FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Financial Statements

For the Year Ended 30 June 2018

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For the Year Ended 30 June 2018

FREE Eyre Limited & Controlled Entities
ACN 124 308 041

Corporate Directory

30 June 2018

Company Secretary

John Crosby
Level 1, 33 Hutt Street
ADELAIDE SA 5000

Auditors

William Buck (SA)
Level 6, 211 Victoria Square
ADELAIDE SA 5000

Solicitors

Piper Alderman
Level 16, 70 Franklin Street
ADELAIDE SA 5000

Share Register

Company Office
Level 1, 33 Hutt Street
ADELAIDE SA 5000

Bank

Bendigo Bank
18 Railway Terrace
CUMMINS SA 5631

Commonwealth Bank of Australia
36 Liverpool Street
PORT LINCOLN SA 5606

Registered Office

Level 1, 33 Hutt Street
ADELAIDE SA 5000

Website Address

www.free-eyre.com.au

FREE Eyre Limited & Controlled Entities
ACN 124 308 041

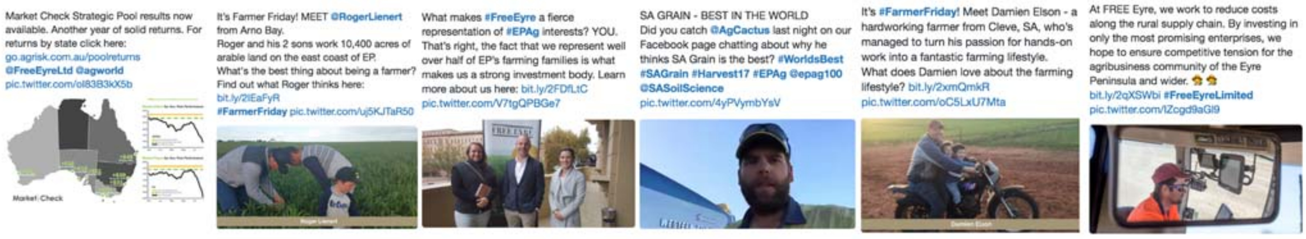
Chairman's Report

30 June 2018

On behalf of the Directors and management team of FREE Eyre Limited (FEL), I am pleased to present our Company's 2017 - 2018 Annual Report to you.

FREE Eyre Grain

Our FE Grain business, in partnership with Australia's leading independent grain marketing strategist, Market Check, again performed above expectations. At the time of writing, the Market Check Pool returns again appear to be well ahead of all competing pool operators. Whilst our market share grew throughout South Australia, our overall transacted volumes were down on the previous year, in line with one of the lower grain producing years on the Eyre Peninsula.



FREE Eyre Partnerships

FREE Eyre's long standing partnerships Ag Guard (crop insurance) Maxiplas (water storage solutions) Telstra Store Whyalla and the Michell Wool group throughout the year have continued to bring renewed competition and services to the region over the past year. We thank these partners for working with the FREE Eyre team across the state on a day to day basis and also in our fundraising efforts for the Eyre Peninsula Agricultural Scholarship.

Many of you have enjoyed the FREE Eyre team's hospitality at the annual Adelaide 500 race. This is our major fundraising event of the year and we were thrilled to again be able utilise the proceeds from the race weekend to award another Scholarship to a first year Eyre Peninsula student studying an agricultural related course at the University of Adelaide. This year's worthy scholarship recipient was Jaiden Agars, whose family farm near Pt Neil.

FREE Eyre's Proposed Deep See Port

As all shareholders know, developing an alternative export supply chain on the Eyre Peninsula has long been our company's most sought after and ambitions project. Over the past twelve months the Board and management have spent considerable time and resources exploring all proposed alternative grain export projects on the Eyre Peninsula. We were fortunate to be granted $210,000 from the Federal Government's "Farming Together" program that allowed us to contract experts in engineering, maritime construction, economic modelling and capital raising.

FREE Eyre Limited & Controlled Entities
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Chairman's Report

30 June 2018

With this expertise, we realised that the Sheep Hill / Port Spencer site (between Tumby Bay and Port Neil) was the location that best suited our requirements to develop a deep sea, grain receival and export facility for FREE Eyre shareholders and Eyre Peninsula grain growers. At the time of writing, we are considering funding propositions from a number of interested parties that want to partner with FREE Eyre and develop the Sheep Hill facility. Our ambition is to have the facility ready for the 2020/21 harvest - indicating 2 years for detailed planning, approvals and construction.

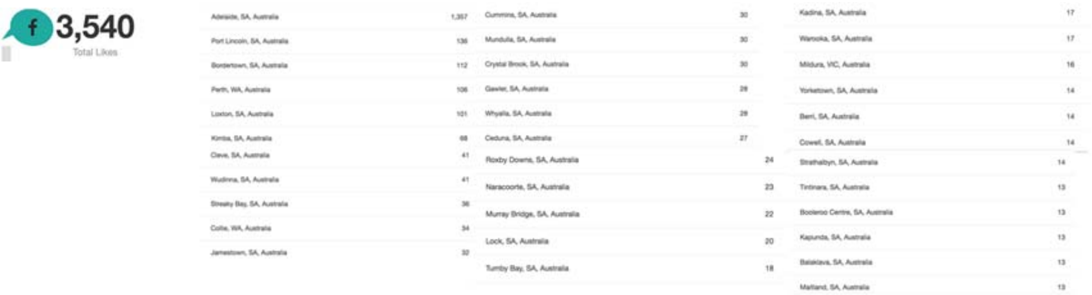
Our financial modelling, utilising the latest jetty (modular) construction techniques, allow us to sustainably construct and operate Pt Spencer with grain only. Thus, unlike other port proposals that largely rely on minerals for turnover, Pt Spencer does not and we believe that this is a critical point of difference for the site and the future of the business.

