



## APPENDIX 4E

### Audited Preliminary Final Report - 30 June 2021

Syntonic Limited  
ABN 68 123 867 765

#### 1. Reporting period

Financial Year Ended	Previous corresponding period
30 June 2021	30 June 2020

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

	30 June 2021	30 June 2020	% Change
2.1 Revenue from ordinary activities	239,123	112,128	110% increase
2.2 Loss from ordinary activities after tax attributable to members	(550,636)	(3,805,988)	700% increase
2.3 Net loss for the period attributable to members	(550,636)	(3,805,988)	700% increase

2.4 No dividends were paid during the financial year ended 30 June 2021 (previous corresponding period: Nil). It is not proposed to pay dividends.

2.5 There is no record date for determining entitlements to dividends.

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

##### **Sale of US Companies**

On 2 November 2020, Syntonic announced, following receipt of shareholder approval, it had completed the sale of the Company's entire interest in the outstanding issued share capital of its subsidiaries Syntonic Wireless Inc. and Syntonic US Inc. (including Syntonic Brasil Tecnologia LTDA, a wholly owned subsidiary of Syntonic US Inc) to First Orion Corp., a US corporation.

##### **Royalty Income**

During the year, the Company received its ongoing royalty income from Western Areas Limited of \$239,123. The Company is entitled to a 2% net royalty on revenues attributable to ore processed using the BioHeap™ bacterial leaching technology, following the sale of the BioHeap™ technology business and associated entities to Western Areas Limited in 2009.

*Financial performance from discontinued operation*

The financial performance of the discontinued operations for the years ending 30 June 2021 and 30 June 2020:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Revenue	1,677,687	8,673,088
Expenses	(1,917,530)	(10,847,587)
Loss before tax from discontinued operations	(239,843)	(2,174,499)
Tax benefit	155,401	158,170
Loss on disposal after income tax	(501,516)	-
Loss for the year from discontinued operations	(585,958)	(2,016,329)

Detailed explanation regarding the discontinued operations are outlined in the notes to the Annual Report

**Other information required under listing rule 4.3A**

Net tangible assets per security

2021: (0.007) cents per share

2020: (0.006) cents per share

Details of entities over which control has been gained or lost during the financial year ended 30 June 2021

Control lost over:

- Syntonic Wireless, Inc.
- Syntonic US, Inc.
- Syntonic Brasil Tecnologia Ltda

Dividends

There are no individual or total dividends or distributions. There are no dividend or distribution reinvestment plans in operation.

Details of associates and joint venture entities.

Not applicable



Audit Status
Refer to attached Annual Report. The report is audited



# Annual Report

For the  
year ended  
30 June 2021

ABN 68 123 867 765

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## Corporate Directory

<b>DIRECTORS:</b>	Mr David Wheeler – Non-Executive Chairman Mr Giuseppe Graziano – Non-Executive Director Mr Tim Slate – Non-Executive Director
<b>JOINT COMPANY SECRETARIES:</b>	Mr Tim Slate Ms Carla Healy
<b>OFFICES:</b>	Level 3, 101 St Georges Terrace, Perth WA 6000, Australia Tel: +61 8 6558 0886
<b>STOCK EXCHANGE LISTING:</b>	Australian Securities Exchange (ASX Code: SYT) Level 40, 152-158 St Georges Terrace, Perth WA 6000, Australia
<b>SHARE REGISTER:</b>	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace, Perth WA 6000, Australia Tel: +61 3 9415 4000
<b>BANKERS:</b>	Westpac Banking Corporation
<b>SOLICITORS:</b>	Blackwall Legal LLP
<b>AUDITOR:</b>	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street, Perth WA 6000, Australia

## Directors' Report (cont.)

Your Directors present their report on the consolidated entity consisting of Syntonic Limited ("**Syntonic**" or "**the Company**") and the entities it controlled during the year ended 30 June 2021 ("**the Group**").

