

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Financial Statements

For the Year Ended 30 June 2020

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Contents

For the Year Ended 30 June 2020

	Page
Financial Statements	
Corporate Directory	1
Chairman's Report	2
Directors' Report	4
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	12
Statement of Profit or Loss and Other Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Directors' Declaration	41
Independent Audit Report	42

FREE Eyre Limited & Controlled Entities
ACN 124 308 041

Corporate Directory

30 June 2020

Company Secretary

Ashley Roff
Level 6, 121 King William Street
ADELAIDE SA 5000

Auditors

William Buck
Level 6, 211 Victoria Square
ADELAIDE SA 5000

Solicitors

Piper Alderman
Level 16, 70 Franklin Street
ADELAIDE SA 5000

Share Register

Company Office
Level 6, 121 King William 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 6, 121 King William 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 2020

On behalf of the Directors and management team of FREE Eyre Limited (FEL), I am pleased to present our Company's 2019-20 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 Free Eyre has raised money which in the main has been used to support the development of Port Spencer.

Following the completion of the purchase of the port site in June 2019 Peninsula Ports has continued the development of the site:

- Completed an Indigenous land use agreement with the Barngarla community.
- Produced a Public Environmental Report to seek endorsement for variations to the approvals previously held on the port site by Centrx
- Worked with DPTI through the public exposure of the variation to approval already held on the site.
- Worked with four major contractors to establish the cost of building the site at about \$230m.
- Raised just short of \$1m as new shares in Free Eyre which has been used on the port development.
- Facilitated further funds to maintain the rate of development of the port.

FREE Eyre's position in Peninsula Ports and the Port Spencer Deep Sea Port

Free Eyre provided the initial capital to form Peninsula Ports and currently owns Peninsula Ports. As the port development requires funds of about \$230m, there is no way that amount can be funded from the farmers of Eyre Peninsula who will be the major beneficiaries of the port, along with the Eyre Peninsula community and particularly the town of Tumby Bay. Free Eyre has supported Peninsula Ports in working to bring new shareholders into Peninsula Ports. This process will lead to a dilution of Free Eyre's position such that when the port is completed, Free Eyre will remain a large shareholder and will hold perhaps 7-10% of the equity in Peninsula Ports.

Of course, we will happily accept further investment in Free Eyre in order to lift this shareholding to further increase the position of the farming community of Eyre Peninsula.

Whilst the direct relationship with the contractors working on the Port is with Peninsula Ports, Free Eyre has provided input via the Board but also through the EP Grower Advisory Group which was formed at the AGM last year. This group had very significant input into the design of truck flow onto the site.

This included ensuring such things as:

- quick turnaround time for trucks,
- clean flow of vehicles,
- multiple lane queueing,
- unloading hoppers with individual lane access, and
- no crossovers between loaded and empty trucks.

FREE Eyre Grain

Our FE Grain business, is in partnership with Australia's leading independent grain marketing strategist, Market Check. So that we can concentrate on the port development, we have reworked our agreement with Market Check so that we take a smaller commission in return for Market Check conducting all administration. This arrangement is nearing its end. The Board will need to consider whether we continue with the current arrangement or change it when the port comes on stream.

FREE Eyre Partnerships

Because of the focus on the port development the franchise activities have taken a back seat. They will be the subject of a strategic assessment. These franchises have brought more competition to the market place which has been of benefit to farmers and will be considered in the light of their continued effectiveness and a reassessment of opportunities.

FREE Eyre Limited & Controlled Entities
ACN 124 308 041

Chairman's Report

30 June 2020

Staff Changes

The year saw a number of staff and contractors brought in to help progress the port proposal. As the year developed most of this activity has moved across to Peninsula Ports.

The CEO of nine years, Mark Rodda has left Free Eyre. The Board thanks him for his long and loyal service. He has had a major role in the early development of the port proposal, and prior to that, the development of the franchise businesses and some of the earlier grain trading activities.

With the move of the focus across to Peninsula Ports, there has been a reversal of support where the CEO of Peninsula Ports, Greg Walters is supplying services to Free Eyre, along with Jenny Plunkett-Jones, our long-term bookkeeper. With such a small team we rely on their very professional efforts to work with contractors and co-ordinate progress.

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. This year we welcomed Matthew Baker, Gordon Toll and Brian Calderwood as directors. The breadth of their experience along with that of the ongoing directors is the reason that we have been able to continue the development of the port proposal.

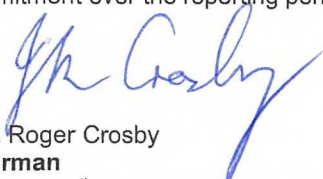
I note that Matthew Baker intends to resign as a director at the Company's Annual General Meeting this year, and I would like to record my personal thanks to him for the effort, expertise and support he has shown, particularly in the areas of capital raising and project funding.