We will be updating our shareholders and the community regularly throughout the course of the next 12 months. This is a particularly exciting, and long-awaited project and we thanks all shareholders for remaining committed to the cause whilst we've persevered with the project.

Community Support

For a number of years, FREE Eyre has chosen to direct its limited 'marketing budget' to areas we believe will achieve the greatest long-term benefit to all farmers in the region. To that end, we have again proudly supported four key research grain / plant research related programs this year:

- Minnipa Research Station (EPARF)
- The Peter Waite Centenary Scholarship for excellence in plant research
- The FREE Eyre, Eyre Peninsula Agricultural Scholarship – for a first year student studying an agricultural related degree at the University of Adelaide.
- The Young Farmers Challenge, (Kimba Show)
- The University of Adelaide Agricultural Students Association



Adelaide, SA, Australia	1,357	Cummins, SA, Australia	30	Kadina, SA, Australia	17
Port Lincoln, SA, Australia	136	Mundulla, SA, Australia	30	Warooka, SA, Australia	17
Bordertown, SA, Australia	112	Crystal Brook, SA, Australia	30	Mildura, VIC, Australia	16
Perth, WA, Australia	106	Gawler, SA, Australia	28	Yorketown, SA, Australia	14
Loxton, SA, Australia	101	Whyalla, SA, Australia	28	Berri, SA, Australia	14
Kimba, SA, Australia	68	Ceduna, SA, Australia	27	Cowell, SA, Australia	14
Cleve, SA, Australia	41	Roxby Downs, SA, Australia	24	Strathalbyn, SA, Australia	14
Wudinna, SA, Australia	41	Naracoorte, SA, Australia	23	Tintinara, SA, Australia	13
Streaky Bay, SA, Australia	36	Murray Bridge, SA, Australia	22	Booleroo Centre, SA, Australia	13
Collie, WA, Australia	34	Lock, SA, Australia	20	Kapunda, SA, Australia	13
Jamestown, SA, Australia	32	Tumby Bay, SA, Australia	18	Balaklava, SA, Australia	13
				Maitland, SA, Australia	13

Chairman's Report

30 June 2018

Financial Results

I am able to report that FEL made a consolidated loss of $366,674 compared to a loss of $241,021 for the previous financial year. This loss was largely due to our significant investment $232,665 in the research, planning and due diligence associated with our Port Spencer deep sea multi-user export proposal, that I have commented on previously in this report.

FREE Eyre Limited Directors

May I take this opportunity to thank the Board of Directors for their significant involvement, passion and unwavering commitment to the strategic direction of the company, but also the day-to-day support of the operational team. The past twelve months have been among the most critical to the company's future directions and changing fortunes and the Directors have offered immense input.

The Future

The Management and Board of FREE Eyre are confident that our existing, growing business ventures and the infrastructure developments currently being assessed will in strategically strong company aimed specifically at increasing the prosperity of our shareholders and farming families throughout South Australia.

As always, our company is only as strong and successful as those who contribute to it – be that our loyal staff and hardworking Directors or our shareholders and clients who provide constructive feedback, ideas and support into areas that we should be exploring.

I would like to take this opportunity to thank our shareholders, clients, staff and Directors for their ongoing support and commitment over the reporting period.

John Roger Crosby
Chairman

Dated this 24th day of January, 2019.

Directors' Report
30 June 2018

The directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2018.

(a) General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

David John Giddings	**Director of FREE Eyre Ltd**
Qualifications	Bachelor in Applied Science (Agriculture), Strategic Planning by Principle Focus, Farm Training by TAFE
Experience	Past Chair and Committee member of Lower Eyre Agricultural Association LEADA
Special responsibilities	FREE Eyre Grain Management Committee
Trevor Ray Gilmore	**Director of FREE Eyre Ltd, Director of FREE Eyre Grain Pty Ltd, Director of EP Storage**
Anthony George Hull	**Director of FREE Eyre Ltd (resigned 6 November 2018)**
Qualifications	Public Practising Accountant (IPA), registered Tax Agent, RG146 (Derivatives), Chartered Tax Advisor
Julian Matthew Speed	**Director of FREE Eyre Ltd (resigned 12 July 2018)**
Qualifications	B.App.Sc (Ag.), MBA, MAICD
Special responsibilities	FREE Eyre Grain Management Committee
Matthew Ryan Foster	**Director of FREE Eyre Ltd (resigned 6 November 2018)**
John Roger Crosby	**Chairman of the Board, Director of FREE Eyre Ltd**
Other current directorships	Chairman, Agribusiness Advisory Board to Adelaide University and Board Member, Stoney Pinch Sands
Businesses owned and managed	Owner and Managing Director of JR Crosby and MJ Fisher, Owner and Managing Director of C&F International Pty Ltd and CEO of Lucindale Dairies Pty Ltd
Kevin O'Driscoll	**Director of FREE Eyre Ltd**
Experience	Chairman of the Board of Directors of AusBulk Ltd, March 1995 – March 2004.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Group during the financial year were to continue to introduce competition and to restore economic balance and long term viability to farming communities in the Eyre Peninsula.

