

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

Financial Statements

For the Year Ended 30 June 2021

FREE Eyre Limited & Controlled Entities

ACN 124 308 041

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For the Year Ended 30 June 2021

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

**Corporate Directory
30 June 2021**

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
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Chairman's Report
30 June 2021

On behalf of the Directors and management team of FREE Eyre Limited (FEL), I am pleased to present our Company's 2020-21 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 Centrex
- 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 \$210m.
- 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 \$210m, 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.

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Chairman's Report
30 June 2021

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.

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 12th October 2021

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Directors' Report

30 June 2021

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 2021.

(a) General information

Information on directors

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

David John Giddings	Director of FREE Eyre Ltd
<i>Qualifications</i>	Bachelor in Applied Science (Agriculture), Strategic Planning by Principle Focus, Farm Training by TAFE
<i>Experience</i>	Past Chair and Committee member of Lower Eyre Agricultural Association LEADA
<i>Special responsibilities</i>	FREE Eyre Grain Management Committee
Trevor Ray Gilmore	Director of FREE Eyre Ltd, Director of FREE Eyre Grain Pty Ltd, Director of EP Storage
John Roger Crosby	Chairman of the Board, Director of FREE Eyre Ltd
<i>Experience</i>	Chairman, Agribusiness Advisory Board to Adelaide University and Board Member, Stoney Pinch Sands
<i>Businesses owned and managed</i>	Owner and Managing Director of JR Crosby and MJ Fisher, Owner and Managing Director of C&F International Pty Ltd and CEO of Lucindale Dairied Pty Ltd
Kevin O'Driscoll	Director of FREE Eyre Ltd
<i>Experience</i>	Chairman of the Board of Directors of AusBulk Ltd, March 1995 – March 2004.
Matthew Baker	Director of FREE Eyre Ltd (resigned 30 September 2020)
<i>Qualifications</i>	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	Director of FREE Eyre Ltd
<i>Qualifications</i>	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 Tolgoi (Mongolia), Ferrous Resources (Brazil), FerroAlloys Limited Vanadium (Kazakhstan), Lodestone Equities (South Australia).

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Directors' Report

30 June 2021

(a) General information continued

Information on directors continued

Brian Calderwood

Experience

Director of FREE Eyre Ltd (resigned 2 June 2021)

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 net port facility, to be known as Port Specer. The new 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 assist 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 \$ (2,834,982) (2020: \$(2,665,453) 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 2021 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.

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Directors' Report

30 June 2021

(c) Other items continued

Matters or circumstances arising after the end of the year

Subsequent to year end, a further \$210,000 of proceeds from borrowings was obtained from one Director. These funds were received in July and August 2021.

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

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:

Ashley Roff (FGIA, Master of Laws (LLM) (Hons 2).

Meetings of directors

During the financial year, 11 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	11	9
Trevor Ray Gilmore	11	11
John Roger Crosby	11	11
Kevin O'Driscoll	11	10
Matthew Baker (30 September 2020)	3	1
Gordon Toll	11	2
Brian Calderwood (resigned 2 June 2021)	11	8

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Directors' Report

30 June 2021

Shares

During the financial period FREE Eyre Limited & Controlled Entities issued 1,014,655 shares at an average cost price of \$0.99 per share. Total share capital raised at 30 June 2021 is \$1,009,480.

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 2021 has been received and can be found on page 11 of the financial report.

Remuneration report (audited)

Remuneration policy

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

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

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

FREE Eyre Limited & Controlled Entities

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Directors' Report

30 June 2021

Remuneration report (audited) continued

Remuneration policy continued

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 receives fixed fee per meeting of \$500. However, the Board decided to write off the accrued board attendance fee during the 2021 financial year.

