

# **FREE Eyre Ltd and Controlled Entities**

ACN 124 308 041

## **Financial Statements**

For the Year Ended 30 June 2022

# FREE Eyre Limited and Controlled Entities

ACN 124 308 041

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For the Year Ended 30 June 2022

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## **FREE Eyre Limited and Controlled Entities**

ACN 124 308 041

### **Corporate Directory**

**30 June 2022**

#### **Company Secretary**

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

#### **Auditor**

Fiona Gordon  
Perks Audit Pty Ltd  
8/81 Flinders Street  
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](http://www.free-eyre.com.au)

# FREE Eyre Limited and Controlled Entities

ACN 124 308 041

## Directors' Report

30 June 2022

The directors present their report, on FREE Eyre Limited ("the Company"), and its controlled entities for the financial year ended 30 June 2022. The consolidated entity is herein referred to as "the Group".

### 1. 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**

*Qualifications*

*Experience*

*Special Responsibilities*

**Director of FREE Eyre Ltd**

Bachelor in Applied Science (Agriculture), Strategic Planning by Principle Focus, Farm Training by TAFE

Past Chair and Committee member of Lower Eyre Agricultural Association LEADA

FREE Eyre Ltd 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**

*Experience*

*Businesses owned and managed*

**Chairman of the Board, Director of FREE Eyre Ltd**

Chairman, Agribusiness Advisory Board to Adelaide University and Board Member, Stoney Pinch Sands

Owner and Managing Director of JR Crosby and MJ Fisher and Owner and Managing Director of C&F International Pty Ltd

**Kevin O'Driscoll**

*Experience*

**Director of FREE Eyre Ltd**

Chairman of the Board of Directors of AusBulk Ltd, March 1995 – March 2004.

**Gordon Toll**

*Qualifications*

*Experience*

**Director of FREE Eyre Ltd**

Honours degree in mining engineering from University of Queensland. Masters degree in business from Columbia University NY.

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).

**John S Dawkins AO**

*Experience*

**Alternate Director of FREE Eyre Ltd (appointed 14 June 2022)**

After nearly 20 years in the Federal Parliament including 11 years as a Cabinet Minister, in 1994 he established and managed a small, prize winning, vineyard in the Barossa where he and his family lived for nearly 30 years.

His business and professional activities have included advising the World Bank, the OECD, UNESCO and UNDP on a variety of topics.

His numerous directorships have included as initial Chair of Elders Rural Bank, Asgard Capital Management, Cbus Super, Australian Bauxite Ltd and others.

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

# FREE Eyre Limited and Controlled Entities

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## Directors' Report

30 June 2022

### 1. General information

#### Principal activities

The principal activities of the Group during the financial year were to oversee the capital raising activities for the construction of a new port facility, to be known as Port Spencer. The new 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 financial report) 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.

### 2. Operating results and review of operations for the year

#### Operating results

The consolidated loss of the Group amounted to \$ (1,695,320) (2021: \$ (2,834,982)).

#### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

#### Review of operations

A review of the operations of the Group during the financial year and the results of those operations report that the loss before tax has increased from the previous financial year.

### 3. 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.

#### Events after the reporting date

Other than as disclosed in Note 22 to the financial statements, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

# FREE Eyre Limited and Controlled Entities

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## Directors' Report

30 June 2022

### 3. Other items

#### Future developments and results

The Group 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 receipt and export facility at Port Spencer.

#### Environmental issues

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

#### Company secretary

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

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

#### Meetings of directors

During the financial year 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
David Giddings	8
Trevor Ray Gilmore	8
John Roger Crosby	9
Kevin O'Driscoll	9
Gordon Toll	1
John S Dawkins AO (alternate)	1

#### Shares

During the financial period FREE Eyre Limited and Controlled Entities issued 4,714 shares at an average cost price of \$1.50 per share, to individuals and entities outside of the Group. Total share capital raised during the 2022 financial year was \$7,070.

# FREE Eyre Limited and Controlled Entities

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## Directors' Report

30 June 2022

### 3. Other items

#### Indemnification and insurance of officers and auditors

During the financial year the Group paid a premium in respect of contract insuring directors and officers of the Group against a liability incurred as a 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 willful 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 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 2022 has been received and can be found on page 9 of the financial report.

### 4. Remuneration report (audited)

#### Remuneration policy

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

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

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

The Board's 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.

On the recommendation of the Remuneration Committee, directors were to receive a fixed fee per meeting of \$500, split evenly between FREE Eyre Limited and Peninsula Ports Pty Ltd, with the Chairman provided an additional amount of \$5,000 per month. As for the 2021 financial year, the Directors wrote off the accrued director fees until such time as the Port Spencer project achieves a financial close on funding.

# FREE Eyre Limited and Controlled Entities

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## Directors' Report

30 June 2022

### 4. Remuneration report (audited)

#### Remuneration policy

##### *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.

#### Relationship between remuneration policy and company performance

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

#### Trading summary

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

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue	-	59,757	96,074	40,698	409,044
(Loss) for the year	(1,695,320)	(2,834,982)	(2,665,453)	(426,403)	(366,674)

The directors have not declared a dividend for the 2022 financial year (2021:Nil).



