

**Tillegrah Limited**  
**Appendix 4E**  
**Preliminary Final Report**

**1. Company details**

Name of entity:	Tillegrah Limited
ABN:	80 112 379 503
Reporting period:	Year ended 30 June 2019
Previous period:	Year ended 30 June 2018

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**2. Results for announcement to the market**

				\$
Revenues from ordinary activities	Down	64%	to	111,191
Loss from ordinary activities for the period after tax attributable to the owners of Tillegrah Limited	Up	50%	to	(424,528)
Net loss for the period attributable to the owners of Tillegrah Limited	Up	50%	to	(424,528)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Review of operations*

The loss for the consolidated entity after providing for income tax amounted to \$424,528 (30 June 2018: Loss of \$844,908) Net operating cash outflows were \$410,555 (2018: Outflows of \$775,801). As at 30 June 2019 the consolidated entity had cash of \$33,970 (2018: \$220,603).

On 19 September 2018, the Company entered into a Heads of Agreement with Traprock Mining Limited, an unlisted Australian Public Company. Under the agreement, the Company had the right to acquire all of the shares of Traprock Mining Limited under certain terms and conditions. Traprock holds certain mining interests in Queensland including two previously operating open cut mines. On 4 December 2018, the Company withdrew from the agreement after considering the Global Market volatility at the time and the ongoing weakness in new investment in the Australian mining sector.

The Company holds US patent 9,587,170 for "Proppant Material Incorporating Fly Ash and Method of Manufacture" in relation to the process of manufacturing Proppant for use in the oil and gas industry.

At the 2018 Annual General Meeting of the Company held on 15 January 2019, shareholders approved the consolidation of its equity securities by converting every two (2) existing shares, options or performance rights into one (1) share, option or performance right.

At the 2018 Annual General Meeting of the Company held on 15 January 2019, shareholders approved the issue of up to 62,050,000 Note Conversion Shares at \$0.004 each to professional and sophisticated investors and the directors to raise up to \$248,200.

At the 2018 Annual General Meeting of the Company held on 15 January 2019, shareholders approved the change of company name to Tillegrah Limited which took effect from 16 January 2019. The change of ASX code to TIH took effect from 30 January 2019.

The Board continues to review new proposals from a number of industries to identify an opportunity which would allow the Company to grow future value and enable the Company to recommence trading on the Australian Securities Exchange.

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.19)</u>	<u>(0.08)</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Details of associates and joint ventures**

Not applicable.

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**7. Foreign entities**

. Not applicable.

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**8. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

This preliminary financial report is based on accounts which are in the process of being audited. No disputes or qualifications are likely to occur. As the company and its controlled entities are currently reliant on raising capital to continue as a going concern, an emphasis of matter paragraph, which is not a qualification, regarding going concern may be included in the audit report.

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**9. Attachments**

*Details of attachments (if any):*

The Preliminary Final Report of Tillegrah Limited for the year ended 30 June 2019 is attached.

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**10. Signed**

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

Dated this 30th day of August 2019



D.J. LANSKEY  
Chairman

# **TILLEGRAH LIMITED**

**ABN 80 112 379 503**

## **UNAUDITED PRELIMINARY FINAL REPORT**

**FOR THE YEAR ENDED**

**30 June 2019**

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Interest revenue		3,307	17,867
Fair value (loss) gain on financial assets at fair value through profit or loss	9	44,314	-
Profit on sale of plant and equipment	10	4,182	-
Other income		7,307	38,643
Administration expenses		(209,408)	(377,319)
Depreciation and amortisation expenses	10	-	-
Expenses relating to the advancement of proppant technology		(68,688)	(1,885,239)
Employee and consultant expenses	4	(163,830)	(265,747)
Finance costs		(2,142)	(3,173)
Legal expenses		(12,103)	(132,924)
Loss on revaluation of financial assets	4, 9	-	(47,123)
Marketing and travel expenses		-	(23,138)
Options expense		(9,398)	-
Other expenses	4	(70,150)	(69,140)
Reversal of provision for R&D tax	12	52,081	-
Settlement of R&D Tax Offset Incentive	12	-	250,993
Loss before income tax		(424,528)	(844,908)
Income tax expense	2	-	-
Loss after income tax		(424,528)	(844,908)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income/(loss)</b>		<b>(424,528)</b>	<b>(844,908)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share</b>			
Basic loss per share	5	(0.77)	(2.00)
Diluted loss per share	5	(0.77)	(2.00)