The Future

Free Eyre, through Peninsula Ports is poised to become a significant grain handler on Eyre Peninsula with an effect on handling charges generally in SA. We will also facilitate more competition by grain traders and buyers to the advantage of the EP 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 9th September 2020

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

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 2020.

(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 <i>Qualifications</i>	Director of FREE Eyre Ltd 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
John Roger Crosby <i>Other current directorships</i>	Chairman of the Board, Director of FREE Eyre Ltd 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 <i>Experience</i>	Director of FREE Eyre Ltd (appointed 1 October 2019) Chairman of the Board of Directors of AusBulk Ltd, March 1995 – March 2004.
Matthew Baker <i>Qualifications</i>	Director of FREE Eyre Ltd (appointed 1 October 2019) Head of Corporate at Baker Young Stockbrokers. 25 years' experience in finance, corporate advisory and investor relations (Baker Young Stockbrokers and Patterson Securities).
<i>Experience</i>	Business Advisor, Commonwealth Government Entrepreneurs and Commercialisation Program, start-up business, management, board and consulting roles.
Gordon Toll <i>Qualification</i>	Director of FREE Eyre Ltd (appointed 10 February 2020) Honours degree in mining engineering from University of Queensland. Masters degree in business from Columbia University NY.
<i>Experience</i>	Corporate career of 27 years with Consolidated Goldfields, BHP, Texasgulf, Atlantic Richfield & Rio Tinto - primary focus on iron ore, coal, copper and industrial minerals. Followed by over 23 years as an entrepreneur exploring for major ore bodies and developing significant new port, materials, handling, logistics and infrastructure projects including Savage River (Tasmania), You Togui (Mongolia), Ferrous Resources (Brazil), FerroAlloys Limited Vanadium (Kazakhstan), Lodestone Equities

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

(South Australia).

Brian Calderwood

Experience

Director of FREE Eyre Ltd (appointed 11 June 2020)

Owner/manager of farming and livestock enterprise, licensed agriculture pest controller, Free Eyre grain management committee

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 oversee the capital raising activities for the construction of a new port facility, to be known as Port Spencer. The new port facility will be a new grain export terminal with an integrated natural deep-water port on the south eastern coast of the Eyre Peninsula in South Australia that will assisting with the long-term requirements of all stakeholders in the regional grain industry.

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

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 \$ (2,665,453) (2019: \$(265,481) 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 2020 shows loss before tax has increased from the previous financial period. The Chairman's Report located on pages 2 and 3 provides details to the operations of the Group during the 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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

Matters or circumstances arising after the end of the year

Subsequent to year end, South Australian Government approved the Port Spencer grain port development after an amendment to the Public Environmental Report was made by Peninsula Ports Pty Ltd. The approval was granted in August 2020.

To-date, \$1,070,000 of proceeds were received from the issue of convertible notes. These were received in July and August 2020 and include amounts from Directors or their related entities.

On 6th July 2020, options were issued to Baker Young Stockbrokers Ltd to acquire 1 million ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of \$2 per share. There are no vesting conditions attached to the options and they are exercisable at any time with the maturity date being 30 June 2023.

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 development of the 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 persons held the position of company secretary during the financial year:

John Roger Crosby (Roseworthy Diploma in Agriculture (RDA)). John Roger Crosby was the company secretary until 10 November 2019.

Ashley Roff (FGIA, Master of Laws (LLM) (Hons 2)). Ashley Roff was appointed company secretary on 11 November 2019.

Meetings of directors

During the financial year, 14 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 Giddings	14	10
Trevor Ray Gilmore	14	13
John Roger Crosby	14	14
Kevin O'Driscoll	12	12
Matthew Baker	12	10
Gordon Toll	5	4
Brian Calderwood	1	1

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

Shares

During the financial period FREE Eyre Limited & Controlled Entities issued 479,050 shares at the cost price of \$2.00 per share. Total share capital raised for the year ended at 30 June 2020 is \$958,100.

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 2020 has been received and can be found on page 12 of the financial report.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

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 consist 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 2020

Remuneration details for the year ended 30 June 2020

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	Share-based Payments	Total
	\$	\$	\$	\$
2020				
Directors				
John Roger Crosby	7,000	665	3,281	10,946
Trevor Ray Gilmore	6,500	618	1,968	9,086
David John Giddings	5,000	475	1,968	7,443
Kevin O'Driscoll	6,000	570	1,968	8,538
Gordon Toll	2,000	190	1,968	4,158
Brian Calderwood	500	48	-	548
Matthew Baker	-	-	-	-
	27,000	2,566	11,153	40,719
Management				
Mark Andrew Rodda	205,569	19,529	-	225,098
Greg Walters (i)	28,013	2,661	285,289	315,963
	233,582	22,190	285,289	541,061
	260,582	24,756	296,442	581,780

- (i) Greg Walters was appointed Chief Executive Officer of Peninsula Ports Pty Ltd, a wholly owned subsidiary of Free Eyre Limited, on 18 May 2020.