## FREE Eyre Limited and Controlled Entities

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### Directors' Report

30 June 2022

#### 4. Remuneration report (audited)

##### Remuneration details for the year ended 30 June 2022

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 \$
2022	\$	\$	\$	
<b>Directors</b>				
John Roger Crosby	-	-	20,215	20,215
Trevor Ray Gilmore	-	-	12,129	12,129
David John Giddings	-	-	12,129	12,129
Kevin O'Driscoll	-	-	12,129	12,129
Gordon Toll	-	-	12,129	12,129
John Dawkins (alternate)	-	-	12,129	12,129
	-	-	80,860	80,860
<b>Management</b>				
Greg Walters	225,577	22,558	51,309	299,444
	225,577	22,558	132,169	380,304

	Short-term cash salary fees	Post-employment superannuation	Share-based payments	Total \$
2021	\$	\$	\$	
<b>Directors</b>				
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
<b>Management</b>				
Greg Walters	227,346	21,598	99,918	348,862
	228,346	21,693	233,765	483,804

The Board and key personnel receive the superannuation guarantee contribution required by the government, which was 10% for the 2022 financial year (2021: 9.5%) and do not receive any other retirement benefits.

# FREE Eyre Limited and Controlled Entities

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## Directors' Report

30 June 2022

### 4. Remuneration report (audited)

#### Options

During the 2021 financial year, options were also issued to the Directors and the 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 2022, Peninsula Ports Pty Ltd has 1,250,000 vested ordinary share options (2021: 1,250,000) outstanding and 610,000 ordinary share options (2021: 556,000) 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	Number 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	360,000	\$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 for further details relating to the number of options issued during the 2021 and 2022 financial years.

(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.

#### End of Audited Remuneration Report

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

Director: .....

John Roger Crosby

Dated this 25th day of November 2022

Address  
8/81 Flinders Street  
Adelaide SA 5000  
Telephone  
(08) 8273 9300  
info@perks.com.au  
perks.com.au

**FREE Eyre Limited and Controlled Entities**

ACN 124 308 041

**Auditor's Independence Declaration under Section 307C  
of the Corporations Act 2001 to the Directors of FREE  
Eyre Limited**

In accordance with section 307C of the *Corporations Act 2001* I am pleased to provide the following declaration of independence to the directors of FREE Eyre Limited.

As the lead audit partner for the audit of the financial statements of FREE Eyre Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PERKS AUDIT PTY LTD

8/81 Flinders St

Adelaide

South Australia



FIONA C GORDON

Director

Registered Company Auditor, 531049

Dated this 25th day of November 2022

Chartered Accountants  
Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554  
Liability limited by a scheme approved  
under Professional Standards Legislation.

Audit  
Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661  
Liability limited by a scheme approved  
under Professional Standards Legislation.

Private Wealth  
Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058  
Australian Financial Services  
Licence No. 236 551

Finance  
Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660  
Australian Credit Licence No. 378241

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

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

For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	3	-	59,757
Share-based payment expense	18	3,478	(953,474)
Finance costs	4	(1,136,323)	(923,636)
Employee expenses	4	(397,929)	(485,131)
Administration expenses	4	(134,032)	(207,579)
Consulting and advisory expenses		(16,158)	(281,719)
Travel and accommodation		(11,479)	(36,666)
Other expenses		(2,698)	(5,211)
Depreciation expenses	4	(179)	(228)
Director fees		-	(1,095)
<b>(Loss) before income tax</b>		<b>(1,695,320)</b>	<b>(2,834,982)</b>
Income tax (expense)	5	-	-
<b>(Loss) for the year</b>		<b>(1,695,320)</b>	<b>(2,834,982)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) for the year</b>		<b>(1,695,320)</b>	<b>(2,834,982)</b>
Total comprehensive (loss) attributable to:			
Members of the parent entity		(1,145,900)	(2,601,192)
Non-controlling interest		(549,420)	(233,790)
		<b>(1,695,320)</b>	<b>(2,834,982)</b>

The accompanying notes form part of these financial statements.

# FREE Eyre Limited and Controlled Entities

ACN 124 308 041

## Consolidated Statement of Financial Position As At 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	1,998	6,070
Trade and other receivables	8	-	569,201
Other assets	9	9,112	17,712
<b>TOTAL CURRENT ASSETS</b>		<b>11,110</b>	<b>592,983</b>
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,300,941	7,195,006
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,300,941</b>	<b>7,195,006</b>
<b>TOTAL ASSETS</b>		<b>7,312,051</b>	<b>7,787,989</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	594,278	345,352
Borrowings	12	9,015,836	8,795,836
Employee benefits	13	24,853	21,324
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,634,967</b>	<b>9,162,512</b>
NON-CURRENT LIABILITIES			
Borrowings	12	1,287,315	545,000
Employee benefits	13	1,321	301
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,288,636</b>	<b>545,301</b>
<b>TOTAL LIABILITIES</b>		<b>10,923,603</b>	<b>9,707,813</b>
<b>NET LIABILITIES</b>		<b>(3,611,552)</b>	<b>(1,919,824)</b>
<b>EQUITY</b>			
Issued capital	14	5,401,459	5,394,389
Reserves	18	1,248,408	1,251,886
(Accumulated losses)		(9,478,209)	(8,332,309)
<b>Total equity attributable to equity holders of the Company</b>		<b>(2,828,342)</b>	<b>(1,686,034)</b>
Non-controlling interest		(783,210)	(233,790)
<b>TOTAL EQUITY</b>		<b>(3,611,552)</b>	<b>(1,919,824)</b>

The accompanying notes form part of these financial statements.