*The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements*

# STATEMENT OF FINANCIAL POSITION

## Consolidated Statement of Financial Position As at 30 June 2019

	Note	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	33,970	220,603
Other receivables	7	17,326	12,486
Other assets	8	14,556	13,215
Financial assets at fair value through profit or loss	9	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>65,852</b>	<b>246,304</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>64,836</b>	<b>246,304</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	265,642	233,870
Provisions	12	-	45,294
<b>TOTAL CURRENT LIABILITIES</b>		<b>265,642</b>	<b>279,164</b>
<b>TOTAL LIABILITIES</b>		<b>265,642</b>	<b>279,164</b>
<b>NET ASSETS/ (LIABILITIES)</b>		<b>(199,790)</b>	<b>(32,860)</b>
<b>EQUITY</b>			
Contributed capital	13	713,358	465,158
Share based payment reserves	14	9,398	-
Accumulated losses		(922,546)	(498,018)
<b>TOTAL EQUITY/(DEFICIENCY)</b>		<b>(199,790)</b>	<b>(32,860)</b>

*The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.*

## STATEMENT OF CHANGES IN EQUITY

### Consolidated Statement of Changes in Equity For the year ended 30 June 2019

	Contributed Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2017</b>	465,158	346,890	-	812,048
<b>Comprehensive income</b>				
Loss after income tax	-	-	(844,908)	(844,908)
Total comprehensive income	-	-	(844,908)	(844,908)
<b>Transactions with owners in their capacity as owners</b>				
Options lapsed unexercised	-	(346,890)	346,890	-
Total	-	(346,890)	346,890	-
<b>Balance at 30 June 2018</b>	465,158	-	(499,018)	(32,860)
<b>Balance at 1 July 2018</b>	465,158	-	(499,018)	(32,860)
<b>Comprehensive income</b>				
Loss after income tax	-	-	(424,528)	(424,528)
Total comprehensive income	-	-	(424,528)	(424,528)
<b>Transactions with owners in their capacity as owners</b>				
Contributions of capital	248,200	-	-	248,200
Options expense	-	9,398	-	9,398
Total	248,200	9,398	-	257,598
<b>Balance at 30 June 2019</b>	713,358	9,398	(922,546)	(199,790)

*The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.*

# STATEMENT OF CASH FLOWS

## Consolidated Statement of Cash Flows For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		134	17,867
Payments to suppliers and employees		(425,729)	(1,054,548)
Finance costs		(2,142)	-
Settlement of R&D Tax Offset Incentive	12	9,960	250,993
Other receipts		7,222	9,887
Net cash provided by/(used in) operating activities	16	(410,555)	(775,801)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of plant & equipment	10	4,182	4,000
Proceeds from the sale of financial assets	9	44,314	326,027
Net cash provided by/(used in) investing activities		48,496	330,027
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contributions of capital		175,426	1,963,810
Capital raising costs		-	(33,000)
Net cash provided/(used in) by financing activities		175,426	1,930,810
Net increase/(decrease) in cash and cash equivalents held		(186,633)	(445,774)
Cash and cash equivalents at the beginning of the financial year		<b>220,603</b>	<b>666,377</b>
Cash and cash equivalents at the end of the financial year		<b>33,970</b>	<b>220,603</b>

*The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.*

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Introduction

This financial report covers the Consolidated Entity of Tillegrah Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity").

The accounting policies have been consistently applied, unless otherwise stated.

### Operations and principal activities

Tillegrah Limited is an Australian oil and gas technology company focused on developing a next generation, fly-ash based, proppant for use in hydraulic fracturing (fracking) of oil and gas wells globally. Proppants are a major input and cost item in the fracking process and represent a multi-billion dollar global market annually. They are a sand-like commodity used to 'prop' open fractures in shale rocks which allows oil and gas to flow. Tillegrah is seeking to commercialise its proppant as a cost effective, superior alternative to bauxite and clay based proppants, typically used in fracking operations currently.

### Currency

The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Company.

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Tillegrah Limited is a for-profit entity for the purpose of preparing the financial statements. The financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board (IASB).

### Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a net loss after tax for the 2019 financial year of \$424,528 (2018: Loss of \$844,908) and net operating cash outflows of \$410,555 (2018: Outflows of \$775,801). As at 30 June 2019 the consolidated entity had cash of \$33,970 (2018: \$220,603).