In consideration of his employment, the Group has offered, and to which Mr Walters has accepted, the following options:

- Options to acquire 250,000 ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of \$2 per share at the commencement date of this appointment. There are no vesting conditions attached.
- Options to acquire 250,000 ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of \$3 per share, exercisable at the later of, 31 December 2021 and the issue of a certificate of practical completion to the Employer by the principal contractor in relation to the Port Spencer Grain Export Facility" deep water port facility at Sheep Hill on the Eyre Peninsula, SA.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

	Short-term Cash salary fees	Post-employment Superannuation	Share-based Payment	Total
	\$	\$		\$
2019				
Directors				
John Roger Crosby	5,000	475	-	5,475
Matthew Ryan Foster	500	48	-	548
Trevor Ray Gilmore	5,000	475	-	5,475
David John Giddings	5,000	475	-	5,475
Anthony George Hull	1,500	143	-	1,643
Kevin O'Driscoll	2,500	238	-	2,738
Julian Matthew Speed	500	48	-	548
	20,000	1,902	-	21,902
Management				
Mark Andrew Rodda	135,506	12,873	-	148,379
	135,506	12,873	-	148,379
	155,506	14,775		170,281

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

Options

During the financial period, options were also issued to the Directors and Chief Executive Officer of Peninsula Ports Pty Ltd to acquire 806,000 ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price between \$2.00 and \$3.00 per share. As at 30 June 2020, Peninsula Ports Pty Ltd has 250,000 vested ordinary share options outstanding and 1,556,000 ordinary share options outstanding which are yet to vest.

The terms and conditions of each grant of share options affecting the remuneration of Directors and Key Management Personnel's (KMPs) in the current and future reporting periods are as follows:

Grant Date	Vesting conditions	Expiry date	Exercise Price	Numbers granted	Value per option at grant
3 June 2020 (i)	Nil	3 June 2025	\$2.00	250,000	\$1.1079
3 June 2020 (i)	Practical completion of Port Spencer development	3 June 2025	\$3.00	250,000	\$0.6328
10 June 2020 (ii)	Practical completion of Port Spencer development	10 June 2023	\$2.00	306,000	\$0.6925
6 July 2020 (iii)	Nil	30 June 2023	\$2.00	1,000,000	\$0.6961
(i)	Options were issued to Greg Walters following his appointment as the Chief Executive Officer of Peninsula Ports Pty Ltd in May 2020.				
(ii)	Options were issued to the Directors or their related entities in lieu of Directors fees. Refer to Note 19(b) for the further details relating to the number of options issued during the financial year.				
(iii)	Options were issued to Baker Young Stockbrokers Ltd to acquire 1 million ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of \$2 per share. These options are exercisable at any time with the maturity date being 30 June 2023.				

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Directors' Report

30 June 2020

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.

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Revenue	96,074	40,698	409,044	495,327	229,080
Profit/(loss) for the period	(2,665,453)	(426,403)	(366,674)	(241,021)	(230,115)

The directors have not declared a dividend for this financial period (2019: nil)

End of Audited Remuneration Report

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

Director:
John Roger Crosby

Dated this 9th day of September 2020

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 2020 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 9th day of September, 2020 in Adelaide, South Australia.

ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		Consolidated	
		2020	2019
	Note	\$	\$
Revenue	3	96,074	40,698
Administration expenses		(204,224)	(70,787)
Consulting and advisory expenses		(348,460)	(89,650)
Employee expenses		(479,721)	(175,846)
Travel and accommodation		(74,289)	(22,397)
Depreciation expenses	4	(2,716)	(5,466)
Directors fees		(29,018)	(38,873)
Interest expenses		(535,544)	(114,312)
Other expenses		(24,306)	(9,770)
Option expense for purchase of land		-	60,000
Share-based payment expense	21	(298,412)	-
Total Expenses		(1,996,690)	(467,101)
Loss before income tax		(1,900,616)	(426,403)
Income tax benefit/(expense)	5	(764,837)	160,922
Loss for the year		(2,665,453)	(265,481)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(2,665,453)	(265,481)
Loss attributable to:			
Members of the parent entity		(2,665,453)	(265,481)
Total comprehensive income attributable to:			
Members of the parent entity		(2,665,453)	(265,481)

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Consolidated Statement of Financial Position

