

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Financial Statements

For the Year Ended 30 June 2019

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Contents

For the Year Ended 30 June 2019

	Page
Financial Statements	
Corporate Directory	1
Chairman's Report	2
Directors' Report	4
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	11
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	38
Independent Audit Report	39

**FREE Eyre Limited & Controlled Entities
ACN 124 308 041**

**Corporate Directory
30 June 2019**

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 2019

On behalf of the Directors and management team of FREE Eyre Limited (FEL), I am pleased to present our Company's 2018-19 Annual Report to you.

In many ways the last year and indeed the previous few years has been totally focused on converting Free Eyre from a mixture of broking and franchising arrangements to a company focused on building a grain storage and exporting facility at Port Spencer near Tumby Bay. To this end we have incurred losses of \$265,481 as described in the accounts. However, as reported to you during the year, we secured bridging finance of \$2.5m which allowed us to buy the Port Spencer site and deploy expenditure of about \$1million to begin the following key tasks:

- Purchase the Port Spencer site and all existing Major Project Status approvals and environmental research for \$1.42m (the existing research and approvals are estimated to be worth in excess of \$4m)
- Negotiate an Indigenous Land Use Agreement with the Barnjarla Determination Aboriginal Corporation committee (to be ratified at a full meeting of the Barnjarla in December 2019).
- Produced a Public Environmental Report to seek endorsement for variations to the approvals previously held on the port site by Centrex.
- Appointed Promanage as overseeing managers of the Port Spencer project development
- Negotiated arrangements with the four primary contractors for the building of the wharf, shiploader, silos and bunkers for an operational port and storage facility.

FREE Eyre's Proposed Deep See Port

The port development project has progressed very well. FREE Eyre now owns the site (140 hectares) and are well advanced in negotiations on the variations to approvals needed to convert from Centrex's pre-existing approved mineral and grain facility to a stand alone grain port. The process of dealing with Government approvals is time consuming and expensive. However, we do expect to be able to complete this process early in 2020.

The negotiations with the Barnjarla have been very professional and we believe very successful for both Free Eyre/Peninsula Ports and for the Barnjarla.

We have engaged Promanage to oversee the design and construction of the Port. They are a local Adelaide firm of project managers. In turn we are working with:

- McConnell Dowell on building a wharf which will end about 550M offshore. The depth of water at the end is over 23M. By using a causeway of rock for the first 220M we save significant cost. The granite onshore is ideal for both the causeway and for construction of bunker base.
- ENAP who are building the ship loader and associated conveyors.
- Allied Grain Systems who are building 4 x 12,500tonne silos and associated conveyors plus the grain hoppers and inter bunker conveyors.
- Bardavcol who are doing all the civil works such as bunkers and roads and rock movement for the causeway.

We also are very appreciative of services provided by:

- Pacific Marine who are helping us with port operating approvals.
- Piper Alderman our lawyers
- Adam Chilcott who provided much of the early design and costing work and introduced a number of contractors.
- Kingsley David who provided the early financials which allowed us to progress the project.

Peninsula Ports

In order to progress the port proposal Free Eyre formed a subsidiary company, Peninsula Ports. The Boards of Free Eyre and Peninsula Ports have many directors in common. As the port develops it is likely that there will be some divergence in board membership. However we do see that Free Eyre will always maintain majority board representation on Peninsula Ports.

**FREE Eyre Limited & Controlled Entities
ACN 124 308 041**

**Chairman's Report
30 June 2019**

We are expecting Free Eyre will maintain about 20-25% ownership of Peninsula Ports but we will be relying on large commercial passive investors to provide the balance of funding. Current predictions are that we will need a total of \$100m in equity and up to \$100m of debt.

FREE Eyre Grain

Our FE Grain business, is in partnership with Australia's leading independent grain marketing strategist, Market Check. During the year, we reached agreement with Market Check where we effectively outsourced the management and associated grower facing strategies to that we can concentrate on the port development. This arrangement is ongoing into the future and will continue to provide FEL with a modest royalty stream.

FREE Eyre Partnerships

FREE Eyre's long standing partnerships Ag Guard (crop insurance) Maxiplus (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.