### DIRECTORS

The persons who were Directors of Syntonic Limited during the financial year and up to the date of this report are:

**Mr David Wheeler** – Non-Executive Chairman

**Mr Giuseppe Graziano** – Non-Executive Director (appointed 1 November 2020)

**Mr Tim Slate** – Non-Executive Director (appointed 1 November 2020)

**Mr Steven Elfman** - Non-Executive Chairman (resigned 1 November 2020)

**Dr Gary Greenbaum** - Executive Director & Chief Executive Officer (resigned 1 November 2020)

**Mr Rahul Agarwal** - Executive Director, President & Chief Technology Officer (resigned 1 November 2020)

### CURRENT DIRECTORS AND OFFICERS

#### **Mr. David Wheeler**

Non-Executive Chairman (appointed 13 November 2019)

Mr Wheeler has more than 30 years of Executive Management, Directorship, and Corporate Advisory experience. He is a foundation Director and Partner of Pathways Corporate a boutique Corporate Advisory firm that undertakes assignments on behalf of family offices, private clients, and ASX listed companies.

David has successfully engaged in business projects in the USA, UK, Europe, NZ, China, Malaysia, Singapore and the Middle East. David is a Fellow of the Australian Institute of Company Directors and serves on public and private company boards currently holding a number of Directorships and Advisory positions in Australian ASX listed companies.

#### *Directorships held in other listed entities*

- Health House International Ltd - Executive Chairman from April 2021
- Protean Energy Ltd – Non-Executive Chairman from May 2017
- PVW Resources (previously Thred Ltd) - Non-Executive Chairman from August 2017
- Ragnar Metals Ltd - Non-Executive Director from December 2017
- Avira Resources Ltd - Non-Executive Chairman from September 2018
- Tyranna Resources Ltd - Non-Executive Director - from October 2019
- Cycliq Group Ltd - Non-Executive Director - from June 2021
- Blaze International Ltd - Non-Executive Chairman from March 2020
- Delecta Ltd - Non-Executive Director from June 2020
- Athena Resources Ltd - Non-Executive Director from June 2021
- Antilles Oil and Gas NL – Non-Executive Director from February 2016 to November 2018
- Ultracharge Ltd – Non-Executive Director from December 2015 to August 2019

## Directors' Report (cont.)

### **Mr Giuseppe Graziano**

Non-Executive Director (appointed 1 November 2020)

Mr. Graziano is a Chartered Accountant with corporate and company secretarial experience.

He has over 28 years' experience providing a wide range of business, financial and strategic advice to small cap unlisted and listed public companies and privately-owned businesses in Western Australia's resource-driven industries. Since 2014 he has been focused on corporate advisory, company secretarial and strategic planning with listed corporations including Mergers & Acquisitions, Capital Raisings, Corporate Governance, ASX compliance and structuring. He is currently a director of Pathways Corporate Pty Ltd a specialised Corporate Advisory business.

#### *Directorships held in other listed entities*

- Kin Mining NL - Non -Executive Chairman from August 2019
- Tyranna Resources Ltd - Non-Executive Director from June 2019
- Protean Energy Ltd - Non-Executive Director from October 2020
- PVW Resources Ltd (previously Thred Ltd) - Non-Executive Director to February 2021

### **Mr Tim Slate**

Non-Executive Director and Joint Company Secretary (appointed Non-Executive Director 1 November 2020; appointed Company Secretary 9 January 2020)

Mr. Slate has a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant, is an Associate Member of the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors. Mr. Slate provides accounting and secretarial advice to private and public companies. Mr Slate has over 10 years' experience in chartered accounting.

#### *Directorships held in other listed entities*

- Protean Energy Ltd - Non-Executive Director from October 2020

### **Ms Carla Healy**

Joint Company Secretary (appointed 15 January 2021)

Ms Healy has a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant and an Associate Member of the Chartered Governance Institute. Mrs Healy provides accounting and secretarial advice to private and public companies and has 18 years' experience in chartered accounting.

## **PRINCIPAL ACTIVITIES**

From the 1 July 2020 to 2 November 2020, the principal activity of the Group was the commercialisation of its mobile services for telecommunication carriers spanning mobile advertising, content delivery and mobile commerce. Following the sale of US companies (refer below), the principal activity of the Company was the identification and assessment of project and business opportunities.



