203	(13,962)
- (decrease)/increase in trade & other payables	(24,345)	(5,949)
- (increase)/decrease in deferred taxes assets	12,290	(4,896)
- increase/(decrease) in deferred taxes liabilities	651	337
- movement in retirement benefit liability	(2,915)	(1,828)
- De-recognised on deconsolidation	(42,305)	-
Total changes in assets and liabilities	(10,787)	(8,720)
Net cash provided by operating activities	39,389	53,931

(c) Non-cash Investing and Financing activities

	Consolidated	
	2023	2022
	US$000	US$000
- Shares issue for company acquisition	-	11,425
- Performance Rights issued	409	681
- Additions to the right -of-use assets	458	507

(d) Restricted Funds

The Group's total cash assets mentioned above include restricted bank accounts as follows:

(i) a rehabilitation fund of US$1,521,548 (2022: US$4,519,440) to be used at the end of life of mine for environmental rehabilitation.

(ii) the parent entity has cash backed bank guarantees of for its head office premises US$97,639 (2022: US$167,495)

(e) Recognition and Measurement

For the purpose of the Statement of Cash Flows, cash and cash equivalents include:

- cash on hand and at call deposits with bank or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 30 days to maturity.

These amounts are convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023	2022
	US$000	US$000
Current		
GST/VAT receivables	1,446	10,542
Trade / Other receivables	4,730	3,561
Total current receivables	6,176	14,103
Non-Current		
GST/VAT receivables	3,471	10,871
Total non-current receivables	3,471	10,871

(a) Recognition and Measurement

Trade and other receivables are initially measured at the transaction price and subsequently measured at amortised cost less an allowance for uncollectable amounts. Uncollectable amounts are determined using the expected loss impairment model. Collectability and impairment of trade receivables is assessed on a regular basis.

In the current year, the expected credit loss on trade receivables is considered insignificant as trade receivables represents refined gold and silver awaiting settlement which is generally expected to settle within two days.

(b) Key Estimates and Judgments

The Group has GST/VAT of $5 million that comprises tax credit certificates ("TCC") and VAT claimable for cash and offsets. The current asset portion of VAT $1.4 million comprises amounts that are estimated to be utilised within the current period. The non-current amount of VAT receivable of $3.5 million represents the estimated amount utilised in future periods against tax liabilities.

Management judgment has been used to determine a provision for Philippine VAT Receivables not recoverable in future and is based on historical and estimated amounts in future.

7. INVENTORIES

	Consolidated 2023 US$000	Consolidated 2022 US$000
Consumables - net realisable value	456	10,837
Ore stockpile - at cost	-	1,662
Gold Inventory - at cost (i)	-	18,160
Total inventories	456	30,659

(i) Gold bullion and ore stockpiles are held at 30 June 2023 within PMC which has been deconsolidated from 13 February 2023 (FY22: gold bullion held of 16,547 ounces, held at cost of US$13 million).

(a) Recognition and Measurement

Inventories consisting of ore in stockpiles, metal-in process and finished metal are valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, incurred in converting materials into finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Consumables are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to stock items identified.

8. LOAN RECEIVABLES

Non-current	251,263	-
Less – impairment on expected credit loss	(210,566)	-
Net realisable value of non-current loan receivables	40,697	-
Total loan receivables at net realizable value	40,697	-

(a) Recognition and Measurement

On June 5, 2019, the MMPRC executed a loan agreement with PMC whereby the latter acknowledges its outstanding payable to the Company amounting to US$325.4 million as at that date, as at 30 June 2023 an amount of US$251.3 million was recorded in the accounts of MMPRC.

The Company has not imposed interest on the loan in 2023 (and 2022). The Company and PMC are still in the process of discussing and re-negotiating the terms and conditions of the loan (discussed further at (b) below).

Loan receivables are valued at the net present value of expected future repayments.

(b) Recoverability

Pursuant to the terms and conditions of the Loan Agreement between MMPRC and PMC dated 19 June 2019 ("Loan Agreement") MMPRC granted PMC a loan in the amount of USD325,430,026 on the condition that PMC will make minimum monthly instalment payments of USD250,000. No repayment has been made against this loan since 23 June 2022.