Executive Pay

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

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

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

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Directors' Report

30 June 2021

Remuneration report (audited) continued

Remuneration details for the year ended 30 June 2021

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
	\$	\$	\$	\$
2021				
Directors				
John Roger Crosby	-	-	39,367	39,367
Trevor Ray Gilmore	-	-	23,620	23,620
David John Giddings	-	-	23,620	23,620
Kevin O'Driscoll	1,000	95	23,620	24,715
Gordon Toll	-	-	23,620	23,620
Brian Calderwood	-	-	-	-
Matthew Baker	-	-	-	-
	1,000	95	133,847	134,942
Management				
Greg Walters	227,346	21,598	99,918	348,862
	228,346	21,693	233,765	483,804

	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	28,013	2,661	285,289	315,963
	260,582	24,756	296,442	581,780

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

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Directors' Report

30 June 2021

Remuneration report (audited) continued

Remuneration details for the year continued ended 30 June 2021

Options

Options were also issued to Directors and Chief Executive Officer of Peninsula Ports Pty Ltd to acquire 1,806,000 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 2021, Peninsula Ports Pty Ltd has 1,250,000 vested ordinary share options outstanding and 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 date
3 June 2020 (i)	Commencement of construction of Port Spencer	3 June 2025	\$2.00	250,000	\$1.1079
3 June 2020 (i)	First shipment of Port Spencer	3 June 2025	\$3.00	250,000	\$0.6328
10 June 2020 (ii)	Practical completion of Port Spencer	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.

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.

FREE Eyre Limited & Controlled Entities

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Directors' Report

30 June 2021

Remuneration report (audited) continued

Trading summary

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

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Revenue	59,757	96,074	40,698	409,044	495,327
Profit/(loss) for the period	(2,834,982)	(2,665,453)	(426,403)	(366,674)	(241,021)

The directors have not declared a dividend for this financial period (2020: nil)

End of Audited Remuneration Report

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

Director:


John Roger Crosby

Dated this 12 day of October 2021

Auditor's Independence Declaration Under Section 307c Of The Corporations Act 2001 To The Directors Of FREE Eyre Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 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 (SA)
ABN: 38 280 203 274



G.W. Martinella
Partner

Dated this 12th day of October, 2021 in Adelaide, South Australia.

ACCOUNTANTS & ADVISORS

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Adelaide SA 5000
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FREE Eyre Limited & Controlled Entities

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

		Consolidated	
		2021	2020
	Note	\$	\$
Revenue	3	59,757	96,074
Administration expenses		(207,579)	(204,224)
Consulting and advisory expenses		(281,719)	(348,460)
Employee expenses		(485,131)	(479,721)
Travel and accommodation		(36,666)	(74,289)
Depreciation expenses	4	(228)	(2,716)
Directors fees		(1,095)	(29,018)
Interest expenses		(923,636)	(535,544)
Other expenses		(5,211)	(24,306)
Share-based payment expense	19	(953,474)	(298,412)
Total Expenses	4	<u>(2,894,739)</u>	<u>(1,996,690)</u>
Loss before income tax		(2,834,982)	(1,900,616)
Income tax benefit/(expense)	5	-	(764,837)
Loss for the year		<u>(2,834,982)</u>	<u>(2,665,453)</u>
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		<u>(2,834,982)</u>	<u>(2,665,453)</u>
Loss attributable to:			
Members of the parent entity		(2,601,192)	(2,665,453)
Non-controlling interest		(233,790)	-
		<u>(2,834,982)</u>	<u>(2,665,453)</u>

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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Consolidated Statement of Financial Position