## Directors' Report (cont.)

### OPERATING REPORT

#### **Sale of US Companies**

On 2 November 2020, Syntonic announced, following receipt of shareholder approval, it had completed the sale of the Company's entire interest in the outstanding issued share capital of its subsidiaries Syntonic Wireless Inc. and Syntonic US Inc. (including Syntonic Brasil Tecnologia LTDA, a wholly owned subsidiary of Syntonic US Inc) (together, the "Syntonic US Companies") to First Orion Corp., a US corporation ("Transaction")

#### **Royalty Income**

During the year, the Company received its ongoing royalty income from Western Areas Limited of \$239,123. The Company is entitled to a 2% net royalty on revenues attributable to ore processed using the BioHeap™ bacterial leaching technology, following the sale of the BioHeap™ technology business and associated entities to Western Areas Limited in 2009.

### CORPORATE

#### **Capital reduction**

Following, the divestment, the Company undertook a selective capital reduction and cancellation of the following securities:

- 602,528,061 Shares held by Mr Gary Greenbaum (and/or his nominee);
- 602,528,061 Shares held by Mr Rahul Agarwal (and/or his nominee); and
- 3,900,000 Shares held by Mr Steve Elfman (and/or his nominee).

On agreement with Messrs Greenbaum and Agarwal, the Company cancelled all of Messrs Greenbaum and Agarwal's (and/or their nominees) existing Performance Rights and Options in the Company (being an aggregate of 398,789,660 Performance Rights and 50,000,000 Options).

#### **Director changes**

On 1 November 2020, Messrs Gary Greenbaum, Rahul Agarwal, and Steve Elfman resigned from the Board at the completion of the sale of the Company's interest in the Syntonic US Companies. Coinciding with these resignations was the appointment of Messrs Giuseppe Graziano and Tim Slate as non-executive Directors.

#### **Company Secretary Appointment**

On 15 January 2021, Ms Carla Healy was appointed as Joint Company Secretary. Following her appointment, both Mr Tim Slate and Ms Carla Healy will act as Joint Company Secretaries.

#### **Quotation suspension**

On 25 March 2021, the Company received notice that it would be suspended from quotation in accordance with Listing Rule 17.3. Syntonic notes the suspension will continue until it is able to demonstrate compliance with Listing Rule 12.1.

The Company is continuing to review and consider project and business acquisition opportunities which may not be in the technology sector, whilst reducing operational spend.

## Directors' Report (cont.)

### RESULTS OF OPERATIONS

The net loss of the Group attributable to members of the Company for the year ended 30 June 2021 was \$1,267,787 (2020: \$3,360,517).

### FINANCIAL POSITION

At 30 June 2021, the Group had cash reserves of \$328,269 (2020: \$220,861) and net liabilities of \$36,970 (2020: net assets of \$443,961).

### ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations.

### LOSS PER SHARE

	2021 cents	2020 cents
Basic and diluted loss per share	(0.02)	(0.06)

### DIVIDENDS

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of the affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On the 4 October 2021, the Company announced that it had executed a Deed of Termination and Release – Royalty Deed (Termination Deed) with Western Areas Limited (Western Areas) for cash consideration of \$200,000 (ex GST).

The Company entered into a Royalty Deed (Royalty Deed) with Western Areas on 22 December 2009. Under the terms of the Royalty Deed, the Company was entitled to a 2% net royalty on revenues attributable to ore processed using the BioHeap™ bacterial leaching technology, following the sale of the BioHeap™ technology business and associated entities to Western Areas Limited in 2009.

Under the terms of the Termination Deed, Western Areas remains liable to pay the Company a royalty for the quarter ending 30 September 2021 on or before 31 October 2021.

## Directors' Report (cont.)

### LIKELY DEVELOPMENTS

Following completion of the divestment of the US and Brazilian operations, the Company will continue to seek to identify appropriate investment projects and opportunities both within Australia and overseas.

### DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Ordinary Shares <sup>1</sup>	Options	Performance Rights
David Wheeler	-	-	-
Giuseppe Graziano	-	-	-
Tim Slate	-	-	-

1. "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.