On 17 February 2023 PMC, wrote a letter addressed to the Company and MMPRC outlining several claims seeking to reduce the amount of the outstanding including:

Incomplete Signatures – PMC advised that:

(i) signatures on the Loan Agreement were intentionally 'incomplete' to signify objection to the execution of the Loan Agreement, and

(ii) there were inadequate documents to support the amount.

On 18 March 2024 the Company and PMC entered into a Restructuring Framework Agreement ("**RFA**") which amongst other things sought to resolve these issues. Documentation to reflect the matters agreed in the RFA is currently being negotiated. However, should the negotiations fail, then recovery of the outstanding loan may be subject to legal action in the Philippines, and as such the timing and amount recoverable would be uncertain.

9. PROPERTY, PLANT & EQUIPMENT

	Consolidated 2023 US$000	Consolidated 2022 US$000
Plant & equipment:		
At cost	216,338	210,142
less - provision for impairment	(132,065)	(132,064)
less - accumulated depreciation	(77,578)	(74,340)
less - de-recognised on deconsolidation	(1,839)	-
Total plant & equipment at net book value	4,856	3,738
Capital works in progress:		
At cost	33,649	25,704
less - de-recognised on deconsolidation	(33,187)	-
Total capital works in progress at net book value	462	25,704
Furniture & fittings:		
At cost	1,481	1,420
less - provision for impairment	(254)	(254)
less - accumulated depreciation	(1,003)	(996)
less - de-recognised on deconsolidation	(196)	-
Total furniture & fittings at net book value	28	170
Total carrying amount at end of year	5,346	29,612

Reconciliations:

	2023 US$000	2022 US$000
Plant & equipment:		
Carrying amount at beginning of year	3,738	5,946
plus - additions	4,390	5,652
plus - net transfer from capital works in progress	915	226
less - forex differences on translation	890	(69)
less - de-recognised on deconsolidation	(1,839)	-
less - disposal	-	(9)
less - depreciation	(3,238)	(8,008)
Carrying amount at end of year	4,856	3,738
Capital works in progress:		
Carrying amount at beginning of year	25,704	11,570
plus - additions	8,859	14,363
less - net transfer to plant and equipment	(914)	(229)
less - de-recognised on deconsolidation	(33,187)	-
Carrying amount at end of year	462	25,704

	Consolidated 2023 US$000	Consolidated 2022 US$000
Furniture & fittings:		
Carrying amount at beginning of year	170	158
plus - additions	61	66
plus - net transfer from capital works in progress	-	4
less - depreciation	(7)	(58)
less - de-recognised on deconsolidation	(196)	-
Carrying amount at end of year	28	170
Total carrying amount at end of year	5,346	29,612

(a) Recognition and Measurement

Each class of Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

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

10. DEVELOPMENT EXPENDITURE

	Consolidated 2023 US$000	Consolidated 2022 US$000
At cost -	520,774	501,934
less - provisions for impairment	(246,260)	(246,260)
less - accumulated amortisation	(206,882)	(190,545)
less - de-recognised on deconsolidation	(67,632)	-
Total carrying amount at end of year	-	65,129
Reconciliation:		
Carrying amount at beginning of year	62,841	62,248
plus - costs incurred	21,128	32,663
less - amortisation expense	(16,337)	(29,782)
less - de-recognised on deconsolidation	(67,632)	-
Total carrying amount at end of year	-	65,129

(a) Recognition and Measurement

Development expenditure represents the accumulated land and development expenditure incurred by PMC up to the point of deconsolidation or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production. All horizontal development drives which include permanent rail and associated infrastructure, are capitalised.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource at an average rate of percentage up to 24% (2022: 29%). The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Where the life of the assets is shorter than the mine life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset was historically reassessed at least annually. Where there was a change in the reserves/resources amortisation rates were correspondingly adjusted.

(b) Key Estimates and Judgments

(i) Key estimates - Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates in determining the viability of a project.

Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the impairment charge is included in profit or loss.

(ii) Key estimates - Recoverability of long-lived assets

Certain assumptions are required to be made in order to assess the recoverability of capitalised development expenditure, loan receivable from PMC and equity accounted value of investment in the PMHI Group.

Key assumptions include the future price of gold, future cash flows, an estimated discount rate, estimates of ore reserves and continuing operations. In addition, cash flows are projected over the life of mine, which is based on proved and probable ore reserves.