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 longterm 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

FREE Eyre Limited Directors

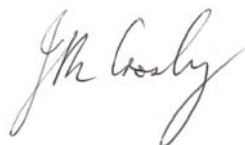
May I take this opportunity to thank the Board of Directors for their significant involvement, passion and unwavering commitment to the strategic direction of the company, but also the day-to-day support of the operational team. We have had several changes this year. I would particularly thank Matt Foster, Tony Hull and Julian Speed for their support through very difficult times. I welcome Kevin O'Driscoll to the board and John Dawkins as an advisor to the board. I said last year that 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. This year it is true again, but by double. Particularly in the commitment of directors to take on the dual role of directors of both Free Eyre and Peninsula Ports.

The Future

Free Eyre through Peninsula Ports is poised to become a significant grain handler on Eyre Peninsula and we believe our presence will have a major effect on grain handling efficiencies and charges on the Eyre Peninsula. We will also facilitate more competition by grain traders and buyers to the advantage of the Eyre Peninsula grain industry.

As always, our company is only as strong and successful as those who contribute to it – be that our loyal staff and hard-working 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 4th December 2019

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2019

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 2019.

(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
<i>Qualifications</i>	Bachelor in Applied Science (Agriculture), Strategic Planning by Principle Focus, Farm Training by TAFE
<i>Experience</i>	Past Chair and Committee member of Lower Eyre Agricultural Association LEADA
<i>Special responsibilities</i>	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)
<i>Qualifications</i>	Public Practising Accountant (IPA), registered Tax Agent, RG146 (Derivatives), Chartered Tax Advisor
Julian Matthew Speed	Director of FREE Eyre Ltd (resigned 12 July 2018)
<i>Qualifications</i>	B.App.Sc (Ag.), MBA, MAICD
<i>Special responsibilities</i>	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
<i>Other current directorships</i>	Chairman, Agribusiness Advisory Board to Adelaide University and Board Member, Stoney Pinch Sands
<i>Businesses owned and managed</i>	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 (appointed 18 December 2018)
<i>Experience</i>	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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 \$ (265,481) (2018: \$(366,674) 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 2019 shows loss before tax has decreased from the previous financial period.

(c) Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Matters or circumstances arising after the end of the year

Subsequent to year end an Information Memorandum has been issued by FREE Eyre Limited. It is proposed that up to a total of \$200m of debt and equity is to be raised in the 2020 financial year. The Information Memorandum also includes the issue of convertible notes. Subsequent to year end \$2,213,440 of proceeds were received from the issue of convertible notes and an additional \$500,000 loan. These were received in November 2019 and include amounts from Directors or their related entities.

Subsequent to year end the Group received a claim against it for the recovery of certain costs associated with the Port Spencer development proposal. The claim is for \$314,751. The Directors are strongly of the view that the claim is without merit and will be defending the Group's position vigorously.

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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2019

(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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2019

(c) Other items continued

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, 9 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	9	9
Trevor Ray Gilmore	9	9
Anthony George Hull	3	3
Julian Matthew Speed	1	1
Matthew Ryan Foster	3	1
John Roger Crosby	9	9
Kevin O'Driscoll	5	5

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.

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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2019

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 2019 has been received and can be found on page 11 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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2019

Remuneration report (audited) continued

Remuneration details for the year ended 30 June 2019

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 Cash salary fees \$	Post-employment Superannuation \$	Total \$
2019			
Directors			
John Roger Crosby	5,000	475	5,4
Matthew Ryan Foster	500	48	5
David John Giddings	5,000	475	5,4
Trevor Ray Gilmore	5,000	475	5,4
Anthony George Hull	1,500	143	1,6
Kevin O'Driscoll	2,500	238	2,7
Julian Matthew Speed	500	48	5
	20,000	1,902	21,9
Management			
Mark Andrew Rodda	135,506	12,873	148,3
	155,506	14,775	170,2

	Short-term Cash salary fees \$	Post-employment Superannuation \$	Total \$
2018			
Directors			
John Roger Crosby	1,000	95	1,0
Matthew Ryan Foster	1,000	95	1,0
David John Giddings	1,000	95	1,0
Trevor Ray Gilmore	1,000	95	1,0
Anthony George Hull	1,000	95	1,0
Julian Matthew Speed	500	48	5
	5,500	523	6,0
Management			
Mark Andrew Rodda	153,850	14,616	168,4
	159,350	15,139	174,4

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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2019

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.