As At 30 June 2021

		Consolidated	
		2021	2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,070	116,446
Trade and other receivables	8	569,201	42,500
Other assets	9	17,712	2,349
TOTAL CURRENT ASSETS		592,983	161,295
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,195,006	5,344,034
TOTAL NON-CURRENT ASSETS		7,195,006	5,344,034
TOTAL ASSETS		7,787,989	5,505,329
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	345,352	724,162
Borrowings	12	8,095,836	-
Employee benefits	13	21,324	4,463
TOTAL CURRENT LIABILITIES		8,462,512	728,625
NON-CURRENT LIABILITIES			
Borrowings	12	1,245,000	5,824,500
Employee benefits	13	301	-
TOTAL NON-CURRENT LIABILITIES		1,245,301	5,824,500
TOTAL LIABILITIES		9,707,813	6,553,125
NET ASSETS		(1,919,824)	(1,047,796)
EQUITY			
Issued capital	14	5,394,389	4,384,909
Reserves	18	1,251,886	298,412
Retained earnings		(8,332,309)	(5,731,117)
Non-controlling interest		(233,790)	-
TOTAL EQUITY		(1,919,824)	(1,047,796)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Issued Capital	Retained Earnings	Share-based Payment Reserves	Non- controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	4,384,909	(5,731,117)	298,412	-	(1,047,796)
Loss attributable to members of the entity	-	(2,834,982)	-	-	(2,834,982)
Loss attributable to non-controlling interest	-	233,790	-	(233,790)	-
Transactions with owners in their capacity as owners					
Option expense recognised in the year	-	-	953,474	-	953,474
Shares issued during the year	1,009,480	-	-	-	1,009,480
Balance at 30 June 2021	5,394,389	(8,332,309)	1,251,886	(233,790)	(1,919,824)

2020

	Issued Capital	Retained Earnings	Share-based Payment Reserves	Non- controlling Interests	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	3,463,409	(3,065,664)	-	-	397,745
Loss attributable to members of the entity	-	(2,665,453)	-	-	(2,665,453)
Loss attributable to non-controlling interest	-	-	-	-	-
Transactions with owners in their capacity as owners					
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	(5,731,117)	298,412	-	(1,047,796)

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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Statement of Cash Flows
For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	113,143	71,642
Payments to suppliers and employees	(1,455,235)	(698,153)
Interest received	-	30
Interest paid	(482,763)	(483,138)
Net cash (used in) operating activities	21 <u>(1,824,855)</u>	<u>(1,109,619)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	<u>(1,851,857)</u>	<u>(3,760,923)</u>
Net cash (used in) investing activities	<u>(1,851,857)</u>	<u>(3,760,923)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans received	745,000	500,000
Proceeds from convertible notes	2,771,336	2,824,500
Proceeds from issue of shares, net of costs	50,000	921,500
Net cash provided by financing activities	<u>3,566,336</u>	<u>4,246,000</u>
Net (decrease) in cash and cash equivalents held	(110,376)	(624,542)
Cash and cash equivalents at beginning of year	116,446	740,988
Cash and cash equivalents at end of financial year	7 <u><u>6,070</u></u>	<u><u>116,446</u></u>

The accompanying notes form part of these financial statements.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2021

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 12 October 2021.

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.

(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 \$2,834,982 for the year ended 30 June 2021. As at balance sheet date there is a deficiency of current assets to current liabilities of \$7,869,529 and a deficiency of total assets to total liabilities of \$1,919,824.

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For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(b) Going concern continued

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 2021 seed funding of \$13.7m comprising a mix of loans, convertible notes and share capital, has been received.

Construction of the port is expected to be completed in 2022.

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 Directors are confident that the capital raising targets will be met in the near future. The Directors are of the opinion that the Group is a going concern and have implemented the following strategies to ensure continued support during the period whilst funding arrangements are being negotiated:

- 1) Working capital requirements for day to day operations of the Group are being provided by two Directors;
- 2) The landlord has agreed to defer rental payments until funding is finalised and settled;
- 3) Noteholders have agreed to convert interest payments into additional shares until funding is finalised and settled; and
- 4) The Directors maintain communications and support from the financier and noteholders, and in their opinion this support will continue.

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.

(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

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For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(c) Income Tax continued

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:

Fixed asset class	Depreciation rate
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 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

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;

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(e) Leases continued

- 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.

(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).

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

Financial assets

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

Classification

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

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

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

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 that 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 asset has increased significantly 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(g) Financial instruments continued

Financial assets continued

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

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

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

Trade receivables

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

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(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 long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to change in assumptions for other long-term employee benefits, the net change in the obligations due to change in employee benefits expense in the periods in which the changes occur.

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

(j) Cash and cash equivalents

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

(k) Trade and Other Receivables

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

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

(l) Trade and Other Payables

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

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Notes to the Financial Statements

For the Year Ended 30 June 2021

1 Summary of Significant Accounting Policies continued

(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.

(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 into 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.