The ability of the consolidated entity to continue as a going concern is principally dependent upon the following conditions:

- the ability of the consolidated entity to meet its cashflow forecasts;
- the ability of the consolidated entity to continue raising capital and or debt, as and when necessary; and
- the ability of the consolidated entity to sell its intellectual property.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- ability to apply discretion in the consolidated entity's spending;
- ongoing progress on development of the Group's intellectual property which could yield financial returns when successfully exploited;
- the continued financial support of the directors who have agreed not to call their debts until the consolidated entity has the financial capacity to repay those amounts;
- the ability to raise capital and or debt, as and when necessary which includes plans to raise a convertible note of \$250,000 before 31 December 2019;
- the vetting of potential business opportunities to vend assets into the Company.



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

### Historical cost convention

The financial statements have been prepared under the historical convention, modified, where applicable, by the measurement at fair value of selected financial assets.

### Accounting policies

#### **(a) Principles of Consolidation**

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

### Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

#### **(b) Income Tax**

The income tax expense (benefit) 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable 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.

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.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

### (c) Plant and Equipment

Each class of property and equipment is carried at cost less any accumulated depreciation and impairment losses, if any.

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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of policy for impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset is:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Motor vehicles	25%
Office and Furniture equipment	40% - 67%
Lab and Workshop equipment	14% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit and loss.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership is transferred to entities in the Consolidated Entity, are classified as finance leases. Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

### (e) Financial Instruments under AASB 139

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out in note below. In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

#### (i) Classification and Measurement

On 1 January 2018 (the date of initial application of AASB 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. There were no changes to the classification and measurement of financial assets.

#### (ii) Impairment of financial assets

The Group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables.

The group was required to revise its impairment methodology under AASB. There was no material impact of the change in impairment methodology on the group's retained earnings and equity.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

#### (i) Investments and other financial assets

##### Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### *Debt instruments*

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

### *Impairment*

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### *Fair Values*

The fair values of Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

### **(f) Impairment of non-financial assets**

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. 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 carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. 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 Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **(g) Employee Benefits**

#### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

#### *(ii) Other long-term employee benefit obligations*

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Contributions to defined contribution plans are expensed when incurred.

### **(h) Cash and Cash Equivalents**

For statement of cash flow presentation purposes cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

### **(i) Revenue and Other Income**

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the rights to receive the dividends are established.

### **(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant tax authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

### **(k) Share Capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Earnings/Loss per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### (m) Comparative Figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (n) Foreign Exchange

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit and loss.

### (o) Intangible Assets

#### Research and development

Costs associated with maintaining the proppant technology are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique proppant technologies controlled by the consolidated entity are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the technology so that it will be available for use
- management intends to complete the technology and use or sell it
- there is an ability to use or sell the technology
- it can be demonstrated how the technology will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the technology are available, and
- the expenditure attributable to the technology during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the technology include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### (p) Finance Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

For non-specific borrowings, borrowing costs are capitalised using a weighted average capitalisation rate. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the consolidated entity incurs in connection with the borrowing of funds.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Investment in Associates

Associates are entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Consolidated Entity's share of net assets of the associate company. The Consolidated Entity's share of the profit or loss of the associate company is included in the Consolidated Entity's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Consolidated Entity's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits or losses resulting from transactions between the Consolidated Entity and the associate are eliminated to the extent of the Consolidated Entity's interest in the associate.

When the Consolidated Entity's share of losses in an associate equal or exceeds its interest in the associate, the Consolidated Entity discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Consolidated Entity will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

### (r) AASB 15 Revenue from Contract with Customers - Impact of Adoption

There is no impact of adopting AASB15 as the group is still at exploration stage and has not generated revenue during the financial year.

### (s) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group.

#### Title of standard **AASB 16 Leases**

**Nature of change** AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

**Impact** The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has no non-cancellable operating lease commitments. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

**Mandatory application** Mandatory for financial years commencing on or after 1 July 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will likely not restate comparative amounts for the year prior to first adoption.

**Date/Date of adoption by Group**

### (t) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. There were no material impacts on the financial statements of the Consolidated Entity as a result of adopting these standards.

