

# **FREE Eyre Limited & Controlled Entities**

ACN 124 308 041

## **Interim Financial Report**

**For the Half-Year Ended 31 December 2020**

# **FREE Eyre Limited & Controlled Entities**

ACN 124 308 041

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**For the Half-Year Ended 31 December 2020**

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# FREE Eyre Limited & Controlled Entities

ACN 124 308 041

## Directors' Report

31 December 2020

The directors submit the financial report of the consolidated group for the half-year ended 31 December 2020.

### General information

#### Information on directors

The names of each person who has been a director during the half-year and to the date of this report are:

John Crosby (Chairman)

Kevin O'Driscoll

David Giddings

Trevor Gilmore

Matthew Baker (resigned 30 September 2020)

Brian Calderwood

Gordon Toll

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

### Operating results and review of operations for the half-year

#### Review of operations

The Group recorded a net loss after tax of \$1,545,826 for the half-year ended 31 December 2020 (2019: Loss after tax \$1,556,062).

A summary of consolidated revenues and net loss before tax from continuing operations for the half-year by business segment follows:

#### Revenue

No income was received from Free Eyre operations (2019: Nil) for the half-year ended 31 December 2020 other than bank interest received. Significant effort has been placed in raising more capital for the Port Spencer development project.

#### Net Loss

The net loss after tax of \$1,545,826 for the half-year ended 31 December 2020 (2019: \$791,238) has increased compared to the previous half-year period due to significant expenditure incurred on the new development of Port Spencer project.

#### Balance Sheet

The net assets deficit of \$2,116,885 has decreased during the half-year primarily due to significant expenditure on the Port Spencer development project. Free Eyre obtained capital raising through convertible notes during the half year ended 31 December 2020.

#### Cash Flow

Operating activities used net cash of \$1,081,709 for the half-year ended 31 December 2020 mostly comprised of payments to suppliers, contractors and employees and interest payments.

**FREE Eyre Limited & Controlled Entities**

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**Directors' Report**

**31 December 2020**

**Rounding of amounts**

The consolidated group is not of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and therefore cannot 'round off' any amounts in the half-year Financial Report and Director's Report to the nearest thousand dollars. The consolidated group must show the amounts in the Director's Report and half-year Financial Report at the nearest whole dollar amount.

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2020 has been received and can be found on page 3 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director:

John Crosby

A handwritten signature in black ink, appearing to read 'John Crosby', is written over the printed name.

Dated this 7<sup>th</sup> day of September 2021

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



**William Buck**  
ABN: 38 280 203 274



**G.W. Martinella**  
Partner

Dated this 7<sup>th</sup> day of September, 2021 in Adelaide, South Australia.

### ACCOUNTANTS & ADVISORS

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FREE Eyre Limited & Controlled Entities

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**Consolidated Statement of Profit or Loss and Other  
Comprehensive Income**

**For the Half Year Ended 31 December 2020**

	2020	2019
	\$	\$
Revenue	4	4
Other Income	37,500	-
Administration expenses	(209,059)	(113,264)
Employee expenses	(250,868)	(217,649)
Travel and accommodation	(22,301)	(55,491)
Depreciation expense	(114)	(1,354)
Directors fees	(15,877)	(13,140)
Other expenses	(188,047)	(177,202)
Interest expenses	(420,327)	(213,142)
Share-based payment expense	(476,737)	-
<b>Loss before income tax</b>	<b>(1,545,826)</b>	<b>(791,238)</b>
Income tax expense	-	(764,824)
<b>Loss for the half-year</b>	<b>(1,545,826)</b>	<b>(1,556,062)</b>
Other comprehensive income, net of income tax	-	-
<b>Total comprehensive income for the half-year</b>	<b>(1,545,826)</b>	<b>(1,556,062)</b>
Loss for the half-year attributable to:		
Members of the parent entity	(1,545,826)	(1,556,062)
Total comprehensive income for the half-year attributable to:		
Members of the parent entity	(1,545,826)	(1,556,062)

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 31 December 2020**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	<b>46,039</b>	116,446
Trade and other receivables	-	42,500
Other assets	<b>9,963</b>	2,349
<b>TOTAL CURRENT ASSETS</b>	<b>56,002</b>	161,295
NON-CURRENT ASSETS		
Property, plant and equipment	<b>7,043,954</b>	5,344,034
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,043,954</b>	5,344,034
<b>TOTAL ASSETS</b>	<b>7,099,956</b>	5,505,329
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	<b>705,904</b>	724,162
Employee benefits	<b>15,101</b>	4,463
<b>TOTAL CURRENT LIABILITIES</b>	<b>721,005</b>	728,625
NON-CURRENT LIABILITIES		
Borrowing	<b>8,495,836</b>	5,824,500
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,495,836</b>	5,824,500
<b>TOTAL LIABILITIES</b>	<b>9,216,841</b>	6,553,125
<b>NET ASSETS</b>	<b>(2,116,885)</b>	(1,047,796)
<b>EQUITY</b>		
Issued capital	<b>4,384,909</b>	4,384,909
Reserves	<b>775,149</b>	298,412
Retained earnings	<b>(7,276,943)</b>	(5,731,117)
<b>TOTAL EQUITY</b>	<b>(2,116,885)</b>	(1,047,796)

The accompanying notes form part of these financial statements.