No significant change in the nature of these activities occurred during the year.

Directors' Report
30 June 2018

Benefits as a result of contracts

No director of the Group has, during the period or since the end of the financial period, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract entered into by the Group with:

- A director; or
- A firm of which a director is a member; or
- An entity in which a director has a substantial financial interest.

(b) Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to $ (366,674) (2017: $(241,021) consolidated loss).

Dividends paid or recommended

There were no dividends paid or declared during the current or previous financial year.

Review of operations

The period ended 30 June 2018 shows loss before tax has increased from the previous financial period.

(c) Other items

Significant changes in state of affairs

The following significant change in the state of affairs of the Group occurred during the financial year:

- the Free Eyre Grain broking business was outsourced to Market Check in September 2017.

Matters or circumstances arising after the end of the year

Subsequent to year end, the Group has secured $300,000 in short term debt funding subsequent to year end. Key terms of the finance are as follows:

- Interest rate of 25%; and

- Repayment date at the discretion of the Directors of Peninsula Ports Pty Ltd.

Mr Trevor Gilmore, Director, has provided $150,000 of the above funding.

The Group also continues to progress the Port Spencer port development however at the date of signing the financial report no other contracts have been entered into.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

(c) Other items continued

Future developments

FREE Eyre will continue to explore agribusiness opportunities that allow it to act as a catalyst for competition building and value adding ventures to benefit shareholders and the Eyre Peninsula community in general.

In addition the Directors will continue with the feasibility and development of a proposed deep sea, grain receival and export facility at Port Spencer.

Environmental matters

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Company secretary

The following person held the position of company secretary at the end of the financial year:

John Roger Crosby (Roseworthy Diploma in Agriculture (RDA)). John Roger Crosby was appointed company secretary on 1 May 2015.

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	FREE Eyre Board	
	Number eligible to attend	Number attended
David John Giddings	8	7
Trevor Ray Gilmore	8	8
Anthony George Hull	8	8
Julian Matthew Speed	8	7
Matthew Ryan Foster	8	8
John Roger Crosby	8	8
Kevin O'Driscoll	-	-

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Directors' Report
30 June 2018

Indemnification and insurance of directors and officers

During the financial period FREE Eyre Limited & Controlled Entities paid a premium in respect of a contract insuring directors and officers of the Group against a liability incurred as director or officer of the Group to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 12 of the financial report.

Remuneration report (audited)

Remuneration policy

The remuneration policy of FREE Eyre Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component. The Board of FREE Eyre Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

At the outset, the remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board after seeking professional advice from independent external consultants. Since then the Board has used that original advice as the basis for new commercial negotiations.

The Board policy is to remunerate non-executive directors at rates for time, commitment and responsibilities appropriate to the size and objectives of the Group. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. However, to align directors' interests with shareholder interest, the directors are encouraged to hold shares in the Group.

The directors have received a fixed fee per meeting of $500.

Executive Pay

The executive pay and reward framework consists of base pay and superannuation. Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market for companies of similar size.

Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Group can terminate employment at any time. Options, if any, not exercised before or on the date of the termination will lapse.

Directors' Report
30 June 2018

Remuneration report (audited) continued

Remuneration details for the year ended 30 June 2018

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

	Short-term	Post-employment	
	Cash salary fees	Superannuation	Total
2018	$	$	$
Directors			
John Roger Crosby	**1,000**	**95**	**1,095**
Matthew Ryan Foster	**1,000**	**95**	**1,095**
David John Giddings	**1,000**	**95**	**1,095**
Trevor Ray Gilmore	**1,000**	**95**	**1,095**
Anthony George Hull	**1,000**	**95**	**1,095**
Julian Matthew Speed	**500**	**48**	**548**
	5,500	**523**	**6,023**
Management			
Mark Andrew Rodda	**153,850**	**14,616**	**168,466**
	159,350	**15,139**	**174,489**

	Short-term	Post-employment	
	Cash salary fees	Superannuation	Total
2017	$	$	$
Directors			
John Roger Crosby	5,500	523	6,023
Matthew Ryan Foster	5,500	523	6,023
David John Giddings	4,500	428	4,928
Trevor Ray Gilmore	5,500	523	6,023
Mark James Harvey (appointed 3 February 2017, resigned 19 June 2017)	500	48	548
Anthony George Hull	5,500	523	6,023
Julian Matthew Speed	5,500	523	6,023
	32,500	3,091	35,591
Management			
Mark Andrew Rodda	123,080	11,693	134,773
	155,580	14,784	170,364

The Board and key personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

Mark Rodda returned to working 38 hours per week at the beginning of the 2017-2018 financial year. He previously worked 0.8 FTE.

Directors' Report
30 June 2018

Remuneration report (audited) continued

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. A method applied in achieving this aim in earlier years was the issue of shares in lieu of director fees for the majority of directors and executives to encourage the alignment of personal and shareholder interests.

Trading summary

The following table shows the gross revenue, profits and dividends for the last five years for the company.

	2018	2017	2016	2015	2014 (9 months)
	$	$	$	$	$
Revenue	**409,044**	495,327	229,080	403,939	987,110
Profit/(loss) for the period	**(366,674)**	(241,021)	(230,115)	(83,325)	336,239

The directors have not declared a dividend for this financial period (2017: nil)

End of Audited Remuneration Report

Signed in accordance with a resolution of the Board of Directors:

Director: ....
John Roger Crosby

Dated this 24th day of January, 2019.