## NOTES TO THE FINANCIAL STATEMENTS

	2019	2018
	\$	\$
<b>NOTE 2 INCOME TAX</b>		
A reconciliation of income tax expense (benefit) applicable to accounting profit/ (loss) before income tax at the statutory income tax rate to income tax expense (benefit) recognised for the years ended 30 June 2019 and 2018 is as follows:		
Accounting profit/(loss) before income tax	<b>(424,528)</b>	(844,908)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(116,745)	(232,350)
Tax effect of non-deductible expenses		
Impairment of plant and equipment	(13,336)	1,265
Loss (Gain) on revaluation of financial assets	-	11,694
Other	(14,430)	21,250
Deferred tax assets not brought to account	144,512	198,141
Income tax	-	-
<b>Unrecognised temporary differences and tax losses</b>		
Unused tax losses opening balance (@ 27.5%)	11,602,259	11,404,118
Under provision of income tax	338,040	-
Change in tax rate	-	-
Deferred tax assets not brought to account	144,512	198,141
Unused tax losses and temporary differences for which no deferred tax asset has been recognised (@27.5%)	<b>12,084,811</b>	11,602,259

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise these benefits.

### NOTE 3 AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
<u>Audit services – BDO Audit Pty Ltd</u>		
Audit of financial reports	44,484	57,116
<u>Non-audit services – BDO (Qld) Pty Ltd</u>		
Taxation services	4,608	53,968



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4 EXPENSES

	2019	2018
	\$	\$
<b>Employee benefits expenses</b>		
Other employee benefits expenses	163,830	265,747
<b>Total employee benefits expenses</b>	<b>163,830</b>	<b>265,747</b>
<b>Rental expense relating to operating leases</b>		
Minimum lease payments	-	50,556
<b>Loss on revaluation of financial assets</b>		
Fair value loss/Impairment expense - ASX listed shares	-	47,123
<b>Total loss on revaluation of financial assets</b>	<b>-</b>	<b>47,123</b>
<b>Other expenses</b>		
Prospectus costs relating to the reverse takeover of Traprock Mining Ltd	70,150	-
AMEX credit card liability incurred by a former Director and Chairman	-	69,140
<b>Total other expenses</b>	<b>70,150</b>	<b>69,140</b>

## NOTE 5 LOSS PER SHARE

	2019	2018
	\$	\$
Basic and diluted loss per share (cents per share)	(0.77)	(2.00)
Loss used to calculate basic and diluted EPS	(424,528)	(844,908)
<b>Weighted average number of shares and options calculated on a 2:1 post consolidation basis</b>	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares outstanding during the year, used in calculating basic loss per share	55,447,568	42,357,568
Weighted average number of dilutive options outstanding during the year	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year, used in calculating diluted loss per share	<b>55,447,568</b>	42,357,568

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

## NOTE 6 CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and on hand	33,970	220,603
	<b>33,970</b>	<b>220,603</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 OTHER RECEIVABLES

#### CURRENT

GST and other receivables	17,326	12,486
	<b>17,326</b>	<b>12,486</b>

### NOTE 8 OTHER ASSETS

Prepayments	14,556	13,215
	<b>14,556</b>	<b>13,215</b>

### NOTE 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2019	2018
	\$	\$
<b>Financial assets at fair value through profit or loss</b>	-	-

#### Movements during the year

Year ended 30 June 2019	2019	2018
Balance at 1 July 2018	-	373,150
Reversal of assets previously impaired	44,314	-
Proceeds from sale of financial assets	(44,314)	(326,027)
Fair value loss/Impairment expense during the year	-	(47,123)
<b>Balance at 30 June 2019</b>	-	-

The financial assets above are all ASX listed equities measured at fair value through profit or loss with the exception of \$73,714 in investments that have been fully impaired. All financial assets listed above are considered to be level 1, as the instruments are traded in an active listed market.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 10 PLANT AND EQUIPMENT

	2019	2018
Motor vehicles at cost	4,182	4,000
Disposal	(4,182)	(4,000)
Impairment expense	-	-
Accumulated depreciation	-	-
	-	-
Total plant and equipment at cost	-	-
Total impairment expense	-	-
Total accumulated depreciation	-	-
<b>Total plant and equipment</b>	<b>-</b>	<b>-</b>

Following completion of the proppant laboratory and pilot plant, an assessment of the recoverable amount of all Plant and Equipment was performed and all items were written down to their recoverable amount based on estimates of their value.

### Movements during the year

Year ended 30 June 2019	Motor Vehicles	Office Furniture and Equipment	Lab and Workshop Equipment	Total
<b>Balance at 1 July 2018</b>	-	-	-	-
Reinstatement of plant and equipment	4,182	-	-	4,182
Disposals	(4,182)	-	-	(4,182)
Depreciation	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Year ended 30 June 2018	Motor Vehicles	Office Furniture and Equipment	Lab and Workshop Equipment	Total
Balance at 1 July 2017	4,000	-	-	4,000
Disposals	(4,000)	-	-	(4,000)
Impairment expense	-	-	-	-
Depreciation	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTE 11 TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
CURRENT		
Trade payables	58,646	118,519
Accrued expenses	127,900	32,450
Other payables	79,096	82,901
	<b>265,642</b>	<b>233,870</b>

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

## NOTES TO THE FINANCIAL STATEMENTS

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the consolidated entity and comprise items such as employee taxes, employee on costs, GST and other recurring items.