### SHARE OPTIONS

Unissued Ordinary shares of Syntonic Limited under option at the date of this report are as follows:

Date Options Issued and/or Granted	Expiry Date	Exercise Price \$	Number Under Option
7 April 2017	28 February 2027	0.03	14,250,538
6 July 2018	6 July 2028	0.014	17,286,763
16 October 2018	16 October 2023	0.012	43,638,984
14 November 2018	14 November 2028	0.009	79,486,171
24 January 2019	1 January 2024	0.02	5,000,000
20 December 2019	31 December 2022	0.002	1,685,516,378

### INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities.

During the financial year, the Company has incurred a premium of \$39,000 excluding GST (2020: \$29,980) to insure against a liability incurred by a person who is or has been a director or officer of the Company or Group.

## Directors' Report (cont.)

### REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

#### DETAILS OF KEY MANAGEMENT PERSONNEL

The KMP of the Group during or since the end of the financial year were as follows:

##### Directors

Mr. David Wheeler	Non-Executive Chairman
Mr Giuseppe Graziano	Non-Executive Director (appointed 1 November 2020)
Mr Tim Slate	Non-Executive Director (appointed 1 November 2020)
Dr. Gary Greenbaum	Managing Director & Chief Executive Officer (resigned 1 November 2020)
Mr. Rahul Agarwal	Executive Director, President and Chief Technology Officer (resigned 1 November 2020)
Mr. Steven Elfman	Non-Executive Chairman (resigned 1 November 2020)

Unless otherwise disclosed, the KMP held their position from 1 July 2020 until the date of this report.

#### REMUNERATION POLICY

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

##### Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance-based component (short term incentive and long-term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

##### *Fixed Remuneration*

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Under the terms of the SPA with First Orion (refer to Note 10 for further information), Dr Gary Greenbaum, the Managing Director and CEO, released the Company of its obligation to pay his outstanding and deferred salary of US\$110,348 and severance payment of US\$87,500 in respect to his engagement as Chief Executive Officer and Mr Agarwal agreed to release the Company of its obligation to pay his outstanding and deferred salary of US\$110,348 and his severance payment of US\$87,500.

## Directors' Report (cont.)

### *Performance Based Remuneration – Short Term Incentive*

Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. When determining the measures for KPI's, the Board will have regard to the current size, nature and opportunities of the Company. Subsequent to the end of each financial year, the Board assesses performance against these criteria.

The Group paid no cash bonuses during the 2021 financial year (2020: nil).

### *Performance Based Remuneration – Long Term Incentive*

The Board has previously chosen to issue Incentive Options (where appropriate) to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Company. The Board considers that each executive's experience in the technology industry will greatly assist the Company in progressing its projects to the next stage of development and commercialisation.

The Board may grant Incentive Options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, Incentive Options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Company increases sufficiently to warrant exercising the Incentive Options granted. Other than service-based vesting conditions, there are no additional performance criteria on the Incentive Options granted to executives, as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Company are closely related. The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

During the 2021 financial year, nil incentive options were issued to KMPs (2020: Nil).

### **Non-Executive Director Remuneration**

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, ordinary shares have also been used to attract and retain Non-Executive Directors in lieu of cash remuneration. 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 a General Meeting. Directors' fees paid to Non-Executive Directors accrue on a daily basis. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive Incentive Options in order to secure their services.

Fees for the Chairman are presently set at nil fully paid ordinary shares (2020: nil fully paid ordinary shares) per annum and fees for Non-Executive Directors are presently set at nil ordinary shares per annum (2020: nil fully paid ordinary shares). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

## Directors' Report (cont.)

### Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's commercialisation phase of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the commercialisation of its proprietary technologies. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital.

Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. However, as noted above, a number of KMP have previously received Incentive Options and Ordinary Shares which generally will only be of value should the value of the Company's shares increase.