## FREE Eyre Limited and Controlled Entities

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### Consolidated Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Note	Issued Capital \$	(Accumulated Losses) \$	Share- based Payment Reserve \$	Non- controlling Interest \$	Total \$
<b>Balance at 1 July 2021</b>		<b>5,394,389</b>	<b>(8,332,309)</b>	<b>1,251,886</b>	<b>(233,790)</b>	<b>(1,919,824)</b>
Loss attributable to members of the parent entity		-	(1,695,320)	-	-	(1,695,320)
Loss attributable to non-controlling interest		-	549,420	-	(549,420)	-
<b>Transactions with owners in their capacity as owners</b>						
Option expense recognised in the year	19	-	-	(3,478)	-	(3,478)
Share issued during the year	14	7,070	-	-	-	7,070
<b>Balance at 30 June 2022</b>		<b>5,401,459</b>	<b>(9,478,209)</b>	<b>1,248,408</b>	<b>(783,210)</b>	<b>(3,611,552)</b>

2021

	Note	Issued Capital \$	(Accumulated Losses) \$	Share- based Payment Reserve \$	Non- controlling Interest \$	Total \$
<b>Balance at 1 July 2020</b>		<b>4,384,909</b>	<b>(5,731,117)</b>	<b>298,412</b>	<b>-</b>	<b>(1,047,796)</b>
Loss attributable to members of the parent entity		-	(2,834,982)	-	-	(2,834,982)
Loss attributable to non-controlling interest		-	233,790	-	(233,790)	-
<b>Transactions with owners in their capacity as owners</b>						
Option expense recognised in the year	19	-	-	953,474	-	953,474
Shares issued during the year	14	1,009,480	-	-	-	1,009,480
<b>Balance at 30 June 2021</b>		<b>5,394,389</b>	<b>(8,332,309)</b>	<b>1,251,886</b>	<b>(233,790)</b>	<b>(1,919,824)</b>

The accompanying notes form part of these financial statements.

## FREE Eyre Limited and Controlled Entities

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### Consolidated Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	-	113,143
Payments to suppliers and employees	<b>(517,122)</b>	(1,455,235)
Interest paid	<b>(343,151)</b>	(482,763)
Net cash (used in) operating activities	<b>(860,273)</b>	(1,824,855)
	21	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	<b>(106,114)</b>	(1,851,857)
Net cash (used in) investing activities	<b>(106,114)</b>	(1,851,857)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from loans received	<b>3,242,315</b>	745,000
Proceeds from convertible notes	<b>220,000</b>	2,771,336
Proceeds from the issue of shares, net of costs	-	50,000
Repayment of borrowings	<b>(2,500,000)</b>	-
Net cash provided by financing activities	<b>962,315</b>	3,566,336
Net (decrease) in cash and cash equivalents held	<b>(4,072)</b>	(110,376)
Cash and cash equivalents at beginning of year	<b>6,070</b>	116,446
Cash and cash equivalents at end of financial year	<b>1,998</b>	6,070
	7	

The accompanying notes form part of these financial statements.

## FREE Eyre Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2022

The financial report covers FREE Eyre Limited (the "Company") 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 report was authorised for issue by the Directors on 25th November 2022.

Comparatives are consistent with prior years, unless otherwise stated.

### 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 consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income.



# FREE Eyre Limited and Controlled Entities

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## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

#### (b) Going concern

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

The Group incurred a loss before tax of \$1,695,320 for the year ended 30 June 2022. As at the balance sheet date there is a deficiency of current assets to current liabilities of \$9,623,857 (2021: deficiency \$8,569,529) and a deficiency of total assets to total liabilities of \$3,611,552.

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 2022, the funding for the Port Spencer development comprised a mix of loans (directors and others), convertible notes and share capital.

The directors' current expectations are that the completion of the Port Spencer development will occur by August 2024. This is subject to the Company's subsidiary, Peninsula Ports Pty Ltd, securing the necessary funding from current negotiations to complete the project.

All convertible notes now on issue, including those issued as part of seed funding, matured at 30 June 2022.

All convertible noteholders agreed to the FREE Eyre Capitalising Interest Term Sheet at 30 June 2021 (see Note 12 for further details), effectively deferring the repayment of interest accrued to 30 June 2022.

Subsequent to 30 June 2022, directors communicated with all convertible noteholders that there would be a further rollover to the facility, being a three week window past a decision by ARIA Commodities Australia Pty Ltd on its due diligence and design reviews. The three week period may be shortened as the Board determines.

At the date of signing these financial statements, a mortgage document has been drafted, but not executed, providing ARIA Commodities Australia Pty Pty Ltd with a secured interest over the Peninsula Ports Pty Ltd land that is recognised in these consolidated financial statements.

At the date of signing these financial statements, discussions continue with ARIA Commodities Australia Pty Ltd as to the funding of the Port Spencer development.

Directors continue to regularly monitor cashflows of the Group and continue to reduce on-going operating costs as appropriate.