### NOTE 12 PROVISIONS

	2019	2018
	\$	\$
<b>CURRENT</b>		
Provision for Settlement of Tax Dispute	-	45,294
<b>Movements during the period</b>		
Opening balance	45,294	52,081
Remission of shortfall interest	(52,081)	-
Remission of General Interest Charges	(3,173)	3,173
Reversal of GST refunds used by ATO to reduce shortfall interest amount	9,960	(9,960)
<b>Provision for Settlement of Tax Dispute</b>	<b>-</b>	<b>45,294</b>

#### Provision for Settlement of Tax Dispute

On 20th February 2017, the consolidated entity announced that TIH has met with ATO representatives regarding the monies owed to TIH under the R&D tax offset grant in respect of the 2015 financial year. The ATO initially rejected the R&D tax offset claimed in the 2015 income tax return and imposed shortfall interest charge of \$52,081. Subsequent to the 2018 financial year, the ATO reversed its decision and refunded an amount of \$252,946 (including interest of \$1,953) and agreed to reverse the shortfall interest charge and refund of GST of \$9,960 which was previously offset against shortfall interest charged.

### NOTE 13 CONTRIBUTED CAPITAL

		2019	2018
		\$	\$
<b>(a) Share capital</b>			
104,407,568 ordinary shares (30 June 2018: 84,713,796)		<b>713,358</b>	<b>465,158</b>
<b>Total share capital</b>		<b>713,358</b>	<b>465,158</b>
<b>(b) Movements in ordinary share capital</b>			
	<b>Number of shares</b>	<b>Price per share</b>	<b>\$</b>
<b>Ordinary shares</b>			
<b>Balance at 30 June 2017</b>	<b>5,929,872,725</b>	-	<b>465,158</b>
Consolidation at 70:1 approved by shareholders at the 2017 Annual General Meeting held on 28 June 2018	(5,845,158,929)	-	-
<b>Balance at 30 June 2018</b>	<b>84,713,796</b>	-	<b>465,158</b>
Consolidation at 2:1 approved by shareholders at the 2018 Annual General Meeting held on 15 January 2019	(42,356,228)	-	-
Shares issued to participants in placement approved by shareholders at the 2018 Annual General Meeting held on 15 January 2019	62,050,000	\$0.004	248,200
<b>Balance at 30 June 2019</b>	<b>104,407,568</b>		<b>713,358</b>

At the 2018 AGM of the Company held on 15 January 2019, shareholders approved the consolidation of its equity securities by converting every two (2) existing shares, options or performance rights into one (1) share, option or performance right.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 13 CONTRIBUTED CAPITAL (CONT'D)

As a result of the 2019 consolidation, the post-Consolidation Share structure of the Company is as follows:

Capital Structure	Shares	Unlisted Options	Performance Rights
Pre-Consolidation	84,713,796	1,714,286	305,327
Post-Consolidation	42,357,568	857,143	152,665

The exercise price of the unlisted options has increased by a factor of two (2), as follows:

Unlisted Options	Pre-Consolidation
Unquoted Options exercisable at \$0.42 on or before 1 September 2019	1,714,286
Post-Consolidation	
Unquoted Options exercisable at \$0.84 on or before 1 September 2019	857,143

The vesting price of the Performance Rights have increased by a factor of two (2), as follows:

Performance Rights	Pre-Consolidation
Tranche 1 Performance Rights vest if the share price is above \$1.54 VWAP for 5 consecutive trading days on or before 25 June 2019	115,610
Tranche 2 Performance Rights vest if the share price is above \$2.31 VWAP for 5 consecutive trading days on or before 25 June 2019	189,717
Post-Consolidation	
Tranche 1 Performance Rights vest if the share price is above \$3.08 VWAP for 5 consecutive trading days on or before 25 June 2019	57,805
Tranche 2 Performance Rights vest if the share price is above \$4.62 VWAP for 5 consecutive trading days on or before 25 June 2019	94,860

### Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### Other Equity Instruments

#### Share Options

Details of options on issue during the financial year are set out below:

Expiry Date	Exercise Price	Movements				30 June 2019
		1 July 2018	Issued	Exercised	Consolidated	
1 September 2019	\$0.84	1,714,286	-	-	(857,143)	857,143
15 January 2022	\$0.025	-	62,050,000	-	-	62,050,000
<b>Total options</b>		<b>1,714,286</b>	<b>62,050,000</b>		<b>(857,143)</b>	<b>62,907,143</b>

The weighted average remaining contractual life of the share options outstanding at year end was 2.52 years.