### Relationship between Remuneration of KMP and Earnings

As discussed above, during the Company's commercialisation phase of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the commercialisation of its proprietary technologies. Accordingly, the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

### EMOLUMENTS OF DIRECTORS AND OTHER KMP

Details of the nature and amount of each element of the emoluments of each of the Key Management Personnel of Syntonic Limited are as follows:

2021	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENTS	TOTAL	PERFORMANCE RELATED
	SALARY & FEES	CASH BONUS	SUPER-ANNUATION	TERMINATION PAYMENTS			
	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>							
David Wheeler <sup>2</sup>	40,917	-	-	-	-	40,917	-
Giuseppe Graziano <sup>1,2</sup>	24,000	-	-	-	-	24,000	-
Tim Slate <sup>1, 3</sup>	24,000	-	-	-	-	24,000	-
Gary Greenbaum <sup>4, 5</sup>	-	-	-	-	-	-	-
Rahul Agarwal <sup>4, 5</sup>	-	-	-	-	-	-	-
Steven Elfman <sup>4</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>88,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,917</b>	<b>-</b>

1. Appointed 1 November 2020.
2. Mr Wheeler and Mr Graziano provide services through a services agreement with Pathways Corporate Pty Ltd. Pathways Corporate was paid \$8,000 in registered office rental during the financial year.
3. Mr Slate provides services as Director and Company Secretary through a services agreement with Catalyst Corporate Pty Ltd. In addition to the fees disclosed in the table above, Catalyst Corporate Pty Ltd invoiced \$91,624 for the provision of accounting and company secretarial services to the Company during the financial year.
4. Resigned 1 November 2020.

## Directors' Report (cont.)

5. Under the terms of the SPA with First Orion Dr Gary Greenbaum, the Managing Director and CEO, released the Company of its obligation to pay his outstanding and deferred salary of US\$110,348 and severance payment of US\$87,500 in respect to his engagement as Chief Executive Officer and Mr Agarwal agreed to release the Company of its obligation to pay his outstanding and deferred salary of US\$110,348 and his severance payment of US\$87,500.

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS				
2020	SALARY & FEES	CASH BONUS	SUPER- ANNUATION	TERMINATION PAYMENTS	SHARE-BASED PAYMENTS	TOTAL	PERFORMANCE RELATED
	\$	\$	\$	\$	\$	\$	%
Directors							
Gary Greenbaum	322,741	-	-	-	-	322,741	-
Rahul Agarwal	378,360	-	-	-	-	378,360	-
Steven Elfman	-	-	-	-	-	-	-
David Wheeler <sup>1</sup>	22,500	-	-	-	-	22,500	-
Nigel Hennessy <sup>2</sup>	-	-	-	-	-	-	-
Other KMP							
Tim Slate <sup>3</sup>	-	-	-	-	-	-	-
Steven Wood <sup>4</sup>	-	-	-	-	-	-	-
Edward Meagher <sup>4</sup>	-	-	-	-	-	-	-
Total	723,601	-	-	-	-	723,601	-

1. Appointed 13 November 2019.
2. Resigned 13 November 2019.
3. Appointed 9 January 2020. Mr Slate provides services as Company Secretary through a services agreement with Catalyst Corporate Pty Ltd. Catalyst Corporate Pty Ltd was paid \$37,418 for the provision of accounting and company secretarial services to the Company during the financial year.
4. Resigned 9 January 2020. Mr Wood and Mr Meagher provided services as the Joint Company Secretaries through a services agreement with Grange Consulting Group Pty Ltd. Grange Consulting Group Pty Ltd was paid \$102,850 for the provision of administrative, accounting and company secretarial services to the Company during the financial year.

## SHARE-BASED COMPENSATION TO KEY MANAGEMENT PERSONNEL

### Options

There were no options issued to KMPs as remuneration during the 2021 financial year (2020: Nil).

### Shares

During the year, there were no shares issued to Directors in lieu of fees and salary (2020: Nil).

## Directors' Report (cont.)

### Performance Rights

On 16 December 2019, the Company issued the following Performance Rights to Directors of the Company, following shareholder approval obtained at the Annual General Meeting held on 18 November 2019:

	Number	Grant date	Expiry date	Fair value at grant date	Conversion milestones
Class A	199,300,830	19 November 2019	31 December 2020	\$0.001	Converted into shares subject to the Company achieving an EBITDA positive quarter prior to 31 December 2020
Class B	199,300,830	12 November 2019	31 December 2022	\$0.001	Converted into shares subject to the Company achieving a \$1.5 million or more EBITDA in any calendar quarter prior to 31 December 2022

On the 3 November 2020, on agreement with Messrs Greenbaum and Agarwal, the Company announced it had cancelled all of Messrs Greenbaum and Agarwal's (and/or their nominees) existing Performance Rights.