	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Revenue	40,698	409,044	495,327	229,080	403,939
Profit/(loss) for the period	(265,481)	(366,674)	(241,021)	(230,115)	(83,325)

The directors have not declared a dividend for this financial period (2018: nil)

End of Audited Remuneration Report

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

Director:

John Roger Crosby

Dated this 4th day of December 2019

Auditor's 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 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- 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

M.D. King
Partner

Dated this 4th day of December, 2019 in Adelaide, South Australia.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

		Consolidated	
		2019	2018
	Note	\$	\$
Revenue	3	40,698	304,044
Other income	3	-	105,000
Total Revenue		40,698	409,044
Administration expenses		(65,958)	(137,525)
Consulting and advisory expenses		(89,650)	(232,665)
Employee expenses		(175,846)	(367,693)
Travel and accommodation		(22,397)	(39,512)
Depreciation expenses		(5,466)	(21,129)
Directors fees		(38,873)	(6,023)
Interest expenses		(114,312)	(7,890)
Other expenses		(14,599)	(12,465)
Option expense for purchase of land		60,000	(60,000)
Total Expenses	4	(467,101)	(884,902)
Loss before income tax		(426,403)	(475,858)
Income tax benefit	5	160,922	109,184
Loss for the year		(265,481)	(366,674)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(265,481)	(366,674)
Loss attributable to:			
Members of the parent entity		(265,481)	(366,674)
Total comprehensive income attributable to:			
Members of the parent entity		(265,481)	(366,674)

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Consolidated Statement of Financial Position

As At 30 June 2019

		Consolidated	
		2019	2018
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	740,988	76,513
Trade and other receivables	8	2,400	190,125
Other assets	9	5,165	15,856
TOTAL CURRENT ASSETS		<u>748,553</u>	<u>282,494</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,595,927	28,418
Deferred tax assets	11	769,920	604,386
TOTAL NON-CURRENT ASSETS		<u>2,365,847</u>	<u>632,804</u>
TOTAL ASSETS		<u><u>3,114,400</u></u>	<u><u>915,298</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	166,542	194,772
Employee benefits	14	7,918	23,520
TOTAL CURRENT LIABILITIES		<u>174,460</u>	<u>218,292</u>
NON-CURRENT LIABILITIES			
Borrowings	13	2,500,000	-
Deferred tax liabilities	11	5,082	470
Employee benefits	14	37,113	33,310
TOTAL NON-CURRENT LIABILITIES		<u>2,542,195</u>	<u>33,780</u>
TOTAL LIABILITIES		<u>2,716,655</u>	<u>252,072</u>
NET ASSETS		<u><u>397,745</u></u>	<u><u>663,226</u></u>
EQUITY			
Issued capital	15	3,463,409	3,463,409
Retained earnings		(3,065,664)	(2,800,183)
TOTAL EQUITY		<u><u>397,745</u></u>	<u><u>663,226</u></u>

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

**Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2019**

2019

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2018	3,463,409	(2,800,183)	663,226
Loss for the year	-	(265,481)	(265,481)
Unclaimed dividend	-	-	-
Other comprehensive income	-	-	-
Balance at 30 June 2019	3,463,409	(3,065,664)	397,745

2018

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2016	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

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Statement of Cash Flows
For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	251,149	201,738
Payments to suppliers and employees	(359,503)	(738,413)
Interest received	116	850
Interest paid	(54,312)	(7,890)
Net cash (used in) operating activities	22 <u>(162,550)</u>	<u>(543,715)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	190,001
Payments for property, plant and equipment	(1,572,975)	-
Proceeds from sale of financial asset	-	50,000
Net cash provided by/(used in) investing activities	<u>(1,572,975)</u>	<u>240,001</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans received	2,500,000	-
Repayment of related party loans	(100,000)	(100,000)
Net cash provided by/(used in) financing activities	<u>2,400,000</u>	<u>(100,000)</u>
Net increase / (decrease) in cash and cash equivalents held	664,475	(403,714)
Cash and cash equivalents at beginning of year	76,513	480,227
Cash and cash equivalents at end of financial year	7 <u>740,988</u>	<u>76,513</u>

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 4 December 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 \$426,403 for the year ended 30 June 2019. Cash and cash equivalents at 30 June 2019 increased to \$740,988 as a result of an external party loan received net of the cost of acquisition of land at Port Spencer. The Group has non-current borrowings of \$2.5m and revenue is now limited to market check pool fees.

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

Subsequent to year end an Information Memorandum has been issued by FREE Eyre Limited. It is proposed that up to a total of \$200m of debt and equity is to be raised in the 2020 financial year. The Information Memorandum also includes the issue of convertible notes. Subsequent to year end \$2,213,440 of proceeds were received from the issue of convertible notes and an additional \$500,000 loan. These were received in November 2019 and include amounts from Directors or their related entities.