As At 30 June 2020

		Consolidated	
		2020	2019
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	116,446	740,988
Trade and other receivables	8	42,500	2,400
Other assets	9	2,349	5,165
TOTAL CURRENT ASSETS		161,295	748,553
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,344,034	1,595,927
Deferred tax assets	11	-	769,920
TOTAL NON-CURRENT ASSETS		5,344,034	2,365,847
TOTAL ASSETS		5,505,329	3,114,400
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	724,162	166,542
Employee benefits	14	4,463	7,918
TOTAL CURRENT LIABILITIES		728,625	174,460
NON-CURRENT LIABILITIES			
Borrowings	13	5,824,500	2,500,000
Deferred tax liabilities	11	-	5,082
Employee benefits	14	-	37,113
TOTAL NON-CURRENT LIABILITIES		5,824,500	2,542,195
TOTAL LIABILITIES		6,553,125	2,716,655
NET ASSETS		(1,047,796)	397,745
EQUITY			
Issued capital	15	4,384,909	3,463,409
Reserves	20	298,412	-
Retained earnings		(5,731,117)	(3,065,664)
TOTAL EQUITY		(1,047,796)	397,745

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 2020

2020

	Issued Capital \$	Share-based Payment Reserves	Retained Earnings \$	Total \$
Balance at 1 July 2019	3,463,409	-	(3,065,664)	397,745
Loss for the year	-	-	(2,665,453)	(2,665,453)
Option expense recognised in the year	-	298,412	-	298,412
Shares issued during the year	921,500	-	-	921,500
Balance at 30 June 2020	4,384,909	298,412	(5,731,117)	(1,047,796)

2019

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

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Statement of Cash Flows
For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	71,642	251,149
Payments to suppliers and employees	(698,153)	(359,503)
Interest received	30	116
Interest paid	(483,138)	(54,312)
Net cash (used in) operating activities	22 (1,109,619)	(162,550)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(3,760,923)	(1,572,975)
Net cash (used in) investing activities	(3,760,923)	(1,572,975)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans received	500,000	2,500,000
Repayment of related party loans	-	(100,000)
Proceeds from convertible notes	2,824,500	-
Proceeds from issue of shares, net of costs	921,500	-
Net cash provided by financing activities	4,246,000	2,400,000
Net increase / (decrease) in cash and cash equivalents held	(624,542)	664,475
Cash and cash equivalents at beginning of year	740,988	76,513
Cash and cash equivalents at end of financial year	7 116,446	740,988

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

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 9th September 2020.

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) 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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies continued

(b) 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 \$1,900,616 for the year ended 30 June 2020. As at balance date there is a deficiency of current assets to current liabilities of \$567,330 and a deficiency of total assets to total liabilities of \$1,047,796. The Group's primary focus is the construction of the deep sea port terminal at Port Spencer which received approval from the South Australian State Government in August 2020. Total expected cost of the project is \$230m.

As at 30 June 2020 seed funding of \$6,746,000 comprising a mix of loans, convertible notes and share capital, has been received.

An Information Memorandum was released in June 2020 seeking \$20m of Series A convertible note funding from investors to continue prework and commence construction. It is expected a Series B equity raise will attract \$80m with the balance of approximately \$125m to be funded with debt which is likely to occur in the final quarter of this calendar year. Construction of the port is expected to be completed in late 2021.

Subsequent to year end, a further \$1,070,000 has been received in Series A convertible notes. All convertible notes now on issue, including those issued as part of seed funding, mature 30 June 2022, at which point the note holder has the option to convert to shares in Peninsula Ports Pty Ltd, subject to all licensing and approvals being met and the project being fully funded, roll the facility for a further term or receive payment of the principal amount.

Management and the Directors are continuing discussions with potential equity investors and debt funders and will continue to monitor cashflow of the Group regularly and continue to reduce the on-going operating costs of the Group. Based on current discussions, Management and the Directors are confident that the capital raising targets will be met in the near future.

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 2020

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.

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

Plant and Equipment	10-25%
---------------------	--------

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

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies continued

(d) Property, Plant and Equipment

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

The Group has adopted AASB 16 Leases using the modified retrospective method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

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:

(i) *Rendering of Services*

Revenue from services is recognised when the service is provided.

(ii) *Interest Revenue*

Interest revenue is recognised using the effective interest method.

(iii) *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).

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 2020

1 Summary of Significant Accounting Policies continued (g) Financial instruments 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.

Fair value 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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies continued (g) Financial instruments continued

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.

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.

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

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies continued

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 comprised 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 2020

1 Summary of Significant Accounting Policies continued

(o) Share-based Payments

The Group operates equity-settled share-based payment and option schemes. The fair value of the equity to which option holders become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using either the Black-Scholes or Binomial pricing model, which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimates of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to prior period estimate are recognised in profit or loss and equity.

(p) 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 determined there to be no effect on the current or prior period 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 - Deferred Tax Asset

As indicated in Note 1 (c) deferred tax assets 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. Having regard to the recognition criteria contained in AASB 112 Income Taxes, the Directors resolved to wholly derecognise the deferred tax asset balance of \$601,386 and the deferred tax liability balance of \$470, which were previously recognised.