### Performance Rights

On 24 July 2014 and following shareholder approval received at a general meeting of shareholders held on 25 June 2014, the consolidated entity issued 8,092,500 Tranche 1 Performance Rights and 13,280,000 Performance Rights to former directors. Each Tranche 1 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 2.2 cents for 5 consecutive trading days. Each Tranche 2 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 3.3 cents for 5 consecutive trading days. The Performance Rights lapsed on 25 June 2019 as the vesting hurdles were not satisfied within 5 years of the date of the 2014 general meeting of shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 13 CONTRIBUTED CAPITAL (CONT'D)

Details of performance rights on issue during the financial year are set out below:

Expiry Date	Vesting Price	Movements				30 June 2019
		1 July 2017	Issued	Consolidated	Lapsed	
25 June 2019	\$3.08	115,610	-	(57,805)	(57,805)	-
25 June 2019	\$4.62	189,717	-	(94,860)	(94,857)	-
<b>Totals</b>		<b>305,327</b>		<b>(152,665)</b>	<b>(152,662)</b>	<b>-</b>

### NOTE 14 RESERVES

	2019	2018
	\$	\$
Share based payment reserve	<b>9,398</b>	-

#### Movements during the year

Opening balance	-	346,890
Movement	9,398	(346,890)
Closing balance	<b>9,398</b>	-

The share-based payments reserve is used to record the fair value of options recognised as expense on valuation of employee and supplier share options.

During the financial year and pursuant to Resolutions 6, 7, 8, 9 and 10 and approved by shareholders at the 2018 Annual General Meeting held on 15 January 2019, 62,050,000 Ordinary Shares were issued to Professional and Sophisticated investors and the Directors of the Company to provide working capital and for services rendered together with one free attaching Option per Ordinary share at an exercise price of \$0.025 expiring 36 months from the date of issue. The options were valued at \$0.001 per option (\$62,050 in total) based on the Cox-Ross-Rubenstein Binomial Model and will be amortised over 3 years (the life of the option) commencing from the date of issue on 15 January 2019. The fair value of \$9,398 credited to the share based payments reserve represents options amortisation from the date of issue on 15 January 2019 to 30 June 2019.

The Company's US advisor, EAS Advisors LLC, acting through Merriman Capital, Inc. as part of their consideration for services to be provided to the Company as part of the capital raising in August 2015 to professional and sophisticated investors in Australia and the United States. The Company agreed to issue 50,000,000 options to EAS Advisory LLC on 26 May 2015 as payment for advisory services in relation to a capital raising undertaken in August 2015. Tranche 1 options expired unexercised on 30 September 2016. Tranche 2 options expired unexercised on 30 September 2017. On expiry of Tranche 2 options, the total value of Tranche 1 and Tranche 2 options in the sum of \$346,890 was credited against accumulated losses in the 2018 financial year.

### NOTE 15 SHARE BASED PAYMENTS

	2019	2018
	\$	\$
<b>(a) Share based payments</b>		
Expense arising from the grant of options	<b>9,398</b>	-
Expense arising from the issue of shares	<b>72,774</b>	-
<b>Total share based payments</b>	<b>82,172</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### (b) Movements in unlisted options

The following table details the number, weighted average exercise price (WAEP) and movements in share options issued as capital raising purposes, employment incentives or as payments to third parties for services during the year.