Estimates of ore reserves in themselves are dependent on various assumptions, in addition to those described below, including cut-off grades. Changes in these estimates could materially impact on ore reserves and could therefore affect estimates of future cash flows used in the assessment of recoverable amount.

(iii) Key estimates - Determination of ore reserves and remaining mine life

The Group uses the concept of life-of-mine as an accounting value to determine the amortisation of Development Assets in production.

In determining life-of-mine, The Group prepares ore resource and resource estimates in accordance with JORC Code 2012, guidelines prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geo Scientists and Minerals Council of Australia.

The estimate of these resources and reserves, by their very nature, require judgments, estimates and assumptions.

11. INVESTMENTS

The Group accounted for its 40% equity investment in PMHI as an equity accounted associate. On deconsolidation, the company could exert significant influence, but not control, over PMHI through the ability to exercise voting rights attached to its 40% equity interest. The PMHI Group includes PMC which operates the Co-O Mine under a Mineral Production and Sharing Agreement with the Republic of the Philippines.

As at 30 June 2023, the Company considered that the fair value of its investment in PMHI was $113.8M based on an assessed value attributable to the Company from the Co-O Mine, Cash, Bullion and other assets and liabilities of the PMHI Group.

In assessing the fair value, the Company has made a number of assumptions and estimations, which with the fullness of time may or may not prove to be reasonable in light of associated geological, political, economic, counter party, legal and regulatory risks.

The carrying amount of the Group's investment in PMHI as at 30 June 2023 is $113.8M. Due to the aforementioned risks, there is a potential in the future for impairment of this investment. The Company is seeking to manage these risks and has been negotiating clear commercial arrangements between the parties. However, the Company notes that should ongoing negotiations be unsuccessful, the recoverable value of this investment may be partly or wholly impaired.

12. IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use i.e. discounted cash flows, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit or loss.

Impairment testing is performed annually for intangible assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When indicators of impairment exist, a formal estimate of the recoverable amount is made. External and internal indicators of impairment as at 30 June 2023 included:

- The deconsolidation of PMHI from the Reporting Group;
- The suspension of trading in the Companies shares on the Australian Stock Exchange; and
- The dispute in the Philippines concerning ownership of the 60% legal interest in PMHI not held by the Company.

Due to the indicators above, the Group assessed the recoverable amounts of its major Cash-Generating-Unit ("CGU"), relating to the Co-O milling operations.

(a) Impairment testing

(i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount being the value in use of the CGU has been estimated using the discounted cashflows method.

Estimates of ore treatment tonnages, operating costs and capital requirements are sourced from the LOM Group planning and historical data to estimate operating costs.

Significant judgements and assumptions are made by the Group to determine value in use. This includes assessing variable key assumptions such as gold market prices, cost structures, production utilisation and capacity, available minerals and discount rates. Any change in these variable assumptions can cause adverse changes in one or more of the assumptions used to estimate value in use.

(ii) Key Assumptions

The table below summarises the key assumptions used in the 30 June 2023 carrying value assessments. Comparison to the prior period has been provided.

Assumptions	Unit	2023 (2023 - 2029)
Potential ore to be milled	tonnes	3.3M
Tolling price	US$/tonne	20

(b) Impacts

Due to the recoverable amount of the Group's Co-O mining operations CGU being greater than the estimated carrying amount, no impairment charge was required for the year ending 30 June 2023 on plant and equipment. However, it was considered that the deferred income tax asset should be impaired by $12.1M as recoverability of this asset is dependent on the future earnings from the toll treatment of ore from the Co-O Mine (2022: nil).

Description	Note	2023 Carrying amt ($'000)	Impairment ($'000)	Balance ($'000)
Plant & equipment		5,346	-	5,346
Consumables		456	-	456
Deferred Income Tax		16,466	12,108	4,358

13. TRADE & OTHER PAYABLES

	Consolidated 2023 US$000	Consolidated 2022 US$000
Trade creditors	4,602	5,721
Accruals	411	6,276
Withholding tax	495	864
Income tax payable	83	3,193
Other creditors	4	186
De-recognised on deconsolidation	(181)	-
Total creditors	5,414	16,240

(a) Recognition and Measurement

Trade and other payables are initially measured at the value of the invoice received from the supplier and subsequently measured at amortised cost. They 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 these purchase of the goods and services. The amounts are unsecured and generally paid within 30 days of recognition.