The recognition of deferred tax assets will be reassessed in future periods based on the Group's ability to generate future taxable profits.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Revenue and Other Income

	Consolidated	
	2020	2019
	\$	\$
From continuing operations		
- Grain accumulation income	36,017	35,803
- Interest income	30	116
- Commissions received	-	3,026
- Other income	(2,473)	1,753
- Government grants - cash flow boost	62,500	-
Total revenue from continuing operations	96,074	40,698

4 Result for the Period

The result for the period includes the following specific expenses:

Depreciation expenses	2,716	5,466
Rental expenses relating to operating leases	12,031	9,774
Defined contribution superannuation expenses	34,868	19,084
Interest expenses - related party loans	29,795	21,873

5 Income Tax Expense

(a) The major components of tax benefit / (expense) comprise:

Current tax expense

Income tax expense

Deferred tax

- (160,922)

764,837 -

Income tax (expense)/benefit for continuing operations

764,837 (160,922)

Reconciliation of income tax to accounting profit:

Loss from continuing operations before income tax expense

(1,900,616) (426,403)

Tax @ 27.5%

(522,669) (117,260)

Add:

Tax effect of:

- non-deductible entertainment expenses

- (1,462)

- other non-allowable items

- (16,433)

- temporary differences brought to account

- (25,767)

- (160,992)

Less:

Tax effect of:

- derecognition of deferred tax assets

1,287,506 -

Income tax benefit / (expense)

764,837 (160,992)

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Remuneration of Auditors

	Consolidated	
	2020	2019
	\$	\$
Remuneration of the auditor of the Group, William Buck, for:		
- auditing or reviewing the financial statements	37,324	18,370
- taxation services	12,248	6,065
- other services	-	2,000
Total	49,572	26,435

7 Cash and cash equivalents

Cash at bank	116,446	740,988
	116,446	740,988

Cash at bank and short-term deposits bear interest rates between 0% and 1.10% (2019: 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	116,446	740,988
---------------------------	---------	---------

8 Trade and other receivables

CURRENT		
Trade receivables	40,000	2,400
Other receivables	2,500	-
	42,500	2,400

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	2,349	5,165
	2,349	5,165

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Freehold land		
At cost	1,492,272	1,492,272
Capital works in progress		
At cost	3,849,874	88,951
Plant and equipment		
At cost	24,118	77,224
Accumulated depreciation and impairment losses	(22,230)	(62,520)
	1,888	14,704
	5,344,034	1,595,927

(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	Plant and Equipment	Total
	\$	\$	\$	\$
Year ended 30 June 2020				
Balance at the beginning of year	88,951	1,492,272	14,704	1,595,927
Additions	3,760,923	-	-	3,760,923
Disposals - written down value	-	-	(10,100)	(10,100)
Depreciation expense	-	-	(2,716)	(2,716)
Balance at the end of the year	3,849,874	1,492,272	1,888	5,344,034

Consolidated	Capital Works in Progress	Land	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

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Tax assets and liabilities

Deferred tax assets comprise temporary differences attributable to:

	Consolidated	
	2020	2019
	\$	\$
Employee benefits and accruals	-	29,077
Unearned income	-	14,868
Black hole expenditure	-	51,487
Tax losses	-	674,488
	-	769,920

	Opening Balance	Charged to Profit or Loss	Closing Balance
	\$	\$	\$
Consolidated			
Deferred tax assets			
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	604,386	165,534	769,920
Employee benefits and accruals	29,077	(29,077)	-
Unearned income	14,868	(14,868)	-
Black hole expenditure	51,487	(51,487)	-
Tax losses	674,488	(674,488)	-
Balance at 30 June 2020	769,920	(769,920)	-

As indicated in Note 1 (c) deferred tax assets 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. Having regard to the recognition criteria contained in AASB 112 Income Taxes, the Directors resolved to wholly derecognise the deferred tax asset balance of \$601,386 and the deferred tax liability balance of \$470, which were previously recognised.

The recognition of deferred tax assets will be reassessed in future periods based on the Group's ability to generate future taxable profits. The value of deferred tax assets not recognised in the financial report at 30 June 2020 is \$1,152,114.

The corporate tax rate has been reduced to 27.5% for the 2020 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 2020

	Consolidated	
	2020	2019
	\$	\$
Deferred tax liabilities	-	5,082
	-	5,082
12 Trade and other payables		
CURRENT		
Unsecured liabilities:		
Trade payables	650,631	5,559
Income received in advance	18,048	54,065
Accrued Interest	52,406	-
Other payables	3,077	106,918
	724,162	166,542
13 Borrowings		
NON-CURRENT		
Secured liabilities:		
Convertible Notes (i)	2,824,500	-
Other loans (ii)	2,500,000	2,500,000
	5,324,500	2,500,000
Unsecured liabilities:		
Loans from directors (iii)	500,000	-
	500,000	-
Total non-current borrowings	5,824,500	2,500,000

(i) The Group issued a total of \$2,824,500 of Series A convertible notes to directors and external investors. The convertible notes have a maturity date of 30 June 2022, at which point the note holder has the option to convert to shares in Peninsula Ports Pty Ltd, subject to all licensing and approvals being met and the project being fully funded, roll the facility for a further term or receive payment of the principal amount. The note holders are entitled to 9.4% p.a. interest on the principal.