Options	2019	2019	2018	2018
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	1,714,286	\$0.420	120,000,000	\$0.006
Consolidation at 70:1	-	-	(118,285,714)	-
Consolidation at 2:1	(857,143)	-	-	-
Outstanding after consolidation	857,143	\$0.840	1,714,286	\$0.420
Options granted during the year	62,050,000	\$0.0250	-	-
Options lapsed during the year	-	-	-	-
Options exercised during the year	-	-	-	-
Outstanding at the end of the year	62,907,143	\$0.0361	1,714,286	\$0.420

### (c) Options exercisable at reporting date

Options	2019	Exercise	2018	Exercise
	Number	Price	Number	Price
Unlisted options expiring 1 September 2019	857,143	\$0.840	857,143	\$0.840
Unlisted options expiring 15 January 2022	62,050,000	\$0.0250	-	-
Outstanding at the end of the year	62,907,143		857,143	\$0.840

### (d) Options issued during the year

The maximum terms of options granted during the year are as follows:

Pursuant to Resolutions 6, 7, 8, 9 and 10 and approved by shareholders at the 2018 Annual General Meeting On 15 January 2019, the Company granted 62,050,000 free unlisted options to participants in the share placement of 62,050,000 shares on the same date on a one-for-one basis. The options are at an exercise price of \$0.025 expiring on 15 January 2022 with no vesting conditions. The options must be exercised on or before the expiry date in cash.

### (e) Fair value of unlisted options

The fair value of the options granted is estimated at the grant date using the Cox-Ross-Rubenstein Binomial Model taking into account the terms and conditions upon which the options were granted. The following table list the inputs to the model used for the year ended 30 June 2019.

Financial year of grant	2019	2017
Grant date	15 January 2019	01 September 2016
Expiry date	15 January 2022	01 September 2019
Option term	36 months	36 months
Number of options issued (post consolidation)	62,050,000	857,143
Share price at grant date	\$0.004	\$0.001
Exercise price (post consolidation)	\$0.025	\$0.840
Expected volatility	100%	100%
Expected dividends	Nil	Nil
Risk-free interest rate	1.78%	1.41%
Fair value	\$62,050	\$Nil

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 16 CASH FLOW INFORMATION

	2019	2018
	\$	\$
<b>Reconciliation of cash flows from operations with profit/(loss) after tax</b>		
Loss after income tax	(424,528)	(844,908)
<i>Non-cash items in loss after income tax</i>		
Loss on held for trading financial assets	-	47,123
Options expense	9,398	-
Reversal of impairment of financial asset	(44,314)	-
Reversal of impairment of plant and equipment	(4,182)	-
Shares issued in lieu of cash for services rendered	72,774	-
<i>Movements in operating assets and liabilities</i>		
Trade and other receivables	(4,840)	22,775
Other assets	(1,341)	7,264
Trade and other payables	31,772	(1,268)
Provisions	(45,294)	(6,787)
<b>Net cash used in operating activities</b>	<b>(410,555)</b>	<b>(775,801)</b>

## NOTE 17 RELATED PARTY TRANSACTIONS

	2019	2018
	\$	\$
<b>Key Management Personnel Compensation</b>		
Short-term benefits	103,000	325,625
Share-based payments	72,774	-
	<b>175,774</b>	<b>325,625</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 11.

### Transactions with related parties

#### Mr Daniel Lanskey

The Company entered into a service arrangement with Mr Dan Lanskey for his role as Chairman and Non-Executive Director, commencing from 24 July 2017 at a fee of \$5,000 (ex GST) per month. Cash payments of \$25,000 for the five (5) months from July 2018 to November 2018 were paid to Mr Lanskey during the 2019 financial year. Share based payments of \$20,000 were made to Mr Lanskey for services rendered for the four (4) months from December 2018 to March 2019. From April 2019, Mr Lanskey continues to accrue \$5,000 per month for his role as Chairman and Non-Executive Director although no cash payments will be made to Mr Lanskey until there are sufficient funds to do so. Payments and accruals are made through Etranz.com Pty Ltd, a company in which Mr Lanskey has a substantial interest.



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 17 RELATED PARTY TRANSACTIONS (CONT'D)

### Mr Andrew Sparke

The Company entered into a service arrangement with Mr Sparke for his role as Non-Executive Director, commencing from his appointment on 20 December 2017. No cash payments were paid to Mr Sparke during the 2019 financial year. Mr Sparke accrued \$2,000 per month to 31 December 2018 and \$5,000 per month from January 2019 for his role as a Non-Executive Director. Share based payments of \$37,774 were made to Mr Sparke for services rendered for the nine (9) months from July 2018 to March 2019. From April 2019, Mr Sparke continues to accrue \$5,000 per month for his role as Non-Executive Director although no cash payments will be made to Mr Sparke until there are sufficient funds to do so. Payments and accruals are made through Olive Capital Pty Ltd, a company in which Mr Sparke has a substantial interest.