14. PROVISIONS

	2023 US$000	2022 US$000
Current provisions:		
Employee benefits	303	360
Retirement benefit	88	-
Total current provisions	391	360
Non-Current provisions:		
Rehabilitation	1,336	4,104
Retirement benefit	-	(395)
Total non-current provisions	1,336	3,709

Retirement benefit

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2023 US$000	2022 US$000
Current service cost	12	581
Net interest on obligation	8	2
Total	20	583

The amount included in the statements of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Consolidated	
	2023	**2022**
	US$000	US$000
Present value of defined benefit obligation	88	(395)
Total	88	(395)
Movements in the present value of the defined benefit obligation in the current period were as follows:		
Opening balance	(395)	1,082
Current service cost	12	581
Net interest costs	8	220
Benefits/contributions paid	-	(434)
Actuarial gain/(loss)	(15)	(908)
Plan assets	-	(1,303)
Foreign exchange gain/(loss)	244	367
less - de-recognised on deconsolidation	234	-
Closing balance	88	(395)

The Company has Plan Assets held by trustees for employee retirement fund amounting to nil (2022: US$1,303,139). Previous years Plan Assets held as restricted cash within the Group.

(a) Recognition and Measurement

<u>*Rehabilitation*</u>

Carrying amount at beginning of the year	1,340	3,917
(less)/plus - in provision	(4)	187
Carrying amount at end of year	1,336	4,104

(i) Employee benefits

This provision is made for the Group liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within 12 months together with entitlements arising from wages, salaries and annual leave which will be settled after 12 months, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Other employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Group to several employee superannuation funds and are charged as expenses when incurred.

(ii) Retirement Benefit Fund

In respect of defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted every two years, with valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligations adjusted for any unrecognised actuarial gains and losses and unrecognised past service costs less the fair value of the plan's assets. Any asset recognised is limited to unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

Actuarial gains and losses are amortised over the expected average remaining working lives of the participating employees in the plan. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in the profit or loss when the Group demonstrates commitment to the curtailment or settlement. Past service costs are recognised when incurred to the extent that benefits are vested and are otherwise amortised on a straight-line basis over the vesting period.

The Group has a funded non-contributory retirement plan for employees in the Philippines. The cost of providing benefits is determined using the Projected Unit Credit Method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets.

The funding policy is to contribute an amount based on the actuarial valuation report which is carried out at regular intervals.

(iii) Rehabilitation Costs

Rehabilitation costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of the site.

These estimates of the rehabilitation obligation are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a progressive basis. In determining the rehabilitation obligations, the entity has assumed no significant changes will occur in the relevant Federal, State or foreign legislation in relation to rehabilitation of such minerals projects in the future. At the reporting date, the group does not consider it has any significant unsatisfied obligations in respect to rehabilitation costs.

Key estimates - Rehabilitation Provision

The determination of the provision requires significant judgement in terms of the best estimate of the future costs of performing the work required, the timing of the cash flows and the appropriate discount rate.

In relation to estimating the costs of performing the work required, significant judgement and estimates are required in relation to estimating the extent of rehabilitation activities, including area to be rehabilitated, technological changes, regulatory changes, timing of cash flows and appropriate discount rates.

When these estimates change or become known in the future, such differences will impact the mine rehabilitation provision on the period in which they change or become known.

A change in any, or a combination of, the key estimates used to determine the provision could have a material impact on the carrying value of the provision.

Key estimates - Retirement Benefit Obligation

The Retirement Benefit in Non-Current Liabilities relates to the Philippine employees' defined benefit plan.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Actuarial Advisers, Inc. The present value of the defined benefit obligation and the related current service cost and past service cost was measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

- Discount rate applied – N/A (2022: 6.68%)
- Expected rate of salary increase – N/A (2022: 6.00%)

Assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to year-end by reference to high quality Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on management's historical experience.

CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK

This section provides further information about the Group's contributed equity, financial liabilities, related finance costs and its exposures to various risks. It explains how these risks affect the Group's financial position and performance and what the Group does to manage the risk.