### EMPLOYMENT CONTRACTS WITH DIRECTORS AND KMP

The Company terminated the employment agreements with Dr Greenbaum and Mr Agarwal on 1 November 2020. As part of the Share Purchase Agreement ("SPA") with First Orion (refer to Note 10 for further information), Dr Greenbaum released the Company of its obligation to pay his outstanding and deferred salary of US\$110,348 and severance payment of US\$87,500 in respect to his engagement as Chief Executive Officer and Mr Agarwal agreed to release the Company of its obligation to pay his outstanding and deferred salary of US\$110,348 and his severance payment of US\$87,500.

### Other Transactions

Adroit Business Solutions, a Company of which Mr Rahul Agarwal is a director and beneficial shareholder, was paid US\$nil for the provision of product development services (2020: US\$ US\$475,000), based on a monthly retainer due and payable on invoice, with no fixed term. These amounts have been recognised as expenses in the Consolidated Statement of Profit or Loss and other Comprehensive Income, with any outstanding balances being unsecured and repayable in cash.

### Options Holdings of KMP

<i>Options</i>	<b>Held at 1 July 2020</b>	<b>Granted</b>	<b>Acquired</b>	<b>Cancelled</b>	<b>Held at 30 June 2021</b>
<b>Directors</b>					
Gary Greenbaum	25,000,000	-	-	(25,000,000)	-
Rahul Agarwal	25,000,000	-	-	(25,000,000)	-
<b>Total</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>	<b>(50,000,000)</b>	<b>-</b>



## Directors' Report (cont.)

### Rights Holdings of KMP

<i>Performance Rights</i>	<b>Held at 1 July 2020</b>	<b>Granted</b>	<b>Acquired</b>	<b>Cancelled</b>	<b>Held at 30 June 2021</b>
<b>Directors</b>					
Gary Greenbaum	199,300,830	-	-	(199,300,830)	-
Rahul Agarwal	199,300,830	-	-	(199,300,830)	-
<b>Total</b>	<b>398,601,660</b>	<b>-</b>	<b>-</b>	<b>(398,601,660)</b>	<b>-</b>

### Shareholdings of KMP

The number of shares in the Group held during the financial period by each director of Syntonic Limited and other KMP of the Group, including their personally related parties are set out below.

<i>Ordinary shares</i>	<b>Held at 1 July 2020</b>	<b>Granted</b>	<b>Acquired</b>	<b>Cancelled</b>	<b>Held at 30 June 2021</b>
<b>Directors</b>					
David Wheeler	-	-	-	-	-
Giuseppe Graziano <sup>1</sup>	-	-	-	-	-
Tim Slate <sup>1</sup>	-	-	-	-	-
Gary Greenbaum <sup>2</sup>	602,528,061	-	-	(602,528,061)	-
Rahul Agarwal <sup>2</sup>	602,528,061	-	-	(602,528,061)	-
Steven Elfman <sup>2</sup>	3,900,000	-	-	(3,900,000)	-
<b>Total</b>	<b>1,208,956,122</b>	<b>-</b>	<b>-</b>	<b>(1,208,956,122)</b>	<b>-</b>

1. Appointed 1 November 2020

2. Resigned 1 November 2020

## END OF REMUNERATION REPORT

## Directors' Report (cont.)

### DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each of the directors were as follows:

Director	Board Meetings	
	Number eligible to attend	Number attended
David Wheeler	6	6
Giuseppe Graziano	1	1
Tim Slate	1	1
Gary Greenbaum	5	5
Rahul Agarwal	5	5
Steven Elfman	5	5

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. As the Group's activities increase in size, scope and/or nature the Board will review this position.

### NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 18 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors set by the *Corporations Act 2001*.

The Directors are of the opinion that the services do not compromise the auditors independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in the code of conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 15 of the Directors' Report.

Signed in accordance with a resolution of the directors.