Based on current discussions as outlined above, the Directors are confident that capital raising targets will be met in the near future to fund the Port Spencer development, subject to any final negotiations with ARIA Commodities Pty Ltd.

The Directors are of the opinion that the Group is a going concern and continue to implement the following strategies to ensure continued financial support for future periods, whilst funding arrangements are being negotiated:

1. Working capital requirements for day to day operations of the Group are being provided by one Director;
2. Noteholders agreed to convert interest payments up to the 30 June 2022 into additional shares until funding is finalised and settled;
3. The convertible notes facility has been rolled over as outlined above;

## **FREE Eyre Limited and Controlled Entities**

ACN 124 308 041

# **Notes to the Consolidated Financial Statements**

## **For the Year Ended 30 June 2022**

### **1 Summary of Significant Accounting Policies**

#### **(b) Going concern**

4. The Directors current expectations are that negotiations with ARIA Commodities Australia Pty Ltd will be finalised in December 2022; and
5. The Directors maintain communications with, and support from creditors, noteholders and potential investors.

If the debt or equity raising for 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 not continue as a going concern.

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

# FREE Eyre Limited and Controlled Entities

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## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

#### (c) Income Tax

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

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

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

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

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

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

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

#### (d) Property, plant and equipment

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

## FREE Eyre Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

## 1 Summary of Significant Accounting Policies

### (d) Property, plant and equipment

#### Depreciation

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;
- 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.

## **FREE Eyre Limited and Controlled Entities**

ACN 124 308 041

# **Notes to the Consolidated Financial Statements**

## **For the Year Ended 30 June 2022**

### **1 Summary of Significant Accounting Policies**

#### **(e) Leases**

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:

##### **Rendering of Services**

Revenue from services is recognised when the service is provided.

##### **Interest Revenue**

Interest revenue is recognised using the effective interest method.

##### **Other Income**

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

## FREE Eyre Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

## 1 Summary of Significant Accounting Policies

### (g) Financial instruments

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

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

#### Financial assets

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

##### *Classification*

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

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

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

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

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

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

# FREE Eyre Limited and Controlled Entities

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## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

#### (g) Financial instruments

##### Financial assets

##### Impairment of financial assets

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

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased 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.

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 receivable and contract asset 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.

# FREE Eyre Limited and Controlled Entities

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## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

#### (g) Financial instruments

##### 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, related party and other loans and convertible notes.

#### (h) Impairment of non-financial assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (i) Employee benefits

##### Short-term employee benefits

Provision is made for the Group's 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 and salaries. 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 consolidated statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised in the consolidated statement of financial position.



## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

#### (i) Employee benefits

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 - 60 days of recognition of the liability.

#### (m) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

Cash flows in the consolidated 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.

# FREE Eyre Limited and Controlled Entities

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## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

### 1 Summary of Significant Accounting Policies

#### (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 employee share and option schemes. The fair value of the equity to which employees 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 a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

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

Note 18 and 19 to the consolidated financial statements outline the changes recognised in 2022 due to the re-estimation of the expected vesting date of the directors' options and change to the CEO's employment tenure.

### 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 2022, therefore, no deferred tax asset is recognised as at the reporting date.

## FREE Eyre Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 3 Revenue and Other Income

	2022	2021
	\$	\$
Revenue from continuing operations		
- Grain accumulation income	-	22,252
- interest received	-	5
- Government grants - cash flow boost	-	37,500
<b>Total Revenue</b>	<b>-</b>	<b>59,757</b>

#### 4 Result for the period

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Depreciation expenses	179	228
Rental expenses relating to short term operating leases	63,900	63,500
Defined contribution superannuation expenses	34,003	35,421
Interest expenses - related party loans	177,860	63,164

#### 5 Income Tax Expense

(a) Reconciliation of income tax to accounting (loss):

	2022	2021
	\$	\$
(Loss) from continuing operations before income tax expense	(1,695,320)	(2,834,982)
Tax @ 25% (2021: 26%)	(423,830)	(737,095)
Less:		
Tax effect of:		
- derecognition of deferred tax assets	(355,094)	(737,095)
Income tax attributable to parent entity	(68,736)	-
Income tax expense/(benefit)	(68,736)	-

#### 6 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor of the Group, Fiona Gordon, director of Perks Audit Pty Ltd, for:		
- auditing or reviewing the financial statements	28,000	-
Remuneration of the auditor of the Group, William Buck, for:		
- auditing or reviewing the financial statements	-	32,840
- taxation services	-	9,245
<b>Total</b>	<b>28,000</b>	<b>42,085</b>

## FREE Eyre Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 7 Cash and Cash Equivalents

	2022	2021
	\$	\$
CURRENT		
Cash at bank	1,998	6,070
	<u>1,998</u>	<u>6,070</u>

#### (a) Reconciliation of cash

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

	2022	2021
	\$	\$
Cash and cash equivalents	1,998	6,070

#### 8 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Deferred expenses	-	569,201
	<u>-</u>	<u>569,201</u>

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

#### 9 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	9,112	17,712
	<u>9,112</u>	<u>17,712</u>

## FREE Eyre Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 10 Property, plant and equipment

	2022	2021
	\$	\$
Freehold land		
At cost	1,492,272	1,492,272
Capital works in progress		
At cost	5,807,845	5,701,731
Plant and equipment		
At cost	10,980	10,980
Accumulated depreciation	(10,156)	(9,977)
Total plant and equipment	824	1,003
<b>Total property, plant and equipment</b>	<b>7,300,941</b>	<b>7,195,006</b>