15. BORROWINGS

	Consolidated	
	2023	**2022**
	US$000	US$000
Current borrowings:		
Secured liability - interest bearing loan	-	154
Unsecured liability - interest bearing loan	-	685
Total current borrowings	-	839
Non-current borrowings:		
Secured liability - interest bearing loan	-	213
Unsecured liability - interest bearing loan	-	-
Total non-current borrowings	-	213
Total Borrowings	-	1,052

Secured Borrowing are bank loans secured by transportation equipment of the Group. Interest rates on the loans are not applicable (2022: range 4.00% to 4.79%).

(a) Recognition and Measurement

All borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently carried at amortised cost using the effective interest rate. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of borrowings using the effective rate method.

16. ISSUED CAPITAL

	Consolidated			
	2023	**2022**	**2023**	**2022**
	Shares	Shares	US$000	US$000
Ordinary shares fully paid	227,798,076	227,820,301	114,362	114,348
Ordinary shares				
Balance at beginning of year	227,956,301	207,873,301	114,348	102,902
<u>Ordinary shares issued during the year:</u>				
Vendor shares to acquire CQ22 Pty Ltd	-	20,000,000	-	11,425
Share Buy Backs [(i)]	(459,225)	(136,000)	(193)	(71)
Issue of Shares to Key Management Personnel	437,000	83,000	207	92
Balance after cancellation of share buy backs	227,798,076	227,820,301	114,362	114,348

Note:

i. Share buy backs were recorded and advised to the ASX as follows:

- 24 June 2022 – 136,000 shares
- 21 December 2022 – 125,529 shares
- 22 December 2022 – 48,227 shares
- 28 December 2022 – 9,500 shares
- 29 December 2022 – 141,314 shares
- 30 December 2022 – 134,655 shares

Cancelation of these shares has been advised to the ASX and the Australian Securities and Investments Commission (“ASIC) upon discovery of the error in August 2024. The cancellation of the buy-back shares rectifies the administrative oversight by the previous board and management in relation to the on-market buyback undertaken by the Company. As such the issued capital and securities quoted on the ASX and recorded with ASIC at 30 June 2023 was 228,393,301 shares.

(a) Ordinary shares

Ordinary shares are classified as equity and transaction costs directly attributable to the issue of shares recognised as a deduction from equity, net of any related income tax effects.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Capital Management

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's liabilities and capital includes ordinary share capital, options/performance rights and financial liabilities, supported by financial assets.

Management effectively manages the Group’s capital by assessing the Group’s financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated	
	2023	**2022**
	US$000	US$000
Capital for the reporting period under review is summarised as follows:		
Total equity	177,187	204,837
Cash and cash equivalents	(9,093)	(50,658)
Total	168,094	154,179
Total equity	177,187	204,837
Borrowings	-	1,051
Overall financing	177,187	205,888
Capital-to-overall financing ratio	95%	75%

	Consolidated 2023 US$000	Consolidated 2022 US$000
17. RESERVES		
Share-based payment reserve	1,518	1,346
Other reserve	122	(558)
Foreign currency translation reserve	2,687	6,882
Total Reserves	4,327	7,670

(a) Share-based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of share based payments.

Performance Rights:

Under the Performance Rights plan for long term incentives, which was approved by shareholders, eligible employees are granted performance rights (each being an entitlement to an ordinary fully paid share), subject to the satisfaction of vesting conditions and on the terms and conditions as determined by the Board.

Under the short-term incentive plan for executives, agreed annually with the Board, a predetermined amount of the award is settled in Performance Rights. Eligible employees are granted performance rights (each being an entitlement to an ordinary fully paid share), subject to the satisfaction of vesting conditions and on the terms and conditions as determined by the Board.

Performance Rights issued under these plans carry no voting or dividend rights and are issued for no consideration.

In March 2020, the Company issued a range of employees with Performance Rights with a 13 March 2023 expiry date. In conjunction with the Voluntary Administrators (now the Deed Administrators), the Company's Board and management appointed on 19 June 2023 have undertaken a comprehensive review of the Company's records, including Remuneration Committee and Board Meeting materials, and it is apparent that the Directors in office at the time did not take any form of action to award any of then remaining 4 million Performance Rights in accordance with their terms. Accordingly, it has been determined that the Performance Rights expired unvested on 13 March 2023 on the date that the performance rights lapsed.