It is the intention that equity and debt raised in Free Eyre Limited and its wholly owned subsidiary Peninsula Ports Pty Ltd will be used to fund the construction of the deep sea port at Port Spencer. FREE Eyre Limited will provide management services to the project. These management fees and the eventual receipt of profits from the project will enable the Group to continue as a going concern.

If the debt and equity raising or the Port Spencer development is not successful or does not proceed on terms favourable to the Group 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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(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 20 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.

(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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(d) Property, Plant and Equipment continued

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.

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

Plant and Equipment	10-25%
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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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(f) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Rendering of Services

Revenue from services is recognised when the service is provided.

Interest Revenue

Interest revenue is recognised using the effective interest method.

Other Income

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

(g) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

Financial assets continued

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivables and multiplied this by the amount of the expected loss arising from default.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

Financial assets continued

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables.

(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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(i) Employee benefits 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 incorporate anticipated 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) 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.

(k) 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.

(l) 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.

(m) 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.

(n) Comparative Figures

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

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies continued

(o) Adoption of new and revised accounting standards

The Company has assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2019, and determine there to be no effect on the current or prior period financial statements.

(p) New Accounting Standards and Interpretations

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.

The transitional provisions of AASB 16 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.

The directors anticipate that the adoption of AASB 16 will have no impact on the Group's financial statements.

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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Critical Accounting Estimates and Judgments continued

(a) Key estimates – Deferred Tax Asset

The Group has recognised a deferred tax asset of \$769,920 at 30 June 2019. Of this, \$674,488 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 benefit of the deferred tax asset will be realised.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Revenue and Other Income

	Consolidated	
	2019	2018
	\$	\$
From continuing operations		
- Grain accumulation income	35,803	229,356
- Interest income	116	850
- Commissions received	3,026	11,661
- Profit from sale of assets	1,753	61,545
- Other income	-	632
Total revenue from continuing operations	40,698	304,044
Other income		
- Grant income	-	105,000
	-	105,000

4 Result for the Period

The result for the period includes the following specific expenses:

Depreciation expenses	5,466	21,129
Rental expenses relating to operating leases	9,774	8,098
Defined contribution superannuation expenses	19,084	28,659
Interest expenses - related party loans	21,873	7,890

5 Income Tax Expense

Reconciliation of income tax to accounting profit:		
Loss from continuing operations before income tax expense	(426,403)	(475,858)
Tax @27.5%	(117,260)	(130,861)
Add:		
Tax effect of:		
- non-deductible entertainment expenses	1,462	1,217
- other non-allowable items	16,433	16,635
- temporary differences brought to account	25,767	3,825
	(160,922)	(109,184)
Less:		
Tax effect of:		
Income tax expense/(benefit)	(160,922)	(109,184)

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

6 Remuneration of Auditors

	Consolidated	
	2019	2018
	\$	\$
Remuneration of the auditor of the Group, William Buck, for:		
- auditing or reviewing the financial statements	18,370	18,200
- taxation services	6,065	8,100
- other services	2,000	3,250
Total	26,435	29,550

7 Cash and cash equivalents

Cash at bank	740,988	76,513
	740,988	76,513

Cash at bank and short-term deposits bear interest rates between 0% and 2.05% (2018: 0% and 2.05%). 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	740,988	76,513
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8 Trade and other receivables

CURRENT		
Trade receivables	2,400	2,025
Other receivables	-	188,100
	2,400	190,125

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	5,165	4,731
Accrued income	-	11,125
	5,165	15,856

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Freehold land		
At cost	1,492,272	-
Capital works in progress		
At cost	88,951	-
Plant and equipment		
At cost	77,224	106,781
Accumulated depreciation and impairment losses	(62,520)	(78,363)
	14,704	28,418
	1,595,927	28,418

(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	Capital Works in Progress	Land	Site Works	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2019					
Balance at the beginning of year	-	-	-	28,418	28,418
Additions	88,951	1,492,272	-	-	1,581,223
Disposals - written down value	-	-	-	(8,248)	(8,248)
Depreciation expense	-	-	-	(5,466)	(5,466)
Balance at the end of the year	88,951	1,492,272	-	14,704	1,595,927

Consolidated	Capital Works in Progress	Land	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

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Tax assets and liabilities

Deferred tax assets comprise temporary differences attributable to:

	Consolidated	
	2019	2018
	\$	\$
Employee benefits and accruals	29,077	23,967
Unearned income	14,868	-
Black hole expenditure	51,487	68,569
Tax losses	674,488	511,850
	<u>769,920</u>	<u>604,386</u>