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 it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The Group's ability to generate future taxable profits are uncertain as at 30 June 2021, therefore, no deferred tax asset or liability is recognised as at the reporting date.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Revenue and Other Income

	Consolidated	
	2021	2020
	\$	\$
From continuing operations		
- Grain accumulation income	22,252	36,017
- Interest income	5	30
- Other income	-	(2,473)
- Government grants - cash flow boost	37,500	62,500
Total revenue from continuing operations	59,757	96,074

4 Result for the Period

The result for the period includes the following specific expenses:

Depreciation expenses	228	2,716
Rental expenses relating to operating leases	63,500	12,031
Defined contribution superannuation expenses	35,421	34,868
Interest expenses - related party loans	63,164	29,795

5 Income Tax Expense

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

Current tax expense		
Deferred tax	-	764,837
Income tax expense for continuing operations	-	764,837
Reconciliation of income tax to accounting profit:		
Loss from continuing operations before income tax expense	(2,834,982)	(1,900,616)
Tax @ 27.5%	(779,620)	(522,669)
Less:		
Tax effect of:		
- derecognition of deferred tax assets	779,620	1,287,506
Income tax expense/(benefit)	-	764,837

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Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Remuneration of Auditors

	Consolidated	
	2021	2020
	\$	\$
Remuneration of the auditor of the Group, William Buck, for:		
- auditing or reviewing the financial statements	32,840	37,324
- taxation services	9,245	12,248
Total	42,085	49,572

7 Cash and cash equivalents

CURRENT		
Cash at bank	6,070	116,446
	6,070	116,446

8 Trade and other receivables

CURRENT		
Trade receivables	-	40,000
Deferred expenses	569,201	-
Other receivables	-	2,500
	569,201	42,500

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	17,712	2,349
	17,712	2,349

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Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Property, plant and equipment

	Consolidated	
	2021	2020
	\$	\$
Freehold land		
At cost	1,492,272	1,492,272
Capital works in progress		
At cost	5,701,731	3,849,874
Plant and equipment		
At cost	10,980	24,118
Accumulated depreciation and impairment losses	(9,977)	(22,230)
	1,003	1,888
	7,195,006	5,344,034

(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:

	Capital Works in Progress	Land	Plant and Equipment	Total
Consolidated	\$	\$	\$	\$
Year ended 30 June 2021				
Balance at the beginning of year	3,849,874	1,492,272	1,888	5,344,034
Additions	1,851,857	-	-	1,851,857
Disposals - written down value	-	-	(657)	(657)
Depreciation expense	-	-	(228)	(228)
Balance at the end of the year	5,701,731	1,492,272	1,003	7,195,006
Consolidated	\$	\$	\$	\$
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

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Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	245,518	650,631
Income received in advance	-	18,048
Accrued interest	50,595	52,406
Other payables	49,239	3,077
	345,352	724,162

12 Borrowings

CURRENT		
Secured liabilities:		
Other loans (ii)	2,500,000	-
Convertible Notes (i)	5,595,836	-
Total current borrowings	8,095,836	-
NON-CURRENT		
Unsecured liabilities:		
Loans from directors (iii)	1,245,000	500,000
Secured liabilities:		
Convertible Notes (i)	-	2,824,500
Other loans (ii)	-	2,500,000
Total non-current borrowings	1,245,000	5,824,500

Summary of borrowings

(i) The Group issued a total of \$5,595,836 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, additional loans of \$745,000 were secured by FREE Eyre Limited by two directors of the company. The purpose of the loans are 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

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Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Employee Benefits

	Consolidated	
	2021	2020
	\$	\$
CURRENT		
Annual leave	21,324	4,463
	21,324	4,463
NON-CURRENT		
Long service leave	301	-
	301	-
(a) Analysis of Employee Benefits		
Opening balance	4,463	45,031
Amount provided during the period	28,389	20,819
Leave taken during the year	(11,227)	(61,387)
Closing balance	21,625	4,463

14 Issued Capital

3,803,992 Ordinary shares (2020: 2,789,337)	5,394,389	4,384,909
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(a) Share Capital