**FREE Eyre Limited & Controlled Entities**

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**Consolidated Statement of Changes in Equity**  
**For the Half Year Ended 31 December 2020**

**2020**

	<b>Issued Capital</b>	<b>Share-based Payment Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2020</b>	<b>4,384,909</b>	<b>298,412</b>	<b>(5,731,117)</b>	<b>(1,047,796)</b>
Loss for the half-year	-	-	(1,545,826)	(1,545,826)
Option expense recognised in the half-year	-	476,737	-	476,737
<b>Balance at 31 December 2020</b>	<b>4,384,909</b>	<b>775,149</b>	<b>(7,276,943)</b>	<b>(2,116,885)</b>

**2019**

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

The accompanying notes form part of these financial statements.



**FREE Eyre Limited & Controlled Entities**

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**Consolidated Statement of Cash Flows**

**For the Half Year Ended 31 December 2020**

	2020	2019
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from others	2,500	-
Payments to suppliers and employees	(701,386)	(617,910)
Interest received	4	4
Interest paid	(420,327)	(191,096)
Income taxes paid	-	14
Receipt from grants	37,500	-
Net cash used in operating activities	<u>(1,081,709)</u>	<u>(808,988)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of property, plant & equipment	658	-
Purchase of property, plant and equipment	(1,700,692)	(2,121,917)
Net cash used in investing activities	<u>(1,700,034)</u>	<u>(2,121,917)</u>
Proceeds from issue of shares	37,500	330,501
Proceeds from the issue of convertible notes	2,673,836	2,695,000
Net cash provided by financing activities	<u>2,711,336</u>	<u>3,025,501</u>
Net (decrease) / increase in cash and cash equivalents held	(70,407)	94,596
Cash and cash equivalents at beginning of year	116,446	740,988
Cash and cash equivalents at end of the half-year	<u>46,039</u>	<u>835,584</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 Half-Year Ended 31 December 2020

The financial report covers Free Eyre Limited and its controlled entities ('the Group'). FREE Eyre Limited & Controlled Entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The address of the registered office and principal place of business is Level 6, 121 King William Street, Adelaide SA 5000.

#### 1. Basis of Preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2020.

The general purpose interim financial statements for the half-year reporting period ending 31 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of FREE Eyre Limited & Controlled Entities. The interim financial statements do not include all the notes normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the entity, as the full financial statements. It is therefore recommended the interim financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made by FREE Eyre Limited during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

The financial statements have been prepared on an accruals basis and are based on historical costs.

## **FREE Eyre Limited & Controlled Entities**

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### **Notes to the Financial Statements For the Half-Year Ended 31 December 2020**

#### **2. 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 \$1,545,826 and an decrease of cash and cash equivalents of \$70,407 for the period ended 31 December 2020. As at balance date there is a deficiency of total assets to total liabilities of \$2,116,885. 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 \$250 million including contingencies.

As at 31 December 2020, seed funding of \$9.4 million comprising a mix of loans, convertible notes and share capital, has been received.

Subsequent to year-end, a further \$150,000 has been received in the form of share capital and Series A convertible notes as at May 2021. 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 ongoing 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; and
- 3) Noteholders have agreed to convert interest payments into additional shares until funding is finalised and settled.

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.

#### **3. Segment information**

The Group operates in a single business segment of supporting farming communities and within a single geographical region being South Australia.



## FREE Eyre Limited & Controlled Entities

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### Notes to the Financial Statements For the Half-Year Ended 31 December 2020

#### 4. Borrowings

	2020	2019
	\$	\$
NON-CURRENT		
Secured liabilities:		
Convertible notes (i)	5,495,836	2,824,500
Other loans (ii)	2,500,000	2,500,000
Loans from directors (iii)	500,000	-
<b>Total borrowings</b>	<b>8,495,836</b>	<b>5,324,500</b>

(i) The Group issued a total of \$5,495,836 of Series A convertible notes to directors and external investors as at 31 December 2020. 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. Each note has a face value of \$2 and 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 by Sargin CT 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 was subject to viability as deemed by the Directors

#### 5. Commitments

There has been no change in commitments since the last annual reporting period, 30 June 2020.

#### 6. Contingencies

There has been no change in contingent liabilities since the last annual reporting period, 30 June 2020.

#### 7. Events after the End of the Interim Period

Subsequent to year-end, a further \$150,000 has been received in the form of share capital and Series A convertible notes as at May 2021. 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.

Further, two new loan agreements were entered between two of the directors and Peninsula Ports Pty Ltd for a total amount of \$338,740.

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

## FREE Eyre Limited & Controlled Entities

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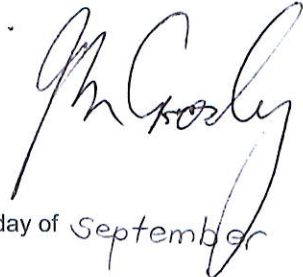
### Directors' Declaration

In accordance with a resolution of the directors of the Free Eyre Limited & Controlled Entities, the directors of the Group declare that:

1. The financial statements and notes, as set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
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 with the continuing support of creditors.

Director  
John Crosby

Dated this 7<sup>th</sup> day of September 2021



## FREE Eyre Limited & Controlled Entities

### Independent auditor's report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of FREE Eyre Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Free Eyre Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the half-year financial report, which indicates the Group incurred a loss before tax of \$1,545,826 for the half-year ended 31 December 2020, has a deficiency of current assets to current liabilities of \$665,003 and a deficiency of total assets to total liabilities of \$2,116,885 at half-year end. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ACCOUNTANTS & ADVISORS

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## **Responsibilities of Management for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**William Buck**

ABN: 38 280 203 274



**G.W. Martinella**

Dated this 7<sup>th</sup> day of September 2021  
Adelaide

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