	Opening Balance	Charged to Profit or Loss	Closing Balance
	\$	\$	\$
Consolidated			
Deferred tax assets			
Employee benefits and accruals	15,549	8,418	23,967
Black hole expenditure	29,840	38,729	68,569
Tax losses	478,896	32,954	511,850
Balance at 30 June 2018	<u>524,285</u>	<u>80,101</u>	<u>604,386</u>
Employee benefits and accruals	23,967	5,110	29,077
Unearned income	-	14,868	14,868
Black hole expenditure	68,569	(17,082)	51,487
Tax losses	511,850	162,638	674,488
Balance at 30 June 2019	<u>604,386</u>	<u>165,534</u>	<u>769,920</u>

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 2019 financial year which, per the Australian Government's Enterprise Tax Plan 2016, is applicable to entities with an aggregated annual turnover under \$10 million.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Tax assets and liabilities continued

	Consolidated	
	2019	2018
	\$	\$
Deferred tax liabilities	5,082	470
	<u>5,082</u>	<u>470</u>

	Opening Balance	Charged to Profit or Loss	Closing Balance
	\$	\$	\$
Deferred tax liability			
Capital work in progress	-	4,892	4,892
Other	470	(280)	190
Balance at 30 June 2019	<u>470</u>	<u>4,612</u>	<u>5,082</u>

12 Trade and other payables

CURRENT

Unsecured liabilities

Trade payables	5,559	29,808
Income received in advance	54,065	-
Related party payables	-	100,000
Other payables	106,918	64,964
	<u>166,542</u>	<u>194,772</u>

13 Borrowings

NON-CURRENT

Secured liabilities:

Other loans	2,500,000	-
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On 30 May 2019, a loan of \$2,500,000 was advanced to Peninsula Ports Pty Ltd. The loan is for a term of 3 years at an interest rate of 15% per annum. Repayment is due at the end of the term.

The loan is secured over the land purchased at Port Spencer in addition to a general security deed over all the assets of Peninsula Ports Pty Ltd.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Employee Benefits

	Consolidated	
	2019	2018
	\$	\$
Current liabilities		
Annual leave	7,918	23,520
	7,918	23,520
Non-current liabilities		
Long service leave	37,113	33,310
	37,113	33,310
(a) Analysis of Employee Benefits		
Opening balance	56,830	34,939
Amount provided during the period	10,703	33,281
Leave taken during the year	(22,502)	(11,390)
Closing balance	45,031	56,830

15 Issued Capital

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

(a) Share Capital

	No.	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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Capital and Leasing Commitments

(a) Operating Leases

	Consolidated	
	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	3,131	8,092
- between one year and five years	-	1,000
	3,131	9,092
	3,131	9,092

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.

17 Financial Instruments

Financial Assets

Amortised cost

- Cash and cash equivalents	740,988	76,513
- Trade and other receivables	-	190,125
	740,988	266,638
	740,988	266,638

Financial Liabilities

Amortised cost

- Trade and other payables	166,542	94,772
- Loans from directors	-	100,000
- Other loans	2,500,000	-
	2,666,542	194,772
	2,666,542	194,772

18 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 as possible without unduly affecting the Group's flexibility. Further details regarding these policies are set out below.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 Financial Risk Management continued

(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	
	2019	2018	2019	2019	2018
	\$	\$	\$	\$	\$
Trade payables	5,559	29,808	-	-	-
Related party payables	-	100,000	-	-	-
Other payables	106,918	64,964	-	-	-
Income received in advance	54,065	-	-	-	-
Loan	-	-	-	2,500,000	-
Total	166,542	194,772	-	2,500,000	-

(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).

(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 2019 investments in cash, fixed interest and floating interest amount to \$740,988 (2018: \$76,513). 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 \$7,410 (2018: \$765).

(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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 Financial Risk Management continued

(d) Credit risk continued

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 \$nil (2018: \$190,125). Sales are only made to customers that are considered credit worthy.