#### (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 year:

	Land	Capital Works in Progress	Plant and Equipment	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2022</b>				
Balance at the beginning of year	1,492,272	5,701,731	1,003	7,195,006
Additions	-	106,114	-	106,114
Depreciation expense	-	-	(179)	(179)
<b>Balance at the end of the year</b>	<b>1,492,272</b>	<b>5,807,845</b>	<b>824</b>	<b>7,300,941</b>

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

## FREE Eyre Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 11 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	267,929	245,518
Others payable	58,852	49,239
Accrued interest	267,497	50,595
	<u>594,278</u>	<u>345,352</u>

#### 12 Borrowings

	2022	2021
	\$	\$
CURRENT		
<i>Unsecured liabilities:</i>		
Loans from directors (iii)	200,000	200,000
Other loans (iv)	2,500,000	-
	<u>2,700,000</u>	<u>200,000</u>
<i>Secured liabilities:</i>		
Loans from directors (iii)	500,000	500,000
Convertible notes (i)	5,815,836	5,595,836
Other loans (ii)	-	2,500,000
<b>Total current borrowings</b>	<u>9,015,836</u>	<u>8,795,836</u>
NON-CURRENT		
<i>Unsecured liabilities:</i>		
Loans from directors (iii)	1,285,500	545,000
Loans from management	1,815	-
<b>Total non-current borrowings</b>	<u>1,287,315</u>	<u>545,000</u>

#### Summary of borrowings

- i. The Group issued a total of \$5,595,836 of Series A convertible notes to directors and external investors, prior to the 30 June 2021. The convertible notes had a maturity date of 30 June 2022, at which point the note holder had 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.

In accordance with the FREE Eyre Capitalising Interest Term Sheets, interest on the convertible notes to the 30 June 2022 was converted to equity in Peninsula Ports Pty Ltd at 30 June 2021. The 2022 financial year interest was recognised as a deferred expense in Note 8 to the consolidated financial statements and subsequently expensed in the 2022 financial year.

The shares in Peninsula Ports Pty Ltd were priced at \$1.50 and a free "one for two option" over the Peninsula Port Pty Ltd's shares was also provided for every convertible note held. The exercise of the options is at a 33% discount to the final round in the Peninsula Ports Pty Ltd share price, with an expiry date of June 2024.

## FREE Eyre Limited and Controlled Entities

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# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2022

### 12 Borrowings

#### Summary of borrowings

Subsequent to the year end, the directors informed the convertible note holders of a rollover of the facility to a new date, being a three week window past a decision by ARIA Commodities Australia Pty Ltd on its due diligence and design reviews. The three week period may be shortened as the Board determines.

The increase of \$220,000 in the 2022 financial year relates to new issues, with the same conditions as noted above.

- ii. On 30 May 2019, a loan of \$2,500,000 was advanced to Peninsula Ports Pty Ltd. The loan was for a term of 3 years at an interest rate of 15% per annum with repayment due at the end of the term. The loan was secured over the land purchase at Port Spencer in addition to a general security deed over all the assets of Peninsula Ports Pty Ltd. This loan was fully repaid on 29 June 2022.
- iii. During the year, additional loans of \$740,500 were secured by FREE Eyre Limited from 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. The secured component relates to the monies advanced for the deposit on the land purchase and is secured by way of a registered mortgage over the land.
- iv. On the 23 June 2022, \$2,500,000 was received from ARIA Commodities Australia Pty Ltd which was used to repay the the loan outlined in Note 12(ii) above. The loan is unsecured, and repayment terms have not been established at the date of signing these financial statements. The funds were advanced to refinance the Group's existing debts and fund the development, commercialisation and operation of Port Spencer, including related expenses to deliver such projects.

### 13 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Annual leave	24,853	21,324
	<u>24,853</u>	<u>21,324</u>
NON-CURRENT		
Long service leave	1,321	301
	<u>1,321</u>	<u>301</u>

#### (a) Analysis of Employee Benefits

	2022	2021
	\$	\$
Opening balance	21,625	4,463
Amount provided during the period	30,058	28,389
Leave taken during the year	(25,509)	(11,227)
<b>Closing balance</b>	<u>26,174</u>	<u>21,625</u>

## FREE Eyre Limited and Controlled Entities

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### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 14 Issued Capital

	2022	2021
	\$	\$
3,808,706 (2021: 3,803,992) Ordinary shares	<b>5,401,459</b>	5,394,389
<b>(a) Ordinary shares</b>		
	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
At the beginning of the reporting period	<b>3,803,992</b>	2,789,337
Shares issued during the year:		
Fully paid ordinary shares	<b>4,714</b>	1,014,655
At the end of the reporting period	<b>3,808,706</b>	3,803,992

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.