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of FREE Eyre Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN: 38 280 203 274

M. D. King
Partner

Date this 24th day of January 2019

Adelaide

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Revenue	3	**304,044**	390,327
Other income	3	**105,000**	105,000
Total Revenue		**409,044**	495,327
Administration expenses		**(137,525)**	(201,898)
Consulting and advisory expenses		**(232,665)**	(147,501)
Employee expenses		**(367,693)**	(303,206)
Travel and accommodation		**(39,512)**	(49,521)
Depreciation expenses		**(21,129)**	(24,951)
Directors fees		**(6,023)**	(35,588)
Interest expenses		**(7,890)**	(3,403)
Other expenses		**(12,465)**	(10,541)
Option expense for purchase of land		**(60,000)**	-
Total Expenses	4	**(884,902)**	(776,609)
Loss before income tax		**(475,858)**	(281,282)
Income tax benefit	5	**109,184**	40,261
Loss for the year		**(366,674)**	(241,021)
Other comprehensive income, net of income tax		**-**	-
Total comprehensive income for the year		**(366,674)**	(241,021)
Loss attributable to:			
Members of the parent entity		**(366,674)**	(241,021)
Total comprehensive income attributable to:			
Members of the parent entity		**(366,674)**	(241,021)

Consolidated Statement of Financial Position

As At 30 June 2018

		Consolidated	
		2018	2017
	Note	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**76,513**	480,227
Trade and other receivables	8	**190,125**	126,202
Other financial assets		**-**	50,000
Other assets	9	**15,856**	11,922
TOTAL CURRENT ASSETS		**282,494**	668,351
NON-CURRENT ASSETS			
Property, plant and equipment	10	**28,418**	178,003
Deferred tax assets	11	**604,386**	524,285
TOTAL NON-CURRENT ASSETS		**632,804**	702,288
TOTAL ASSETS		**915,298**	1,370,639
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**194,772**	279,628
Employee benefits	13	**23,520**	16,679
TOTAL CURRENT LIABILITIES		**218,292**	296,307
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	**470**	29,553
Employee benefits	13	**33,310**	18,260
TOTAL NON-CURRENT LIABILITIES		**33,780**	47,813
TOTAL LIABILITIES		**252,072**	344,120
NET ASSETS		**663,226**	1,026,519
EQUITY			
Issued capital	14	**3,463,409**	3,463,409
Retained earnings		**(2,800,183)**	(2,436,890)
TOTAL EQUITY		**663,226**	1,026,519

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2018

2018

	Issued Capital	Retained Earnings	Total
	$	$	$
Balance at 1 July 2017	**3,463,409**	**(2,436,890)**	**1,026,519**
Loss for the year	**-**	**(366,674)**	**(366,674)**
Unclaimed dividend	**-**	**3,381**	**3,381**
Other comprehensive income	**-**	**-**	**-**
Balance at 30 June 2018	**3,463,409**	**(2,800,183)**	**663,226**

2017

	Issued Capital	Retained Earnings	Total
	$	$	$
Balance at 1 July 2016	3,463,409	(2,195,869)	1,267,540
Loss for the year	-	(241,021)	(241,021)
Other comprehensive income	-	-	-
Balance at 30 June 2017	3,463,409	(2,436,890)	1,026,519

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**201,738**	318,394
Payments to suppliers and employees		**(738,413)**	(631,827)
Interest received		**850**	6,951
Interest paid		**(7,890)**	(3,403)
Net cash (used in) operating activities	21	**(543,715)**	(309,885)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**190,001**	4,221
Payments for financial assets		**-**	(50,000)
Proceeds from sale of financial asset		**50,000**	-
Net cash provided by/(used in) investing activities		**240,001**	(45,779)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from related party loans		**-**	200,000
Repayment of related party loans		**(100,000)**	-
Net cash provided by/(used in) financing activities		**(100,000)**	200,000
Net (decrease) in cash and cash equivalents held		**(403,714)**	(155,664)
Cash and cash equivalents at beginning of year		**480,227**	635,891
Cash and cash equivalents at end of financial year	7	**76,513**	480,227

The accompanying notes form part of these financial statements.

The consolidated financial statements and notes represent those of FREE Eyre Limited and its controlled entities ('the Group'). FREE Eyre Limited is a company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, FREE Eyre Limited, have also been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue by the Directors of FREE Eyre Limited on 24th January, 2019.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

1 Summary of Significant Accounting Policies

(a) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a loss before tax of $475,858 and a decrease of cash and cash equivalents of $403,714 for the year ended 30 June 2018. Cash and cash equivalents at 30 June 2018 are $76,513. The loss for the year was largely a result of the expenditure incurred in the research, planning and due diligence associated with the Port Spencer deep sea multi-user port proposal.

Subsequent to year end the Group continues to progress the business case and funding for the port development at Port Spencer. A wholly owned subsidiary, Peninsula Ports Pty Ltd, has been incorporated for the purpose of the port development. At the date of signing this report Peninsula Ports Pty Ltd has contracted to receive $300,000 in debt funding. The funding will be used to progress the port development proposal. Key terms of the finance are as follows:

- Interest rate of 25%; and

- Repayment date at the discretion of the Directors of Peninsula Ports Pty Ltd.