(ii) 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 purchase at Port Spencer in addition to a general security deed over all the assets of Peninsula Ports Pty Ltd.

(iii) During the year, a loan of \$500,000 was secured by FREE Eyre Limited by one of the directors. The purpose of the loan is for the ongoing development of the Peninsula Ports deep sea port proposal and to assist with the capital raising campaign efforts. The repayment date is subject to viability as deemed by the Directors.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Employee Benefits

	Consolidated	
	2020	2019
	\$	\$
Current liabilities		
Annual leave	4,463	7,918
	<u>4,463</u>	<u>7,918</u>
Non-current liabilities		
Long service leave	-	37,113
	<u>-</u>	<u>37,113</u>
(a) Analysis of Employee Benefits		
Opening balance	45,031	56,830
Amount provided during the period	20,819	10,703
Leave taken during the year	(61,387)	(22,502)
Closing balance	<u>4,463</u>	<u>45,031</u>

15 Issued Capital

2,787,213 Ordinary shares (2019: 2,308,163)	4,384,909	3,463,409
(a) Share Capital		
	No.	No.
At the beginning of the reporting period	2,308,163	2,308,163
Shares issued during the year		
Fully paid ordinary shares	479,050	-
At the end of the reporting period	<u>2,787,213</u>	<u>2,308,163</u>

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 2020

16 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year

Consolidated	
2020	2019
\$	\$
-	-
-	-

The Group held an office lease which commenced on 1 January 2016 and was a 2-year office lease. The lease expired by 30 June 2020, at which time the group signed an agreement for a new office lease in May 2020 to commence on 1 July 2020 at King William St, Adelaide.

17 Financial Instruments

Financial Assets

Amortised cost

- Cash and cash equivalents
- Trade and other receivables

116,446	740,988
40,000	-
156,446	740,988

Financial Liabilities

Amortised cost

- Trade and other payables
- Loans from directors
- Other loans
- Convertible notes

724,162	166,542
500,000	-
2,500,000	-
2,824,500	-
6,548,662	166,542

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.

During the financial period, the Group's exposure to financial instrument risks are mainly from the issuance of convertible notes and debt. The Group's objectives, policies and processes for managing those risks or the methods used to measure them remain unchanged 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 2020

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 raised from convertible notes to meet its current obligations from creditors. 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	
	2020	2019	2020	2020	2019
	\$	\$	\$	\$	\$
Trade payables	650,631	5,559	-	-	-
Other payables	55,483	106,918	-	-	-
Income received in advance	18,048	54,065	-	-	-
Loans	-	-	-	3,000,000	2,500,000
Convertible notes	-	-	-	2,824,500	-
Total	724,162	166,542	-	5,824,500	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

(i) Price Risk

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

(ii) Interest Rate Risk

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

At 30 June 2020 investments in cash, fixed interest and floating interest amount to \$116,446 (2019: \$740,988), while obligation arising on floating rate debt amount to \$3,000,000. All else remaining equal, a 1% increase or decrease in interest rate during the year ended 30 June 2020 would result in a decrease in net loss of \$28,835 (2019: \$7,410 increase).

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Financial Risk Management continued

(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 \$nil (2019: \$nil). 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 (2019: 100%) and FREE Eyre Grain Pty Ltd (2019: 100%) and Peninsula Ports Pty Ltd (2019: 100%). 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
- John Roger Crosby
- Kevin O'Driscoll [appointed 1 October 2019]
- Matthew Baker [appointed 1 October 2019]
- Gordon Toll [appointed 1 October 2019]
- Brian Calderwood [appointed 1 October 2019]
- Mark Rodda [resigned June 2020]
- Greg Walters [appointed May 2020]

(b) Group Shareholdings

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

	Shares purchased/ issued		Shares purchased/ issued		
	Balance 30 June 2018	2019	Balance 30 June 2019	2020	Balance 30 June 2020
David John Giddings	4,500	-	4,500	1,500	6,000
Trevor Ray Gilmore	7,875	-	7,875	10,875	18,750
John Roger Crosby	2,500	-	2,500	2,500	5,000
Mark Andrew Rodda	26,250	-	26,250	-	26,250
	41,125	-	41,125	14,875	56,000

No other key management personnel held shares during the period.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Related Parties continued