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve for the group records exchange differences arising on translation of foreign controlled subsidiaries

(c) Other Reserves

Remeasurement gains and losses arising from changes in actuarial assumptions relating to the retirement benefits are recognised in the period in which they occur, directly in other comprehensive income. They are included in Other Reserves in the Statement of Changes in Equity.

	Consolidated 2023 US$000	Consolidated 2022 US$000
18. RETAINED PROFITS AND ACCUMULATED LOSSES		
Retained profit at start of year	82,819	82,731
Net profit attributable to members of Company	(22,993)	2,823
Transfer from share option reserve	-	398
Dividend paid	(7,292)	(3,133)
De-recognised on deconsolidation	3,677	-
Retained profits at the end of year	56,211	82,819

	Consolidated	
	2023	2022
	US$000	US$000

19. NON-CONTROLLING INTEREST

A non-controlling interest in MMPRC being related to the holding by PMC, which was deconsolidated from the reporting group at 13 February 2023, was accounted for as an equity transaction resulting in the following:

	2023 US$000	2022 US$000
Balance at beginning of the year	-	-
Recognised on deconsolidation	2,287	-
Balance at the end of the year	2,287	-

(a) Recognition and Measurement

The Group recognizes non-controlling interests at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in MMPRC, the Group elected to recognise the non-controlling interests at its proportionate share of the net identifiable assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Non-controlling interest was recognized in MMPRC on 13 February 2023.

20. DIVIDENDS PAID AND PROPOSED

	2023 US$000	2022 US$000
Interim dividend for the year ended 30 June 2023 of 5 cents per fully paid share (2022: 2 cents per fully paid share).	7,292	3,133
Total dividend paid during the financial year	7,292	3,133

On 5th September 2022, the Directors declared a final unfranked dividend for the year ended 30 June 2022 of 5 cents per ordinary share, which was paid on 20 October 2022.

No additional dividends were proposed for the financial year ended 30 June 2023.

(a) Recognition and Measurement

Provision is made for any declared dividend, being appropriately authorised and no longer at the discretion of Company, on or before the end of the reporting period but not distributed at the end of the reporting period. A provision for dividend is not recognised as a liability unless the dividends are declared on or before the reporting date.

21. CONTINGENT LIABILITIES

(a) Bank guarantees for Head Office Premises

The parent entity has bank guarantees of AUD$83,630 and AUD$95,933 with the Commonwealth Bank of Australia for its head office premises. In the event that they are unable to fulfil its rental obligation with the landlords, the bank shall release the funds for settlement.

(b) Co-O Mine Tailings

On 17 February 2023 PMC, wrote a letter addressed to the Company and MMPRC outlining several claims in respect to tailings from the Co-O Mine including that MMPRC:

- pay PMC the amount of PHP4,270,500,000 (or approximately, USD85,410,000), for land usage on the various dams containing the four (4) million tonnes of tails waste, as of 31 December 2022;
- pay PMC the amount of PHP546,000,000 (or approximately, USD10,920,000), as rental fee for the mill plant, as of 31 December 2022;
- refund PMC the amount of USD20,000,000, for the tails construction and maintenance costs; and
- remove the four (4) million tonnes of waste tails and all mill equipment from PMC's land, not later than 31 March 2023, in order for PMC to acquire and install its own plant.

MMPRC disputes PMC's claims.

On 18 March 2024 the Company and PMC entered into a RFA which amongst other things sought to resolve these issues. Documentation to reflect the matters agreed in the RFA is currently being negotiated. However, should the negotiations fail, then this claim may be subject to legal action in the Philippines, and as such the timing and amount would be uncertain.

22. DECONSOLIDATION

The Company holds a direct 40% equity interest in PMHI. The PMHI Group includes PMC who own and operate the Co-O Mine in the Philippines. In February 2023 a dispute over, amongst other things, the ownership of the 60% equity of PMHI not held by the Company occurred, and various legal claims were filed in the Filipino Courts ("the Dispute"). The Company is not a party to any of these claims.

The Company had previously claimed to have relevant agreements in place pursuant to local statutory provisions that enabled the Company to have effective sole rights to the economic returns of PMHI and the PMHI Group was consolidated into the Reporting Group.