In addition the Group is progressing with the following funding opportunities for the port development which are expected to be completed and realised within the next six month period:

- Additional short term debt funding with third parties for $1.7m. Terms of this funding are expected to be in line with the above;

1 Summary of Significant Accounting Policies continued

(a) Going concern continued

- An application for Federal Government funding for $10m will be lodged in late January 2019;
- An application for South Australian State Government funding for $10m will be lodged in late January 2019;
- Discussions with third parties including banks for a finance facility of $5m to $10m for the purpose of completing a definitive feasibility study of the port proposal;
- A capital raising and / or a rights issue to existing Free Eyre Limited shareholders; and
- The securing of institutional investor funding for the construction of the port;

The Directors continue to monitor cashflow of the group regularly and continue to reduce the ongoing operating costs of the Group.

If the above funding opportunities are not successful there is a material uncertainty that the Group will continue as a going concern.

The Directors believe the Group will be successful in the above and accordingly have prepared the financial report on a going concern basis. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (FREE Eyre Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 19 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interest in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

1 Summary of Significant Accounting Policies continued

(c) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line or diminishing value basis over the assets useful life to the company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

1 Summary of Significant Accounting Policies continued

(d) Property, Plant and Equipment continued

The depreciation rates used for each class of depreciable asset are shown below:

Site Works	10%
Plant and Equipment	6.66%-50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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 or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

1 Summary of Significant Accounting Policies continued

(f) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market price information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

1 Summary of Significant Accounting Policies continued

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicated, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future next cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with charges in carrying amount being included in profit or loss.

1 Summary of Significant Accounting Policies continued

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or loss are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised costs, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised costs (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures to recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

1 Summary of Significant Accounting Policies continued

When the term of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred hare duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

(i) Employee benefits

Short-term employee benefits

Provision is made for the Group's (including the parent's) obligation for short-term employee benefits. Short-term employee benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised in the statement of financial position.

1 Summary of Significant Accounting Policies continued

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporated anticipate future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to change in assumptions for other long-term employee benefits, the net change in the obligations due to change in employee benefits expense in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(l) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

All revenue is stated net of the amount of goods and services tax (GST).

Rendering of Services

Revenue from services is recognised when the service is provided.

Interest revenue

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

1 Summary of Significant Accounting Policies continued

(m) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(n) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) New Accounting Standards and Interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below.

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, and revised recognition and derecognition requirements for financial instruments.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impracticable at this stage to provide a reasonable estimate of such impact.

1 Summary of Significant Accounting Policies continued

(q) New Accounting Standards and Interpretations continued

- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018, as deferred by AASB: 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15).

This Standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step model

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenue. This Standard will require retrospective restatements and is available for early adoption.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

1 Summary of Significant Accounting Policies continued

(q) New Accounting Standards and Interpretations continued

The transitional provisions of AASB 116 allow a lessee to either retrospectively apply the Standard to comparatives in with AASB: 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and with the Group.

(a) Key estimates - Impairment

The Group assesses impairment at each reporting date by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers.

(b) Key estimates - Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligation for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Group expects that all its employees would use all their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the directors consider that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amount expected to be paid to employees when the obligations are settled.

(c) Key estimates - Deferred Tax Asset

The Group has recognised a deferred tax asset of $604,386 at 30 June 2018. Of this, $511,850 relates to carried forward tax losses. As indicated in Note 1 (c) deferred tax assets are recognised only to the extent it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Having regard to the recognition criteria contained in AASB 112 Income Taxes, the Directors are of the view that it is probable that the applications for Federal and State Government grants will be successful, refer Note 1 (a), and thereby enable the benefit of the deferred tax asset to be utilised.

Notes to the Financial Statements
For the Year Ended 30 June 2018

3 Revenue and Other Income

	Consolidated	
	2018	2017
	$	$
From continuing operations		
- Grain accumulation income	**229,356**	370,947
- Interest income	**850**	6,951
- Commissions received	**11,661**	7,559
- Profit from sale of assets	**61,545**	4,870
- Other income	**632**	-
Total revenue from continuing operations	**304,044**	390,327
Other income		
- Grant income	**105,000**	105,000
	105,000	105,000

4 Result for the Period

The result for the period includes the following specific expenses:

Depreciation expenses	**21,129**	24,951
Rental expenses relating to operating leases	**8,098**	8,114
Defined contribution superannuation expenses	**28,659**	16,004
Interest expenses - related party loans	**7,890**	3,403

5 Income Tax Expense

Reconciliation of income tax to accounting profit:		
Loss from continuing operations before income tax expense	**(475,858)**	(281,282)
Tax @27.5%	**(130,861)**	(77,353)
Add:		
Tax effect of:		
- non-deductible entertainment expenses	**1,217**	3,868
- other non-allowable items	**16,635**	743
- change to corporate tax rate	**-**	28,704
- temporary differences brought to account	**3,825**	14,521
	(109,184)	(29,517)
Less:		
Tax effect of:		
- Recoupment of prior year tax losses not previously brought to account	**-**	(10,744)
Income tax expense/(benefit)	**(109,184)**	(40,261)

Notes to the Financial Statements
For the Year Ended 30 June 2018

6 Remuneration of Auditors

	Consolidated	
	2018	2017
	$	$
Remuneration of the auditor of the Group, William Buck, for:		
- auditing or reviewing the financial statements	**18,200**	21,275
- taxation services	**8,100**	6,550
- other services	**3,250**	3,250
Total	**29,550**	31,075

7 Cash and cash equivalents

Cash at bank	**76,513**	461,119
Short-term bank deposits	**-**	19,108
	76,513	480,227

Cash at bank and short-term deposits bear interest rates between 0% and 2.05% (2017: 0% and 2.45%). These deposits have an average maturity of 90 days.