David Wheeler  
**Non-Executive Chairman**  
 26 October 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Syntonic Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**  
**26 October 2021**



**D I Buckley**  
**Partner**

**hlb.com.au**

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Continuing operations</b>			
Other income	2	239,123	112,128
Other operating expenses	3	(503,882)	(617,309)
Share based payment expense	17	(69,705)	(267,438)
Finance Costs		(1,813)	(656,358)
Impairment expense		(314,286)	(142,592)
Foreign exchange loss		(31,266)	-
Settlement of embedded derivative liability		-	227,381
<b>Loss before income tax expense</b>		<b>(681,829)</b>	<b>(1,344,188)</b>
Income tax expense	4	-	-
<b>Net loss after tax from continuing operations</b>		<b>(681,829)</b>	<b>(1,344,188)</b>
<b>Discontinued operation</b>			
Loss after tax from discontinued operation	10(d)	(585,958)	(2,016,329)
<b>Net loss for the year</b>		<b>(1,267,787)</b>	<b>(3,360,517)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
<b>Discontinued operation</b>			
Exchange difference realised on disposal of foreign operations		717,151	(445,471)
<b>Total other comprehensive income/(loss), net of tax</b>		<b>717,151</b>	<b>(445,471)</b>
<b>Total comprehensive loss for the year, net of tax</b>		<b>(550,636)</b>	<b>(3,805,988)</b>
Total comprehensive loss attributable to members of the Company		(550,636)	(3,805,988)
<b>Loss per share attributable to the ordinary equity holders of Syntonic Limited:</b>			
Basic and diluted loss per share (cents) – continuing and discontinued	14	(0.02)	(0.06)
Basic and diluted loss per share (cents) – continuing	14	(0.01)	(0.03)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# Statement of Financial Position

As at 30 June 2021

	Note	Company 2021 \$	Consolidated 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	328,269	220,861
Trade and other receivables	7	77,895	15,263
Other assets	8	12,228	14,546
Assets classified as held for sale	10	-	2,310,635
<b>Total current assets</b>		<b>418,392</b>	<b>2,561,305</b>
<b>TOTAL ASSETS</b>		<b>418,392</b>	<b>2,561,305</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	455,362	1,101,029
Liabilities directly associated with assets classified as held for sale	10	-	1,016,315
<b>Total current liabilities</b>		<b>455,362</b>	<b>2,117,344</b>
<b>TOTAL LIABILITIES</b>		<b>455,362</b>	<b>2,117,344</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>(36,970)</b>	<b>443,961</b>
<b>EQUITY</b>			
Contributed equity	11	84,751,530	44,095,864
Reserves	12	3,394,213	2,607,357
Accumulated losses		(88,182,713)	(46,259,260)
<b>TOTAL EQUITY</b>		<b>(36,970)</b>	<b>443,961</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

## Consolidated Statement of Changes in Equity

As at 30 June 2021

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	44,095,864	3,324,508	(717,151)	(46,259,260)	443,961
Net loss for the year				(1,267,787)	(1,267,787)
Other comprehensive income, net of tax	-	-	717,151	-	717,151
<b>Total comprehensive income/(loss) for the year</b>	-	-	717,151	(1,267,787)	(550,636)
<b>Transactions with owners, recorded directly in equity</b>					
Share based payment	-	69,705	-	-	69,705
Transfer on deconsolidation	40,655,666	-	-	(40,655,666)	-
<b>Balance at 30 June 2021</b>	84,751,530	3,394,213	-	(88,182,713)	(36,970)

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	40,566,508	3,057,070	(271,680)	(42,898,743)	453,155
Net loss for the year	-	-	-	(3,360,517)	(3,360,517)
Other comprehensive loss, net of tax	-	-	(445,471)	-	(445,471)
<b>Total comprehensive loss for the year</b>	-	-	(445,471)	(3,360,517)	(3,805,988)
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares, net of transaction costs	3,226,719	-	-	-	3,226,719
Conversion of convertible notes	301,637	-	-	-	301,637
Exercise of options	1,000	-	-	-	1,000
Share based payment	-	267,438	-	-	267,438
<b>Balance at 30 June 2020</b>	44,095,864	3,324,508	(717,151)	(46,259,260)	443,961