#### 15 Financial Instruments

	2022	2021
	\$	\$
<b>Financial assets</b>		
<i>Amortised cost</i>		
- Cash and cash equivalents	<b>1,998</b>	6,070
<b>Total financial assets held at amortised cost</b>	<b>1,998</b>	6,070
<b>Financial liabilities</b>		
<i>Amortised cost</i>		
- Trade and other payables	<b>594,277</b>	345,352
- Loans from directors	<b>1,985,500</b>	1,245,000
- Other loans	<b>2,500,000</b>	2,500,000
- Loans from management	<b>1,815</b>	-
- Convertible notes	<b>5,815,836</b>	5,595,836
<b>Total financial liabilities held at amortised cost</b>	<b>10,897,428</b>	9,686,188



## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2022

### 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.

##### *Maturity analysis*

	Less than 1 Year		1 to 2 Years		2 to 5 Years	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>						
Trade payables	267,929	245,518	-	-	-	-
Other payables	326,348	99,834	-	-	-	-
Loans from management	1,815	-	-	-	-	-
Loans from directors	700,000	700,000	1,285,000	545,000	-	-
Loans from other parties	2,500,000	2,500,000	-	-	-	-
Convertible notes	5,815,836	5,595,836	-	-	-	-
<b>Total</b>	<b>9,611,928</b>	<b>9,141,188</b>	<b>1,285,000</b>	<b>545,000</b>	<b>-</b>	<b>-</b>

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2022

### 16 Financial Risk Management

#### (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. Accordingly, interest rate risk is minimal.

Sensitivity analysis:

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

At 30 June 2022 investments in cash, fixed interest and floating interest amount to \$1,998 (2021: \$6,070), while the obligation arising on floating rate debt amounts to \$4,487,315 (2021: \$3,745,000). All else remaining equal, a 1% increase or decrease in interest rate during the year would result in an increase or decrease in net loss of \$44,873 (2021: \$45,389).

##### (ii) Price risk

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

#### (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 (2021: \$nil). Sales are only made to customers that are considered credit worthy.

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 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 (2021: 100%) and FREE Eyre Grain Pty Ltd (2021: 100%) and 76% of Peninsula Ports Pty Ltd (2021: 88%). 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

Gordon Toll

John S Dawkins AO (alternate director, appointed 14 June 2022)

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

(b) Group shareholdings

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

Shares	Balance at 30	Shares	Balance at 30	Shares	Balance at 30
	June 2020	purchased / issued 2021	June 2021	purchased / issued 2022	June 2022
	No.	No.	No.	No.	No.
David John Giddings	4,500	17,627	22,127	-	22,127
Trevor Ray Gilmore	10,875	13,750	24,625	-	24,625
John Roger Crosby	2,500	93,929	96,429	-	96,429
Kevin O'Driscoll	-	49,335	49,335	719	50,054
John S Dawkins AO (alternate)	-	2,350	2,350	-	2,350
Greg Walters	-	-	-	2,009	2,009
	<b>17,875</b>	<b>176,991</b>	<b>194,866</b>	<b>2,728</b>	<b>197,594</b>

No other key management personnel held shares during the financial year.

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 17 Related Parties

##### (b) Group shareholdings

	Balance at 30 June 2020	Options issued 2021	Balance at 30 June 2021	Options issued 2022	Balance at 30 June 2022
Options	No.	No.	No.	No.	No.
David John Giddings (i)(ii)	54,000	37,500	91,500	-	91,500
Trevor Ray Gilmore (i)	54,000	-	54,000	-	54,000
John Roger Crosby (i)(ii)	90,000	200,000	290,000	-	290,000
Kevin O'Driscoll (i)(ii)(iii)	54,000	125,000	179,000	6,667	185,667
Gordon Toll (i)	54,000	-	54,000	-	54,000
John S Dawkins AO (alternate) (i)(ii)	54,000	5,000	59,000	-	59,000
<b>Management</b>					
Greg Walters (iii)(iv)	500,000	-	500,000	50,000	550,000
	<b>860,000</b>	<b>367,500</b>	<b>1,227,500</b>	<b>56,667</b>	<b>1,284,167</b>

The details of options issued to key management personnel are as follows:

- (i) During 2020, options were issued to Directors or their related entities in lieu of Director fees to acquire 360,000 ordinary shares in the capital of Peninsula Ports Pty Ltd ("Peninsula Ports") 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 of 10 June 2023. John Dawkins' options related to Board Advisor services, not director fees.
- (ii) In 2021, additional options were issued to convertible note holders in lieu of accrued interest on convertible notes to acquire 1,398,961 (of which, 362,500 relate to directors of the Group) ordinary shares in the capital of Peninsula Ports at an option price equal to the share price offered in the final round of Peninsula Port's share issues, less a 33% discount. These options have no vesting conditions and a maturity date of 30 June 2024.
- (iii) In 2022, a further 69,167 options (of which, 6,667 relate to directors of the Group) to acquire ordinary shares in the capital of Peninsula Ports were issued to convertible note holders in lieu of accrued interest on convertible notes. These options have the same terms and maturity date as those issued in 2021.
- (iv) Greg Walters was appointed Chief Executive Officer of Peninsula Ports, a wholly owned subsidiary of FREE Eyre Limited, on 18 May 2020. In consideration of his employment, the Group offered, and Mr Walters accepted, the following options:
  - (a) Options to acquire 250,000 ordinary shares in the capital of Peninsula Ports at an option price of \$2 per share, exercisable at the commencement of construction of Port Spencer grain export facility, with a maturity date being 3 years after occurrence of the vesting condition.
  - (b) Options to acquire 250,000 ordinary shares in the capital of Peninsula Ports 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 the vesting condition.