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	**76,513**	480,227

8 Trade and other receivables

CURRENT		
Trade receivables	**2,025**	126,133
Other receivables	**188,100**	69
	190,125	126,202

No trade receivables are considered past due date or impaired. All current trade and other receivables are non-interest bearing.

9 Other assets

CURRENT		
Prepayments	**4,731**	4,320
Accrued income	**11,125**	7,602
	15,856	11,922

Notes to the Financial Statements
For the Year Ended 30 June 2018

10 Property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Site works		
At cost	**-**	149,060
Accumulated depreciation and impairment losses	**-**	(91,979)
	-	57,081
Plant and equipment		
At cost	**106,781**	303,823
Accumulated depreciation and impairment losses	**(78,363)**	(182,901)
	28,418	120,922
	28,418	178,003

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

Consolidated	Site Works $	Plant and Equipment $	Total $
Year ended 30 June 2018			
Balance at the beginning of year	**57,081**	**120,922**	**178,003**
Disposals - written down value	**(42,809)**	**(85,647)**	**(128,456)**
Depreciation expense	**(14,272)**	**(6,857)**	**(21,129)**
Balance at the end of the year	**-**	**28,418**	**28,418**

Consolidated	Site Works $	Plant and Equipment $	Total $
Year ended 30 June 2017			
Balance at the beginning of year	63,424	143,751	207,175
Disposals - written down value	-	(4,221)	(4,221)
Depreciation expense	(6,343)	(18,608)	(24,951)
Balance at the end of the year	57,081	120,922	178,003

Notes to the Financial Statements
For the Year Ended 30 June 2018

11 Tax assets and liabilities

Deferred tax assets comprise temporary differences attributable to:

	Consolidated 2018 $	Consolidated 2017 $
Employee benefits	**15,628**	9,608
Accrued expenditure	**8,339**	5,941
Black hole expenditure	**68,569**	29,840
Tax losses	**511,850**	478,896
	604,386	524,285

	Opening Balance $	Charged to Profit or Loss $	Closing Balance $
Consolidated			
Deferred tax assets			
Employee benefits	6,412	3,196	9,608
Accrued expenditure	6,379	(438)	5,941
Other	125	(125)	-
Black hole expenditure	10,879	18,961	29,840
Tax losses	432,373	46,523	478,896
Balance at 30 June 2017	456,168	68,117	524,285
Employee benefits	**9,608**	**6,020**	**15,628**
Accrued expenditure	**5,941**	**2,398**	**8,339**
Black hole expenditure	**29,840**	**38,729**	**68,569**
Tax losses	**478,896**	**32,954**	**511,850**
Balance at 30 June 2018	**524,285**	**80,101**	**604,386**

The black hole expenditure is the tax treatment of the capital raising costs over the 2008 to 2013 financial years. It is only allowed to be written off for tax purposes over five years and consequently there is a timing difference between accounting and tax treatments.

The corporate tax rate has been reduced to 27.5% for the 2017 financial year which, per the Australian Government's Enterprise Tax Plan 2016, is applicable to entities with an aggregated annual turnover under $10 million.

11 Tax assets and liabilities continued

	Consolidated 2018 $	Consolidated 2017 $
Deferred tax liabilities	**470**	29,553
	470	29,553

	Opening Balance $	Charged to Profit or Loss $	Closing Balance $
Deferred tax liability			
Grant receivable	-	28,875	28,875
Accrued interest	1,293	(1,274)	19
Other	404	255	659
Balance at 30 June 2017	1,697	27,856	29,553
Grant receivable	**28,875**	**(28,875)**	**-**
Accrued interest	**19**	**(19)**	**-**
Other	**659**	**(189)**	**470**
Balance at 30 June 2018	**29,553**	**(29,083)**	**470**

12 Trade and other payables

	2018 $	2017 $
CURRENT		
Unsecured liabilities		
Trade payables	**29,808**	24,072
Related party payables	**100,000**	200,000
Other payables	**64,964**	55,556
	194,772	279,628

13 Employee Benefits

	Consolidated 2018 $	Consolidated 2017 $
Current liabilities		
Annual leave	**23,520**	16,679
	23,520	16,679
Non-current liabilities		
Long service leave	**33,310**	18,260
	33,310	18,260

(a) Analysis of Employee Benefits

	2018	2017
Opening balance	**34,939**	21,375
Amount provided during the period	**33,281**	25,406
Leave taken during the year	**(11,390)**	(11,842)
Closing balance	**56,830**	34,939

14 Issued Capital

	2018	2017
2,308,163 (2017: 2,308,163) Ordinary shares	**3,463,409**	3,463,409

(a) Share Capital

	Consolidated 2018 No.	Consolidated 2017 No.
At the beginning of the reporting period	**2,308,163**	2,308,163
At the end of the reporting period	**2,308,163**	2,308,163

All shares issued are fully paid ordinary shares.

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

(b) Capital Management

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.

In managing its capital, the Group's primary objective is to maintain a good debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern. This is performed by assessing the Group's financial risks and maintaining a capital structure that minimises these risks by ensuring sufficient cash flows for continuing operations while avoiding a reliance on interest bearing debt.