In February 2023 the Dispute resulted in the inability of the Company's personnel to access the physical operations, financial systems or operating bank accounts for PMC. On analysis of the relevant facts, it is considered that there was insufficient evidence that the Company had the ability to effect control over the operations or finances of entities within the PMHI Group.

The Board and Management of X64 has reviewed the facts of the situation and its effect on the application of AASB 10 *Consolidated Financial Statements.* It was determined that in accordance with AASB 10, a loss of control event occurred regarding X64's control of the PMHI Group on 13 February 2023. As a result, the Company has deconsolidated the PMHI Group as at 13 February 2023.

The Financial Information relating to PMHI at this date is set out below:

(i) Financial Performance	2023 $'000	2022 $'000
Revenues	80,693	134,540
Expenses	(66,320)	(144,918)
Profit/(Loss) before Income Tax	**14,373**	**(10,378)**
Income Tax	2,694	(408)
Profit/(Loss) after Income Tax	**17,067**	**(10,786)**
Cashflows from De-consolidated Operations		
Cashflows from Operating Activities	44,232	44,733
Cashflows from Investing Activities	(34,157)	(50,583)
Cashflows From Financing Activities	(2,251)	(1,085)
De-recognition of cash on deconsolidation	(45,096)	-
Net decrease in cash	**(37,272)**	**(6,934)**

(ii) Carrying amounts of assets and liabilities at the date of de-recognition	$'000
Current Assets	88,920
Non-Current Assets	121,350
Total Assets	**210,270**
Current Liabilities	8,535
Non-Current Liabilities (note (a)(i))	50,173
Total Liabilities	**58,708**
Net Assets of PMHI	**151,562**
Fair value of investment in PMHI (note (a)(ii))	113,818
Impact on de-consolidation of net assets of PMHI	**37,744**

(a) KEY JUDGEMENT

The financial information above relating to the PMHI Group on 13 February 2023 was prepared using the best available financial information and data at this date; however, as a result of loss of access to the information the Company has been unable to access all financial records that evidence the transactions and financial position of PMHI and its subsidiaries on this date.

(i) The fair value of the amount owing from PMC to MMPRC at 13 February 2023 is included in non-current liabilities above (also refer note 8). The estimate of fair value is based on the net carrying value of future repayments expected to be made under the agreed structure in the RFA. However, should negotiations in respect of documents required to give effect to the RFA fail, then recovery of the outstanding loan may be subject to legal action in the Philippines, and as such the timing and amount recoverable would be uncertain.

(ii) The fair value of investment in PMHI is based on an assessed value attributable to the Company from the Co-O Mine, Cash, Bullion and other assets and liabilities of the PMHI Group. In assessing the fair value the Company has made a number of assumptions and estimations, which with the fullness of time may or may not prove to be reasonable.

23. EVENTS SUBSEQUENT TO REPORTING DATE

(a) Appointment and Resignation of Directors

i. On 10 November 2023 Mr Andrew Brown resigned from the Board of Directors with immediate effect.

ii. On 20 December 2023 Mr Robert Milbourne resigned from the Board of Directors with immediate effect.

(b) Appointment and Ceasing of Chief Executive Officer

On 20 June 2023 the Company advised that Mr Robert Milbourne had been appointed as the Company's Chief Executive Officer and Managing Director, pursuant to a Consultancy Agreement for Executive Services. The material terms of this agreement were also announced. On 16 November 2023 the Board of Directors accepted that Robert Milbourne had ended his role as Managing Director of the Company.

On 15 January 2024 the Company advised that Mr Simon Theobald had been appointed as the Company's Chief Executive Officer, pursuant to a Consultancy Agreement for Executive Services. The material terms of this agreement were also announced.

(c) Voluntary Administration

Upon taking office on 19 June 2023 the Board commenced a detailed financial analysis of the Company's business. This review identified that circumstances arose prior to their appointment on 19 June 2023 that resulted in a significant uncertainty on the ongoing solvency of the Company, and as such the Directors resolved to appoint PwC's Martin Ford and Simon Theobald as Voluntary Administrator effective 2 July 2023.

The Voluntary Administrators' report dated 23 October 2023 concluded that the Company's difficulties appear to be the result of issues arising from the ownership dispute in respect of the shareholding in PMHI. The emergence of the dispute resulted in PMC ceasing to pay tolling fees to MMPRC and ceasing to sell its gold via KDTL, which meant that the Company's source of ongoing income could not be guaranteed.