19 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 (2018: 100%) and FREE Eyre Grain Pty Ltd (2018: 100%). FREE Eyre Limited has a 100% share of Peninsula Ports Pty Ltd which was incorporated on 18 December 2018. Being 100% owned, all 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)

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Related Parties continued

(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
2019			
John Roger Corsby	5,000	475	4,928
Matthew Ryan Foster	500	48	548
David John Giddings	5,000	475	4,928
Trevor Ray Gilmore	5,000	475	4,928
Anthony George Hull	1,500	143	1,643
Julian Matthew Speed	500	48	548
Kevin O'Driscoll	2,500	238	2,738
	20,000	1,902	20,261
Management			
Mark Andrew Rodda	135,506	12,873	148,379
	155,506	14,775	168,640
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

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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Related Parties continued

(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 2017	Shares purchased/ issued 2018	Balance 30 June 2018	Shares purchased/ issued 2019	Balance 30 June 2019
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

	2019	2018
	\$	\$
Matthew Ryan Foster	-	50,000
Trevor Ray Gilmore	-	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 the date of the loan agreement until and including the day the principal is fully repaid. Interest accrued on Director loans during the year was \$21,873 (2018: \$7,890).

20 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2019	2018
Subsidiaries:			
FREE Eyre Grain Pty Ltd	Australia	100	100
EP Storage Pty Ltd	Australia	100	100
Peninsula Ports Pty Ltd	Australia	100	-

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

21 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2019 (30 June 2018: None).

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

22 Cash Flow Information

Reconciliation of result for the period to cashflows from operating activities

	Consolidated	
	2019	2018
	\$	\$
Total loss for the year	(265,481)	(366,674)
Non-cash flows in loss:		
- depreciation and amortisation	5,466	21,129
- Profit on disposal of plant & equipment	-	(61,545)
- Unclaimed dividends	-	3,381
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	187,725	(63,923)
- (increase)/decrease in other assets	10,691	(3,934)
- (increase)/decrease in deferred tax	(160,922)	(109,184)
- increase/(decrease) in trade and other payables	71,770	15,144
- increase/(decrease) in provisions	(11,799)	21,891
Cashflow from operations	<u>(162,550)</u>	<u>(543,715)</u>

23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 4 December 2019 by the board of directors.

Refer to Note 1(a) in relation to the Information Memorandum issued subsequent to year end and the receipt of proceeds from the issue of convertible notes and loan facility.

Refer to Note 24 in relation to a legal claim against the Group received subsequent to year end.

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.

24 Contingent Liabilities

Subsequent to year end the Group received a claim against it for the recovery of certain costs associated with the Port Spencer development proposal. The claim is for \$314,751. The Directors are strongly of the view that the claim is without merit and will be defending the Group's position vigorously.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2019

25 Parent entity

The following information has been extracted from the books and records of the parent, FREE Eyre Limited and has been prepared on the same basis as the consolidated financial statements.

	2019	2018
	\$	\$
Statement of Financial Position		
Assets		
Current assets	23,234	441,173
Non-current assets	431,519	697,904
Total Assets	454,753	1,139,077
Liabilities		
Current liabilities	93,266	172,196
Non-current liabilities	37,569	33,328
Total Liabilities	130,835	205,524
Equity		
Issued capital	3,463,410	3,463,410
Retained earnings	(3,139,492)	(2,533,238)
Unclaimed dividends	-	3,381
Total Equity	323,918	933,553
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	(190,867)	(335,437)
Total comprehensive income	(190,867)	(335,437)

26 Operating Segments

Segment information

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

27 Company Details

The registered office of the company is:

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

FREE Eyre Limited & Controlled Entities

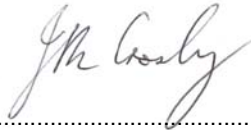
ACN 124 308 041

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 2019 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 2019 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 7 to 10 of the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2019, 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 4th day of December 2019

FREE Eyre Limited & Controlled Entities

Independent auditor's report to members

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of FREE Eyre Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2019 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The Directors have recognised a deferred tax asset of \$769,920 in the statement of financial position. In our opinion it is not yet probable that the Group will receive the benefit of the deferred tax asset. Accordingly, the net loss after tax would have been increased by \$160,922 and total assets and shareholder's equity would have been reduced by \$769,920 respectively if the asset was not recognised.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2019. 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 2019 complies with section 300A of the *Corporations Act 2001*.

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 \$426,403 for the year ended 30 June 2019 and is currently conducting a capital raise. 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 2019, 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.

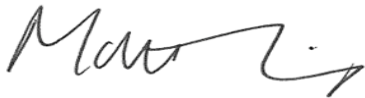
A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

William Buck

William Buck
ABN: 38 280 203 274

A handwritten signature in black ink, appearing to read 'M.D. King', with a stylized flourish at the end.

M.D. King

Dated this 4th day of December 2019
Adelaide