	No.	No.
At the beginning of the reporting period	2,789,337	2,308,163
Shares issued during the year		
Fully paid ordinary shares	1,014,655	481,174
At the end of the reporting period	3,803,992	2,789,337

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Financial Instruments

	Consolidated	
	2021	2020
	\$	\$
Financial Assets		
Amortised cost		
- Cash and cash equivalents	6,070	116,446
- Trade and other receivables	-	40,000
	<u>6,070</u>	<u>156,446</u>
Financial Liabilities		
Amortised cost		
- Trade and other payables	345,352	724,162
- Loans from directors	1,245,000	500,000
- Other loans	2,500,000	2,500,000
- Convertible notes	5,595,836	2,824,500
	<u>9,686,188</u>	<u>6,548,662</u>

16 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.

(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.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Financial Risk Management continued

(b) Liquidity risk continued

Maturity analysis

Consolidated	Less than 1 year		1 to 2 years	2 to 5 years	
	2021	2020	2021	2021	2020
	\$	\$	\$	\$	\$
Trade payables	245,518	650,631	-	-	-
Other payables	99,834	55,483	-	-	-
Income received in advance	-	18,048	-	-	-
Loans	2,500,000	-	-	1,245,000	3,000,000
Convertible notes	5,595,836	-	-	-	2,824,500
Total	8,441,188	724,162	-	1,245,000	5,824,500

(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 2021 investments in cash, fixed interest and floating interest amount to \$6,070 (2020: \$116,446), while obligation arising on floating rate debt amount to \$3,745,000. All else remaining equal, a 1% increase or decrease in interest rate during the year ended 30 June 2021 would result in a decrease in net loss of \$45,389 (2020: \$28,835 decrease).

(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 (2020: \$nil). Sales are only made to customers that are considered credit worthy.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

17 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 (2020: 100%) and FREE Eyre Grain Pty Ltd (2020: 100%) and 88% of Peninsula Ports Pty Ltd (2020: 100%). 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

Matthew Baker (resigned 30 September 2020)

Gordon Toll

Brian Calderwood (resigned 2 June 2021)

Greg Walters (Chief Executive Officer of Peninsula Ports Pty Ltd)

(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 2019	Balance 30 June 2020	Balance 30 June 2020	Balance 30 June 2021	Balance 30 June 2021
David John Giddings	4,500	-	4,500	17,627	22,127
Trevor Ray Gilmore	7,875	3,000	10,875	13,750	24,625
John Roger Crosby	2,500	-	2,500	93,929	96,429
Kevin O'Driscoll	-	-	-	49,335	49,335
	14,875	3,000	17,875	174,641	192,516

No other key management personnel held shares during the period.

	Options issued		Options issued		
	Balance 30 June 2019	Balance 30 June 2020	Balance 30 June 2020	Balance 30 June 2021	Balance 30 June 2021
David Giddings (i)	-	54,000	54,000	37,500	91,500
Kevin O'Driscoll (i)	-	54,000	54,000	125,000	179,000
Trevor Ray Gilmore (i)	-	54,000	54,000	-	54,000
John Roger Crosby (i)	-	90,000	90,000	200,000	290,000
Gordon Toll (i)	-	54,000	54,000	-	54,000
Greg Walters (ii)	-	500,000	500,000	-	500,000
	-	806,000	806,000	362,500	1,168,500

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Related Parties continued

(b) Group Shareholdings continued

(i) During 2020, 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. In 2021, more options were issued to convertible note holders in lieu of accrued interest on convertible notes to acquire 1,398,961 (out of which 362,500 is related to directors of the Group) ordinary shares in the capital of Peninsula Ports Pty Ltd at an option price of 33% discount to final round of Peninsula Ports's share price per share with no vesting conditions with the maturity date being 30 June 2024.

(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, exercisable at the commencement of construction of Port Spencer grain export facility with the maturity date being 3 years after occurrence of vesting condition.

(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 after the first shipment from Port Spencer with the maturity date being 3 years after occurrence of vesting condition.

Baker Young Stockbrokers Ltd also charged \$206,360 commissions for the capital raised during the period.