The Administrators view reported is that the Company remained solvent at the date of their appointment. However, the Company was likely to become insolvent in the future if it could not restore access to funding from its subsidiaries.

Additionally, the Administrators preliminary investigations identified that various offences may have been committed by the Company's former Directors.

(d) Deed of Company Arrangement ("DOCA") Executed

Following a Second Creditors' meeting of X64 held on 31 October 2023, a DOCA was executed by Martin Ford and Simon Theobald (in their capacity as Voluntary Administrators of X64), KDTL, and the Company pursuant to which the Company ended its voluntary administration and was placed into DOCA. Mr Ford and Mr Theobald were appointed Joint Deed Administrators.

On 18 December 2023, Mr. Simon Theobald notified of his intention to resign as a Joint and Several Deed Administrator of the Company, due to ceasing as a permanent employee of PricewaterhouseCoopers (PwC).

This resignation took effect on 2 January 2024. Notice of Mr. Theobald's resignation as a Joint and Several Deed Administrator of the Company has been lodged with the Australian Securities and Investments Commission. As a result of Mr. Theobald's resignation, Mr. Martin Ford, will remain as the appointed Deed Administrator of the Company.

KDTL, a wholly owned subsidiary of X64 which was not subject to the voluntary administration process, negotiated and executed the DOCA to return the Company to the X64 board and its shareholders. Following execution of the DOCA, the management and Board of X64 will work with the Deed Administrators to complete certain conditions precedent prior to completion of the DOCA administration unless any such conditions precedent are waived in accordance with the terms of the DOCA.

The conditions precedent to the completion of the DOCA include:

- receipt of all necessary consents and approvals; resolution of the ownership disputes involving a disputed 60% ownership of PMHI;
- resolution of the various intercompany claims;
- variation of the Tolling Agreement between MMPRC and PMC;
- execution of a Management Agreement between MMPRC and X64;
- Directors and officers liability insurance being placed;
- the conduct of public examinations by the Deed Administrators to investigate any claims which X64 or its members may have against any third parties; and
- the establishment of a deed fund to pay admitted claims of creditors of X64.

(e) Termination of Managing Director's executive services agreement

On 5 July 2022, the Company terminated Mr Welker's executive services agreement immediately on the grounds that Mr Welker did not in writing disclose to the Board that he had a direct financial interest in another company that entered into an important commercial contract with an entity within the X64 Group.

No notice was given to Mr Welker, nor was he given any opportunity to respond to any of the matters raised. Mr Welker asserts that the drilling services contract between Ranger Equipment Pty Ltd (Ranger) and X64 was disclosed as part of the due diligence process in November 2021 for the acquisition by Medusa Mining Limited (now X64) of 100% of the share capital in Ten Sixty Four Limited (renamed CQ22 Pty Ltd and now a subsidiary of X64) as was Mr Welker's interest in Ranger.

As announced on 24 January 2024, the Company reached a resolution of claims made by Mr Welker, a former Managing Director of the Company, alleging that his employment was wrongfully terminated. The Company acknowledged that no grounds existed justifying the termination of his employment on 5 July 2022 as announced to the ASX at that time.

(f) Performance Guarantee

The Company, on behalf of its subsidiary KDTL, had provided a performance guarantee to its customer Heraeus Limited of up to US$15M for any deficiency in the subsidiary's obligations and liabilities under the Refining & Transportation Agreement with Heraeus Limited. This guarantee expired on 30 April 2023 and is no longer enforceable.

(g) Drummond Basin Exploration Project

In September 2023 the Administrators determined to place the Drummond Basin Exploration Project (owned by CQ22 Pty Ltd) into care and maintenance. The review of this project is ongoing. All tenements within the project remain in good standing and are not currently affected by the decision to place these in care and maintenance.

(h) Resolution of Outstanding MMPRC Corporate Tax Issue

On 8 April 2022 the Bureau of Internal Revenue Philippines ("BIR") filed a petition for review (appeal) with the Court of Tax Appeals. MMPRC has requested that the BIR Commissioner withdraw the petition on the basis of settlement of another tax matter. In January 2024 the BIR withdrew its petition and the matter is now considered closed.

Except for the above, subsequent to Reporting Date, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and/or unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.