	Balance 30 June 2018	Options issued 2019	Balance 30 June 2019	Options issued 2020	Balance 30 June 2020
David Giddings (i)	-	-	-	54,000	54,000
Kevin O'Driscoll (i)	-	-	-	54,000	54,000
Trevor Ray Gilmore (i)	-	-	-	54,000	54,000
John Roger Crosby (i)	-	-	-	90,000	90,000
Gordon Toll (i)	-	-	-	54,000	54,000
Greg Walters (ii)	-	-	-	500,000	500,000
	-	-	-	806,000	806,000

- (i) Options were issued to Directors or their related entities in lieu of Director fees to acquire 306,000 ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of \$2 per share. These options are exercisable when the Port Spencer grain export facility has been commissioned for service or is practically complete and in export-ready condition with the maturity date being 10 June 2023.
- (ii) Greg Walters was appointed Chief Executive Officer of Peninsula Ports Pty Ltd, a wholly owned subsidiary of Free Eyre Limited, on 18 May 2020. In consideration of his employment, the Group has offered, and to which Mr Walters has accepted, the following options:
- (a) Options to acquire 250,000 ordinary shares in the capital of the Peninsula Ports Pty Ltd at an option price of \$2 per share.
- (b) Options to acquire 250,000 ordinary shares in the capital of the Peninsula Ports Pty Ltd at an option price of \$3 per share, exercisable at the later of, 31 December 2021 and the issue of a certificate of practical completion to the Employer by the principal contractor in relation to the Port Spencer grain export facility deep water port facility at Sheep Hill on the Eyre Peninsula, SA.

(c) Convertible Notes with related parties

The following convertible notes were issued to the directors and their related parties:

	Convertible Notes Balance 30 June 2020 \$
Director	
Mr John Crosby	600,000
Mr Kevin O'Driscoll	300,000
	900,000
Related parties (i)	
BY Nominees	422,000
BY Nominees Pty Ltd	1,400,000
The Frahn Super Fund	100,000
	1,922,000

- (i) The above entities are related parties due to their close association with Director, Matthew Baker, who is also a director of Baker Young Stockbrokers Pty Ltd. Baker Young Stockbrokers Ltd were paid \$206,360 commissions for the capital raised during the period.

(d) 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.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Related Parties continued

The following transactions occurred with related parties:

	Short-term Cash salary fees	Post-employment Superannuation	Share-based Payments	Total
	\$	\$	\$	\$
2020				
Directors				
John Roger Crosby	7,000	665	3,281	10,946
Trevor Ray Gilmore	6,500	618	1,968	9,086
David John Giddings	5,000	475	1,968	7,443
Kevin O'Driscoll	6,000	570	1,968	8,538
Gordon Toll	2,000	190	1,968	4,158
Brian Calderwood	500	48	-	548
Matthew Baker	-	-	-	-
	27,000	2,566	11,153	40,719
Management				
Mark Andrew Rodda	205,569	19,529	-	225,098
Greg Walters (i)	28,013	2,661	285,289	315,963
	233,582	22,190	285,289	541,061
	260,582	24,756	296,442	581,780

	Short-term Cash salary fees	Post -employment Superannuation	Share-based Payment	Total
	\$	\$	\$	\$
2019				
Directors				
John Roger Crosby	5,000	475	-	5,475
Matthew Ryan Foster	500	48	-	548
Trevor Ray Gilmore	5,000	475	-	5,475
David John Giddings	5,000	475	-	5,475
Anthony George Hull	1,500	143	-	1,643
Kevin O'Driscoll	2,500	238	-	2,738
Julian Matthew Speed	500	48	-	548
	20,000	1,902	-	21,902
Management				
Mark Andrew Rodda	135,506	12,873	-	148,379
	135,506	12,873	-	148,379
	155,506	14,775	-	170,281

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 2020

19 Related Parties continued

(e) Loans from directors

	2020	2019
	\$	\$
Trevor Ray Gilmore	500,000	-

The company must repay the principal to the lender on or before the repayment date, being the earliest date possible that the Directors deem viable or at a date mutually agreed between the parties. The Directors will look to repaying the loan within 6 months, subject to the successful completion of the capital raising program.

The company must pay the lender interest at the prescribed rate of 10% 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 \$29,795 (2019: \$21,873).

20 Reserves

(a) Share option reserve

This reserve records the cumulative value of employee and director services received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

At 30 June 2020, Peninsula Ports Pty Ltd has 250,000 vested ordinary share options outstanding and 610,000 ordinary share options which are yet to vest. During the year, an expense of \$298,412 for the share options issued has been recognised.

21 Share-based Payments

The Group established a Share Option Plan during the financial year for directors, key management personnel ("KMP") and some advisors of Peninsula Ports Pty Ltd, to remunerate Directors in lieu of Director fees, motivate and attract KMP and remunerate advisors. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Company.