(c) Convertible Notes with related parties

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

	Convertible Notes Balance 30 June 2021	Convertible Notes Balance 30 June 2020
	\$	\$
Director		
John Roger Crosby	800,000	600,000
Kevin O'Driscoll	500,000	300,000
	<u>1,300,000</u>	<u>900,000</u>
Related parties (i)		
BY Nominees	424,500	424,500
BY Nominees Pty Ltd	1,848,000	1,400,000
The Frahn Super Fund	133,334	100,000
	<u>2,405,834</u>	<u>1,924,500</u>

(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.

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Related Parties continued

(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.

The following transactions occurred with related parties:

	Short-term cash salary fees \$	Post- employment Superannuation \$	Share- based Payments \$	Total \$
2021				
Directors				
John Roger Crosby	-	-	39,367	39,367
Trevor Ray Gilmore	-	-	23,620	23,620
David John Giddings	-	-	23,620	23,620
Kevin O'Driscoll	1,000	95	23,620	24,715
Gordon Toll	-	-	23,620	23,620
	1,000	95	133,847	134,942
Management				
Greg Walters	227,346	21,598	99,918	348,862
	228,346	21,693	233,765	483,804
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
	27,000	2,566	11,153	40,719
Management				
Mark Andrew Rodda	205,569	19,529	-	225,098
Greg Walters	28,013	2,661	285,289	315,963
	233,582	22,190	285,289	541,061
	260,582	24,756	296,442	581,780

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

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Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Related Parties continued

(e) Loans from Directors

	2021	2020
	\$	\$
Trevor Ray Gilmore	700,000	500,000
John Roger Crosby	545,000	-
	1,245,000	500,000

The Company must repay the principal to the lenders 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 Company must pay the lenders interest at the prescribed rate of 10% - 11% 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 as at 30 June 2021 was \$50,595 (2020: \$29,795).

18 Reserves

(a) Share option reserve

This reserve records the cumulative value of employee service 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 2021, Peninsula Ports Pty Ltd has 1,250,000 vested ordinary share options outstanding and 2,008,961 ordinary share options which are yet to vest. During the year, an expense of \$953,474 (2020: \$298,412) for the share options issued has been recognised.

19 Share-based Payments

The Group established a Share Option Plan during the last 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. During the 2021 financial year, the Company has further issued 1,398,961 share options to convertible noteholders in lieu of Convertible Note interest payable up to 30 June 2022. These options are valued at nil due to going concern issues of the Company.

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

Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Balance at the end of the year	Share-based payment expenses 2021
3 June 2020	3 June 2025	\$2.00	250,000	-	-	250,000	- (ii)
3 June 2020	3 June 2025	\$3.00	250,000	-	-	250,000	\$99,918 (i)
10 June 2020	10 June 2023	\$2.00	360,000	-	-	360,000	\$157,468 (iii)
6 July 2020	30 June 2023	\$2.00	-	1,000,000	-	1,000,000	\$696,088 (iv)
30 June 2021	30 June 2024	33% discount to final round of PPPL share price	-	1,398,961	-	1,398,961	- (v)

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Share-based Payments continued

The vesting conditions are as follows:

- (i) First shipment from Port Spencer development facility.
- (ii) Commencement of construction of Port Spencer facility.
- (iii) Practical completion of the Port Spencer development project. This is estimated to occur on 31 December 2021.
- (iv) No vesting conditions attached.
- (v) This share option valuation is nil due to cashflow uncertainty of the the company.

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.

	Parcel 1	Parcel 2	Parcel 3	Parcel 4	Parcel 5
Grant date:	3 June 2020	3 June 2020	10 June 2020	6 July 2020	30 June 2021
Expiry date:	3 June 2025	3 June 2025	10 June 2023	30 June 2023	30 June 2024
Share price at grant date (\$):	2.00	2.00	2.00	2.00	1.50
Exercise price (\$):	2.00	3.00	2.00	2.00	33% discount to final round in PPPL share price
Expected share price volatility:	68.00%	68.00%	68.00%	68.00%	-
Risk-free interest rate:	0.40%	0.40%	0.26%	0.26%	-
Fair value at grant date (\$):	1.1079	0.6328	0.6925	0.6961	-