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 17 Related Parties

##### (c) Convertible Notes with related parties

	Convertible Notes balance 30 June 2022 \$	Convertible Notes balance 30 June 2021 \$
<b>Directors</b>		
John Roger Crosby	800,000	800,000
Kevin O'Driscoll	520,000	500,000
David John Giddings	150,000	-
<b>Management</b>		
Greg Walters	150,000	-
	<u>1,620,000</u>	<u>1,300,000</u>
<b>Related parties</b>		
The Frahn Super Fund	<u>133,334</u>	<u>133,334</u>

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 17 Related Parties

##### (d) Group compensation

Transactions between related parties are on normal commercial terms and have 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
	\$	\$	\$	\$
<b>2022</b>				
<b>Directors</b>				
John Roger Crosby	-	-	20,215	20,215
Trevor Ray Gilmore	-	-	12,129	12,129
David John Giddings	-	-	12,129	12,129
Kevin O'Driscoll	-	-	12,129	12,129
Gordon Toll	-	-	12,129	12,129
John S Dawkins AO (alternate)	-	-	12,129	12,129
	-	-	80,860	80,860
<b>Management</b>				
Greg Walters	225,577	22,558	51,309	299,444
	225,577	22,558	132,169	380,304
	Short-term cash salary fees	Post- employment superannuation	Share-based payments	Total
	\$	\$	\$	\$
<b>2021</b>				
<b>Directors</b>				
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
<b>Management</b>				
Greg Walters	227,346	21,598	99,918	348,862
	228,346	21,693	233,765	483,804

The Board and other key management personnel receive a superannuation contribution guarantee required by the government, which is currently 10% (2021: 9.5%) and do not receive any other retirement benefits.

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 17 Related Parties

##### (e) Loans from directors

	2022	2021
	\$	\$
<b>Loans from KMP</b>		
<b>Directors</b>		
Trevor Ray Gilmore	700,000	700,000
John Roger Crosby	1,285,500	545,000
<b>Management</b>		
Greg Walters	1,815	-
	<u>1,987,315</u>	<u>1,245,000</u>

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 2022 was \$228,455 (2021: \$50,595).

#### 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 2022, Peninsula Ports Pty Ltd has 2,718,123 (2021: 1,250,000) vested ordinary share options outstanding and 610,000 (2021: 2,008,961) ordinary share options which are yet to vest. During the year, a credit to the profit and loss of \$3,478 (2021: \$953,474) was recognised, for the share options. See Note 19 for further details.

	<b>2022</b>
	<b>\$</b>
Share-based payments for current year services rendered (Note 17(d))	<b>132,169</b>
Adjustment to prior period calculations for the re-estimation of vesting dates (see Note 2(o) for details)	<b>(135,647)</b>
<b>Total share-based payments expense</b>	<b><u>(3,478)</u></b>

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 19 Share-based Payments

The Group established a Share Option Plan in 2021 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 2022 financial year, the Company issued a further 69,167 (2021: 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 (income) / expenses 2022
03 June 2020	03 June 2025	\$2.00	250,000	-	-	250,000	- (ii)
03 June 2020	03 June 2025	\$3.00	250,000	-	-	250,000	(\$1,350) (i)
10 June 2020	10 June 2023	\$2.00	360,000	-	-	360,000	(\$2,128) (iii)
06 July 2020	30 June 2023	\$2.00	1,000,000	-	-	1,000,000	- (iv)
30 June 2021	30 June 2024	33% discount to final round of PPPL share price	1,398,961	-	-	1,398,961	- (v)
15 November 2021	30 June 2024	33% discount to final round of PPPL share price	-	12,500	-	12,500	- (v)
06 December 2021	30 June 2024	33% discount to final round of PPPL share price	-	6,667	-	6,667	- (v)
13 April 2022	30 June 2024	33% discount to final round of PPPL share price	-	50,000	-	50,000	- (v)

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 now estimated to occur in August 2024. The vesting period over which the options are expensed has been adjusted accordingly (see note 2(o) for further details).
- (iv) No vesting conditions attached.
- (v) This share option valuation is nil due to cashflow uncertainty of the the company.



## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 19 Share-based Payments

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 \$nil (2021: \$0.78). The 2021 value was calculated using Black-Scholes option and Binomial pricing model using the following inputs:

	Parcel 1	Parcel 2	Parcel 3	Parcel 4	Parcels 5 to 7
Grant date:	03 June 2020	03 June 2020	10 June 2020	06 July 2020	Various
Expiry date:	03 June 2025	03 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 (\$):	1.11	0.63	0.69	0.70	-

During the financial year, Parcels 2 and 3 were re-calculated in line with the change to the estimated practical completion date of the Port Spencer project.