A summary of the options issued by Peninsula Ports Pty Ltd is as follows:

2020				Granted	Exercised	Forfeited	Balance	Share-based
Grant Date	Expiry Date	Exercise price	Start of the year	during the year	during the year	during the year	at the end of the year	payment expenses
10 June 2020	10 June 2023	2.00	360,000	360,000	-	-	360,000	\$13,122 (i)
3 June 2020	3 June 2025	2.00	250,000	250,000	-	-	250,000	\$276,964 (ii)
3 June 2020	3 June 2025	3.00	250,000	250,000	-	-	250,000	\$8,326 (i)

The vesting conditions are as follows:

- (i) Practical completion of the Port Spencer development project. This is estimated to occur on 31 December 2021.
- (ii) No vesting conditions attached.

The fair value of the options granted to directors and employees is considered to represent the value of the director and employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.78. This value was calculated using Black-Scholes option and Binomial pricing model.

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Share-based Payments continued

	Parcel 1	Parcel 2	Parcel 3
Grant date:	3 June 2020	3 June 2020	10 June 2020
Expiry date:	3 June 2025	3 June 2025	10 June 2023
Share price at grant date (\$):	2.000	2.000	2.000
Exercise price (\$):	2.000	3.000	2.000
Expected share price volatility:	68.00%	68.00%	68.00%
Risk-free interest rate:	0.40%	0.40%	0.26%
Fair value at grant date (\$):	1.1079	0.6328	0.6925

22 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2020	Percentage Owned (%) [*] 2019
Subsidiaries:			
FREE Eyre Grain Pty Ltd	Australia	100	100
EP Storage Pty Ltd	Australia	100	100
Peninsula Ports Pty Ltd	Australia	100	100

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

23 Cash Flow Information

Reconciliation of result for the period to cashflows from operating activities

	Consolidated	
	2020	2019
	\$	\$
Total loss for the year	(2,665,453)	(426,403)
Non-cash flows in loss:		
- depreciation and amortisation	2,716	5,466
- share-based payment	298,412	-
- net loss on disposal of property, plant and equipment	10,100	-
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(40,100)	187,725
- decrease in other assets	2,816	10,691
- (increase)/decrease in deferred tax	764,838	-
- increase in trade and other payables	557,620	71,770
- (decrease) in provisions	(40,568)	(11,799)
Cashflow (used in) operating activities	(1,109,619)	(162,550)

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

24 Events Occurring After the Reporting Date

The financial report was authorised for issue on 9th September 2020 by the board of directors.

Subsequent to year end, South Australian Government approved the Port Spencer grain port development after an amendment to the Public Environmental Report was made by Peninsula Ports Pty Ltd. The approval was granted in August 2020.

To-date, a further \$1,070,000 has been received in Series A convertible notes. All convertible notes now on issue, including those issued as part of seed funding, mature 30 June 2022, at which point the note holder has the option to convert to shares in Peninsula Ports Pty Ltd, subject to all licensing and approvals being met and the project being fully funded, roll the facility for a further term or receive payment of the principal amount.

On 6th July 2020, options were issued to Baker Young Stockbrokers Ltd to acquire 1 million ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of \$2 per share. There are no vesting conditions attached to the options and they are exercisable at any time with the maturity date being 30 June 2023.

25 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2020 (30 June 2019: None).

26 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.

(a) Detailed Table

Statement of Financial Position

Assets

Current assets	535,089	23,234
Non-current assets	3,548,164	431,519

Total Assets	4,083,253	454,753
--------------	-----------	---------

Liabilities

Current liabilities	172,628	93,266
Non-current liabilities	3,324,500	37,569

Total Liabilities	3,497,128	130,835
-------------------	-----------	---------

Equity

Issued capital	4,384,910	3,463,410
Retained earnings	(3,798,785)	(3,139,492)

Total Equity	586,125	323,918
--------------	---------	---------

Statement of Profit or Loss and Other Comprehensive Income

Total loss for the year	1,298,706	190,867
-------------------------	-----------	---------

Total comprehensive income	1,298,706	190,867
----------------------------	-----------	---------

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Notes to the Financial Statements

For the Year Ended 30 June 2020

27 Operating Segments

Segment information

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

28 Company Details

The registered office of the company is:

FREE Eyre Limited & Controlled Entities

Level 6, 121 King William 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 2020 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 2020 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.

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

Director

John Roger Crosby

Dated this 9th September 2020

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 Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 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 2020. The directors of the Group 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 Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) of the financial report, which indicates the Group incurred a loss before tax of \$1,900,616 for the year ended 30 June 2020, has a deficiency of current assets to current liabilities of \$567,330 and a deficiency of total assets to total liabilities of \$1,047,796 at year end. As stated in Note 1 (b), these events or conditions, along with other matters as set forth in Note 1 (b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our unqualified opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 Group's annual report for the year ended 30 June 2020, 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

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
ABN: 38 280 203 274



M.D. King

Dated this 9th day of September 2020
Adelaide

ACCOUNTANTS & ADVISORS

Level 6, 211 Victoria Square
Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com