### Mr David Clark

The Company entered into a service arrangement with Mr Clark in his role as Non-Executive Director and whereby Mr Clark agrees to provide management services to Tillegrah Limited for his roles as Non-Executive Director, Secretary and Chief Financial Officer on an agreed upon fee structure. Cash payments of \$48,000 and share based payments of \$15,000 were made to Mr Clark during the 2019 financial year. The payments to Mr Clark are made through D.W. Clark & Co., Chartered Accountant, a firm owned by Mr Clark.

## NOTE 18 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is credit risk and foreign exchange risk.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Finance Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below:

### Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. It arises from exposure to customers as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at report date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There is no collateral held as security at 30 June 2019. Credit risk is reviewed regularly by the Board.

### Maximum exposure to credit risk

	2019	2018
	\$	\$
<u>Summary exposure</u>		
Cash and cash equivalents	33,970	220,603
GST and other receivables	17,326	12,486
	<b>51,296</b>	<b>233,089</b>

### Liquidity risk

Liquidity risk is the risk that the consolidated entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 18 FINANCIAL RISK MANAGEMENT (CONT'D)

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

### Remaining contractual maturities

The tables below reflect the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at period end. The amounts disclosed represent undiscounted cash flows. The tables include both interest and principal cash flows and therefore the totals may differ from their carrying amount in the statement of financial position.

The remaining contractual maturities of the financial liabilities are:

30 June 2019	Fixed interest rate	1 year or less \$	1 to 2 years \$	Over 2 years \$	Total \$
Trade and other payables	-	265,642	-	-	265,642

30 June 2018	Fixed interest rate	1 year or less \$	1 to 2 years \$	Over 2 years \$	Total \$
Trade and other payables	-	233,870	-	-	233,870

### Market Risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The consolidated entity did not have any direct exposure to market risk.

#### Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

All cash assets have floating interest rates. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	2019 \$	2018 \$
<u>Impact on profit and equity</u>		
+1.00% (100 basis points)	340	2,206
-1.00% (100 basis points)	(340)	(2,206)

### Capital Risk Management

Management controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital. Further detail on share capital can be found in Note 13. There are no externally imposed capital requirements. Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market.

## NOTES TO THE FINANCIAL STATEMENTS

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

### Fair Values

The fair values of financial assets and liabilities approximate their carrying value due to their short term nature. Except for the investment in ASX listed securities, no financial assets or liabilities are readily traded on organised markets in standardised form.

	2019	2018
	\$	\$

### NOTE 19 COMMITMENTS

#### Minimum lease payments:

Payable within one year	-	12,834
Payable within one year and five years	-	-
<b>Total contracted at balance date</b>	<b>-</b>	<b>12,834</b>

The Consolidated Entity leases a pilot plant in Clontarf, Queensland and serviced office facility in Brisbane under non-cancellable operating leases expiring within one year. The Company vacated the pilot plant at the end of September 2018. All other leases have expired or been cancelled. There were no capital commitments at 30 June 2019.

### NOTE 20 PARENT ENTITY INFORMATION

The legal Parent Entity of the Consolidated Entity is Tillegrah Limited.

	2019	2018
	\$	\$

#### Parent Entity Financial Information

Current assets	65,749	246,202
Non-current assets	-	-
<b>Total assets</b>	<b>65,749</b>	<b>246,202</b>
Current liabilities	265,642	279,165
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>265,642</b>	<b>279,165</b>
<b>Net assets</b>	<b>(199,893)</b>	<b>(32,963)</b>
Issued capital	25,760,841	25,512,641
Reserves	1,232,945	1,223,547
Accumulated losses	(27,193,679)	(26,769,151)
<b>Total equity</b>	<b>(199,893)</b>	<b>(32,963)</b>
Profit/(loss) after income tax	(424,528)	(844,908)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(424,528)</b>	<b>(844,908)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Commitments, Contingencies and Guarantees of the Parent Entity

The Parent Entity has commitments for the lease of a virtual office and pilot plant (refer Note 18).

The Parent Entity's has no contingent assets, contingent liabilities or guarantees at balance date.

Controlled Entities of the Parent Entity	Percentage Owned		Country of Incorporation
	2019	2018	
	%	%	
Ecopropp Pty Ltd	100%	100%	Australia

## NOTE 21 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The consolidated entity does not have any contingent assets at 30 June 2019 (2018: Nil)

The consolidated entity does not have any contingent liabilities at 30 June 2019 (2018: Nil)

## NOTE 22 SEGMENT REPORTING

### Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

## NOTE 23 DIVIDENDS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

## NOTE 24 EVENTS AFTER REPORTING DATE

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 company in future financial years.