Notes to the Financial Statements
For the Year Ended 30 June 2018

15 Capital and Leasing Commitments

(a) Operating Leases

	Consolidated	
	2018	2017
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**8,092**	7,967
- between one year and five years	**1,000**	5,000
	9,092	12,967

Within the Group there are two operating lease commitments. The first being a lease for EP Storage which commenced on 1 September 2009 and is a 10 year land lease with a further 10 year lease option. The second being a lease for FREE Eyre Limited which commenced on 1 January 2016 and is a 2 year office lease. The lease was extended to 31 December 2018 with a further option of extension till 31 December 2019.

(b) Contracted Commitments

	2018	2017
Lucky bay development project	**-**	105,000

The Lucky Bay commitment in 2017 is fully funded by a grant which was received in the 2018 financial year.

16 Financial Instruments

Financial Assets

	2018	2017
Loans and receivables (including cash and cash equivalents)		
- Cash and cash equivalents	**76,513**	480,227
- Trade and other receivables	**190,125**	126,202
- Other financial assets	**-**	50,000
	266,638	656,429

Financial Liabilities

	2018	2017
Financial liabilities at amortised cost		
- Trade and other payables	**94,772**	79,628
- Loans from directors	**100,000**	200,000
	194,772	279,628

17 Financial Risk Management

(a) Objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this Note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives financial reports from the Group Chief Executive Officer at each Board meeting through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far a possible without unduly affecting the Group's flexibility. Further details regarding these policies are set out below.

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group has funds available in unrestricted bank accounts which can be drawn upon to pay creditors as they fall due. The Directors monitor the Group to ensure sufficient funds are available to pay creditors within commercially acceptable terms.

Maturity analysis

Consolidated	**Less than 1 year**		**1 to 2 years**	**2 to 5 years**	
	2018	**2017**	**2018**	**2018**	**2017**
	$	**$**	**$**	**$**	**$**
Trade payables	**29,808**	24,072	**-**	**-**	-
Related party payables	**100,000**	200,000	**-**	**-**	-
Other payables	**64,964**	55,556	**-**	**-**	-
Total	**194,772**	279,628	**-**	**-**	-

(c) Market risk

Market risk arises from the use of interest bearing and tradeable financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes interest rates (interest rate risk) or other market factors (other price risk).

16 Financial Risk Management continued

(i) Interest rate risk

Interest rate risk is the risk that changes in interest rate will affect the entity's income or the value of its obligations and arises on floating rate debt.

The Group's only financial asset subject to floating interest rate risk is cash at bank held directly. The Group does not have any variable rate interest bearing obligations. Interest rate risk is minimal.

Sensitivity Analysis

(a) Price Risk

The Group does not have any financial assets which would be subject to price risk.

(b) Interest Rate Risk

The sensitivity analysis has assumed that the issuer's credit risk rating remains unchanged.

At 30 June 2018 investments in cash, fixed interest and floating interest amount to $76,513 (2017: $480,227). All else remaining equal, a 1% increase or decrease in interest rate during the year ended 30 June 2019 would result in an increase or decrease in net loss of $765 (2017: $4,802).

(d) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The Group has exposure to credit risk through its receivables unpaid at reporting date. The maximum exposure to credit risk in current receivables at report date is $190,125 (2017: $126,202). Sales are only made to customers that are considered credit worthy.

18 Related Parties

(a) The Group's main related parties are as follows:

(i) Parent entity:

FREE Eyre Limited has a 100% share of EP Storage Pty Ltd (2017: 100%) and FREE Eyre Grain Pty Ltd (2018: 100%). Being 100% owned, both entities have been deemed subsidiaries of FREE Eyre Limited.

(ii) Key management personnel:

The following persons were key management personnel of FREE Eyre Limited during the period.

David John Giddings

Trevor Ray Gilmore

Anthony George Hull

Julian Matthew Speed

John Roger Crosby

Matthew Ryan Foster

Mark Andrew Rodda (CEO)

Notes to the Financial Statements
For the Year Ended 30 June 2018

(b) Group compensation

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Short-term Cash salary fees	Post-employment Superannuation	Total
2018			
John Roger Corsby	1,000	95	1,095
Matthew Ryan Foster	1,000	95	1,095
David John Giddings	1,000	95	1,095
Trevor Ray Gilmore	1,000	95	1,095
Anthony George Hull	1,000	95	1,095
Julian Matthew Speed	500	48	548
	5,500	523	6,023
Management			
Mark Andrew Rodda	153,850	14,616	168,466
	159,350	15,139	174,489
2017			
John Roger Corsby	5,500	523	6,023
Matthew Ryan Foster	5,500	523	6,023
David John Giddings	4,500	428	4,928
Trevor Ray Gilmore	5,500	523	6,023
Mark James Harvey (appointed 3 February 2017, resigned 19 June 2017)	500	48	548
Anthony George Hull	5,500	523	6,023
Julian Matthew Speed	5,500	523	6,023
	32,500	3,091	35,591
Management			
Mark Andrew Rodda	123,080	11,693	134,773
	155,580	14,784	170,364

The Board and key personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

Mark Rodda returned to working 38 hours per week at the beginning of the 2017-2018 financial year. He previously worked 0.8 FTE.