20 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	
		2021	2020
Subsidiaries:			
FREE Eyre Grain Pty Ltd	Australia	100	100
EP Storage Pty Ltd	Australia	100	100
Peninsula Ports Pty Ltd	Australia	88	100

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

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2021

21 Cash Flow Information

Reconciliation of result for the period to cashflows from operating activities

	Consolidated	
	2021	2020
	\$	\$
Total loss for the year	(2,834,982)	(2,665,453)
Non-cash flows in loss:		
- depreciation and amortisation	228	2,716
- net loss on disposal of property, plant and equipment	657	10,100
- share based payment	953,474	298,412
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	42,501	(40,100)
- (increase)/decrease in other assets	(15,363)	2,816
- decrease in deferred tax	-	764,838
- increase in trade and other payables	11,468	557,620
- increase/(decrease) in provisions	17,162	(40,568)
Cashflow from operations	<u>(1,824,855)</u>	<u>(1,109,619)</u>

22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 12 October 2021 by the board of directors.

Subsequent to year end, a further \$210,000 of proceeds from borrowing was obtained from one of the directors. These were received in July and August 2021.

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

23 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2021 (30 June 2020: None).

FREE Eyre Limited & Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2021

24 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	6,973,275	3,808,089
Non-current assets	274,303	275,164
Total Assets	7,247,578	4,083,253
Liabilities		
Current liabilities	5,649,688	172,628
Non-current liabilities	1,245,000	3,324,500
Total Liabilities	6,894,688	3,497,128
Equity		
Issued capital	4,434,910	4,384,910
Retained earnings	(4,082,020)	(3,798,785)
Total Equity	352,890	586,125

Statement of Profit or Loss and Other Comprehensive Income

Total loss for the year	283,226	1,608,706
Total comprehensive income	283,226	1,608,706

25 Operating Segments

Segment information

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

26 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

Free Eyre Limited and Controlled Entities

ACN 124 308 341

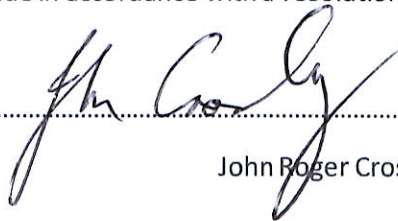
Directors Declaration

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 2021 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 2021 and performance for the year ended on that date of the company and consolidated group;
2. In the director's 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 12/10 2021

FREE Eyre Limited & Controlled Entities

Independent auditor's report to members

Report on the Audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit the financial report of FREE Eyre Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

We do not express an opinion on the accompanying financial report of the Group due to the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2021. 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 2021 complies with section 300A of the *Corporations Act 2001*.

Basis for Disclaimer of Opinion

We draw attention to Note 1(b) of the financial report, which indicates the Group incurred a loss before tax of \$2,834,982 for the year ended 30 June 2021, has a deficiency of current assets to current liabilities of \$7,869,529 and a deficiency of total assets to total liabilities of \$1,919,824 at year end. Finance facilities of \$2,500,000 and convertible notes of \$5,595,836 are maturing in May and June 2022 respectively, and the related terms are yet to be formally re-negotiated with the financier or noteholders. Although we understand the Directors are expecting to secure additional funding in the immediate future, as at the date of this report the Group is reliant on successful debt or equity funding being finalised or the terms of current liabilities being formally re-negotiated in the coming twelve-month period.

ACCOUNTANTS & ADVISORS

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These circumstances have impacted our ability to satisfy ourselves with sufficient appropriate audit evidence that the Group will be able to continue a going concern and therefore, realise its assets and discharge its liabilities in the normal course of business at the amounts recognised in the financial statements. Due to the nature and quantum, this matter is considered both material and pervasive to the financial report.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is 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 management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Group.

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 2021, 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

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We are independent of the Group in accordance with 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.

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 (SA)

ABN: 38 280 203 274



G.W. Martinella

Dated this 12th day of October 2021
Adelaide

ACCOUNTANTS & ADVISORS

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