#### 20 Interests in Subsidiaries

##### (a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2022	2021
<b>Subsidiaries:</b>			
FREE Eyre Grain Pty Ltd	Australia	100	100
EP Storage Pty Ltd	Australia	100	100
Peninsula Ports Pty Ltd	Australia	76	88

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

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 21 Cash Flow Information

##### Reconciliation of result for the year to cashflows from operating activities

	2022	2021
	\$	\$
Total loss for the year	(1,695,320)	(2,834,982)
Non-cash flows in loss:		
- share based payment	(3,478)	953,474
- interest on convertible notes converted to shares	7,070	-
- depreciation and amortisation	179	228
- net loss on disposal of property, plant and equipment	-	657
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	569,201	42,501
- (increase)/decrease in other assets	8,600	(15,363)
- increase/(decrease) in trade and other payables	248,926	11,468
- increase/(decrease) in provisions	4,549	17,162
Cashflows (used in) operations	<u>(860,273)</u>	<u>(1,824,855)</u>

#### 22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 25th November 2022 by the board of directors.

Subsequent to year end, a further \$203,000 of funds were provided to the Group by one of the directors. These were received in the period 1 July 2022 to the date of signing these financial statements.

Subsequent to year end, an additional \$138,909 of funding was provided by ARIA Ports Australia Pty Ltd to assist with meeting the Group's continued obligations.

In July 2022, \$50,000 was received for the issue of additional convertible notes. In addition, the existing convertible note holders facility was rolled over in accordance with the details outlined in Note 12 to the financial statements.

Except for the above, no 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 2022 (30 June 2021: None).

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

### Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

#### 24 Parent entity

The following information has been extracted from the books and records of the parent, FREE Eyre Limited and Controlled Entities and has been prepared in accordance with Accounting Standards on the same basis as the consolidated financial statements.

##### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

##### *Tax consolidation legislation*

FREE Eyre Limited and Controlled Entities and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group.

	2022	2021
	\$	\$
<b>Statement of Financial Position</b>		
Assets		
Current assets	8,006,511	6,973,275
Non-current assets	1,000,865	274,303
Total Assets	<u>9,007,376</u>	<u>7,247,578</u>
Liabilities		
Current liabilities	6,060,831	5,649,688
Non-current liabilities	1,987,315	1,245,000
Total Liabilities	<u>8,048,146</u>	<u>6,894,688</u>
Equity		
Issued capital	4,434,910	4,434,910
Accumulated losses	(3,475,680)	(4,082,020)
Total Equity	<u>959,230</u>	<u>352,890</u>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit / (loss) for the year	<u>606,340</u>	<u>(283,226)</u>
<b>Total comprehensive income</b>	<u>606,340</u>	<u>(283,226)</u>

##### **Guarantees**

The parent entity has not entered into any Deeds of Cross-Guarantee with its subsidiaries.

##### **Contingent liabilities**

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

##### **Contractual commitments**

The parent entity did not have any commitments as at 30 June 2022 or 30 June 2021.

## **FREE Eyre Limited and Controlled Entities**

ACN 124 308 041

# **Notes to the Consolidated Financial Statements**

## **For the Year Ended 30 June 2022**

### **25 Operating Segments**

#### **Segment information**

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

### **26 Statutory Information**

The registered office and principal place of business of the company is:

FREE Eyre Limited  
Level 6, 121 King William Street  
Adelaide SA 5000

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

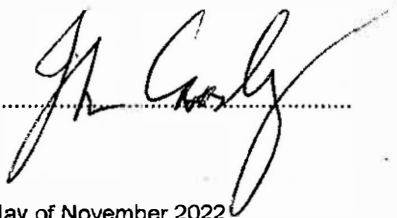
### Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2022, as set out on pages 10 to 42, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards, which, as stated in the basis of preparation section in the Notes 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 2022 and performance for the year ended on that date of the Company and the consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .....



Dated this 25th day of November 2022

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

# Independent Auditor's Report to the members of FREE Eyre Limited

## Opinion

We have audited the financial report of FREE Eyre Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of \$1,695,320 the year ended 30 June 2022 and, as of that date, the Group's current liabilities exceeded its current assets by \$9,623,857 and total liabilities exceed total assets by \$3,611,552. As stated in Note 1(b), if the Group is unable to meet its day to day capital requirements or cannot secure funding for the Port Spencer development, then these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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perks.com.au

Chartered Accountants  
Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554  
Liability limited by a scheme approved  
under Professional Standards Legislation.

Audit  
Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661  
Liability limited by a scheme approved  
under Professional Standards Legislation.

Private Wealth  
Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058  
Australian Financial Services  
Licence No. 236 551

Finance  
Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660  
Australian Credit Licence No. 378241

## FREE Eyre Limited and Controlled Entities

ACN 124 308 041

# Independent Auditor's Report to the members of FREE Eyre Limited

## Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's Report, excluding the Remuneration Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554  
Liability limited by a scheme approved  
under Professional Standards Legislation.

Audit  
Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661  
Liability limited by a scheme approved  
under Professional Standards Legislation.

Private Wealth  
Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058  
Australian Financial Services  
Licence No. 236 551

Finance  
Perks Finance Pty Ltd

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# Independent Auditor's Report to the members of FREE Eyre Limited

## Auditor's Responsibilities for the Audit of the Financial Report (continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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## Independent Auditor's Report to the members of FREE Eyre Limited

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included on pages 5 to 8 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of FREE Eyre Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Perks Audit Pty Ltd  
8/81 Flinders Street  
Adelaide  
South Australia 5000



FIONA C GORDON  
Director  
Registered Company Auditor, 531049

Dated this 25th day of November 2022

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