(c) Group Shareholdings

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance 30 June 2016	Shares purchased/ issued 2017	Balance 30 June 2017	Shares purchased/ issued 2018	Balance 30 June 2018
David John Giddings	**4,500**	-	**4,500**	-	**4,500**
Trevor Ray Gilmore	**7,875**	-	**7,875**	-	**7,875**
John Roger Crosby	-	-	-	**2,500**	**2,500**
Mark Andrew Rodda	**26,250**	-	**26,250**	-	**26,250**

No other key management personnel held shares during the period.

(d) Loans from directors - loan details

	2018 $	2017 $
John Roger Crosby	-	100,000
Matthew Ryan Foster	**50,000**	50,000
Trevor Ray Gilmore	**50,000**	50,000

The loans from Directors have the same terms and conditions specified in each loan agreement. The company must repay the full principal to the lender on or before the company raises sufficient capital to fund the acquisition of certain assets and undertakings associated with the proposed Lucky Bay common user export facility from Sea Transport Developments SA Pty Ltd. The lender may in its discretion extend the date for repayment of all or some of the principal to such later date notified by the lender to the company in writing.

The company must pay the lender interest at the prescribed rate of 15% per annum. Interest accrues daily from he date of the loan agreement until and including the day the principal is fully repaid. Interest accrued on Director loans during the year was $7,890 (2017: $3,403).

During the year the Directors decided not to proceed with the proposed Lucky Bay export facility. The lenders have agreed for funds to be used for the proposed Port Spencer port development.

Refer to Note 22 for details of loans provided by a Director subsequent to year end.

19 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Subsidiaries:			
FREE Eyre Grain Pty Ltd	Australia	**100**	100
EP Storage Pty Ltd	Australia	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Subsequent to year end, Peninsula Ports Pty Ltd, a wholly owned subsidiary of Free Eyre Limited, was incorporated.

20 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2018 (30 June 2017:None).

21 Cash Flow Information

Reconciliation of result for the period to cashflows from operating activities

	Consolidated	
	2018	**2017**
	$	**$**
Total loss for the year	**(366,674)**	(241,021)
Non-cash flows in loss:		
- depreciation and amortisation	**21,129**	24,951
- Profit on disposal of plant & equipment	**(61,545)**	-
- Unclaimed dividends	**3,381**	-
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	**(63,923)**	(94,559)
- (increase)/decrease in other assets	**(3,934)**	(5,205)
- (increase)/decrease in deferred tax	**(109,184)**	(40,261)
- increase/(decrease) in trade and other payables	**15,144**	32,646
- increase/(decrease) in provisions	**21,891**	13,564
Cashflow from operations	**(543,715)**	(309,885)

22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 24th January, 2019 by the board of directors.

As indicated in Note 1 (a) the Group has secured $300,000 in short term debt funding subsequent to year end. Key terms of the finance are as follows:

- Interest rate of 25%; and

- Repayment date at the discretion of the Directors of Peninsula Ports Pty Ltd.

Mr Trevor Gilmore, Director, has provided $150,000 of the above funding.

The Group also continues to progress the Port Spencer port development however at the date of signing the financial report no other contracts have been entered into.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Financial Statements
For the Year Ended 30 June 2018

23 Parent entity

The following information relates to the parent entity, FREE Eyre Limited and has been prepared on the same basis as the consolidated financial statements.

	2018	2017
	$	$
Statement of Financial Position		
Assets		
Current assets	**441,173**	985,576
Non-current assets	**697,904**	591,672
Total Assets	**1,139,077**	1,577,248
Liabilities		
Current liabilities	**172,196**	63,877
Non-current liabilities	**33,328**	247,761
Total Liabilities	**205,524**	311,638
Equity		
Issued capital	**3,463,410**	3,463,410
Retained earnings	**(2,533,238)**	(2,197,800)
Unclaimed dividends	**3,381**	-
Total Equity	**933,553**	1,265,610
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(335,437)**	(176,729)
Total comprehensive income	**(335,437)**	(176,729)

24 Operating Segments

Segment information

The Group operates in a single business segment of supporting farming communities and families across South Australia.

25 Company Details

The registered office of the company is:

FREE Eyre Limited & Controlled Entities
Level 1, 33 Hutt Street
Adelaide SA 5000

Directors' Declaration

In accordance with a resolution of the directors of FREE Eyre Limited, the directors of the company declare that:

1. The financial statements and notes for the year ended 30 June 2018 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position as at 30 June 2018 and performance for the year ended on that date of the company and consolidated group;

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosure included on page 9 to 11 of the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2018, comply with section 300A of the *Corporations Act 2001*.

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

Director ....

John Roger Crosby

Dated this 24th day of January, 2019.

FREE Eyre Limited & Controlled Entities

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of FREE Eyre Ltd (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2017. 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.

In our opinion, the Remuneration Report of FREE Eyre Ltd for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Emphasis of Matter – Recoverability of Deferred Tax Asset

We draw attention to Note 2 (c) of the financial report, which describes the assumptions on which the deferred tax asset recognised in the Statement of Financial Position is recoverable. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) of the financial report, which indicates the Group incurred a loss before tax of $475,858, a decrease of cash and cash equivalents of $403,714 for the year ended 30 June 2018 and the balance of cash and cash equivalents at 30 June 2018 are $76,513. As stated in Note 1 (a), these events or conditions, along with other matters as set forth in Note 1 (a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 Company 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 Company or to cease operations, or has 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 the 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 Company'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 Company'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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

William Buck

William Buck
ABN: 38 280 203 274

M.D. King
Dated this 24th day of January 2019
Adelaide