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and other debtors		263,560	2,365,101
Royalty income		205,228	-
Payments to suppliers and employees		(967,870)	(5,528,264)
Interest paid		(320)	(65,632)
Interest received		-	324
Income tax refund		-	25,429
<b>Net cash outflow from operating activities</b>	13	<b>(499,402)</b>	<b>(3,203,042)</b>
<b>Cash flows from investing activities</b>			
Proceeds from divestment		549,915	-
Cash disposed of		(37,081)	-
Proceeds from disposal of fixed assets		-	3,533
<b>Net cash inflow from investing activities</b>		<b>512,834</b>	<b>3,533</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	3,473,033
Payments for share issue costs		-	(233,322)
Proceeds from borrowings		201,173	894,318
Settlement of convertible notes		-	(1,049,589)
Repayment of borrowings		-	(750,000)
Transaction costs relating to borrowings and convertible notes		-	(25,000)
Repayments – lease		-	(136,792)
Deposit returned		-	32,743
<b>Net cash inflow from financing activities</b>		<b>201,173</b>	<b>2,205,391</b>
Net increase/(decrease) in cash and cash equivalents		214,605	(994,118)
Effect of movement in exchange rates on cash held		(107,197)	(184,533)
Cash and cash equivalents at beginning of year		220,861	1,399,512
<b>Cash and cash equivalents at end of year</b>		<b>328,269</b>	<b>220,861</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 1. Statement of Significant Accounting Policies

The significant accounting policies adopted in preparing the financial report of Syntonic Limited ("Syntonic" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2021 are stated to assist in a general understanding of the financial report and have been consistently applied unless otherwise stated.

Syntonic is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The financial report of the Group for the year ended 30 June 2021 was authorised for issued in accordance with a resolution of the Directors on 26 October 2021.

### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB"), Australian Accounting Interpretations, other authoritative pronouncements of the AASB and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis except for certain financial instruments which are carried at fair value, as stated in the accounting policy. The financial report is presented in Australian dollars, unless otherwise stated. For the purposes of preparing the financial report, the Company is a for profit entity.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

#### *New or revised standards and interpretations that are first effective in the current reporting period*

In the year ended 30 June 2021, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and have determined there is no material impact on the Group and therefore no change is necessary to Group accounting policies.



# Notes to the consolidated financial statements

For the year ended 30 June 2021

## ***Accounting standards issued but not yet effective***

The Directors have also reviewed the new and revised Standards and Interpretations in issue not yet effective for the year ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet effective on the Group and, therefore, no changes is necessary to Group accounting policies.

## **(c) Going Concern**

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

As disclosed in the consolidated financial statements for the year ended 30 June 2021, the Group incurred a net loss of \$1,267,787, cash outflows from operating activities of \$499,402 and had net liabilities of \$36,970.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Subsequent to the year end, the Company executed a Deed of Termination and Release – Royalty Deed (Termination Deed) with Western Areas Limited (Western Areas) for cash consideration of \$200,000;
- The Company has significantly scaled down its operations in order to curtail expenditure, whilst continuing to review and consider projects and business acquisition opportunities;
- The Company has the ability to issue additional shares under the Corporation Act 2001 to raise further working capital if required; and
- The directors have agreed not to call on fees owed until such time as the Company has raised sufficient funds.

The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to secure funds to meet its commitments.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

Accordingly, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## **(d) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group 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.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

## **(e) Revenue**

The principal activity of the Group was the commercialisation of its platform technologies that enable the distribution and sales of licensed content licensed available to customers on mobile networks supporting the Company's platform technology.

### *Licensing of Technologies:*

The nature of an entity's promise in granting a license is a promise to provide a right to access the entity's intellectual property if all of the following criteria are met:

- The contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights;
- The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities; and
- Those activities do not result in the transfer of a good or a service to the customer as those activities occur.

The Group's assessment during the reporting period concluded that all of the above criteria have been met in instances where revenue has been received for licensing fees. Accordingly, as a right of access has been granted, revenue has been recognised over time. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the licensing of technology, the Group considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## *Maintenance/Service revenue:*

Maintenance/service revenue is recognised over the life of the service contract as the Group's service obligations under the contract are satisfied.

## *Contract Assets:*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

## *Trade receivables:*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under AASB 9: Financial Instruments below.

## *Contract liabilities:*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## **(f) Financial Instruments**

Trade receivables (without a significant financing component) are initially recognised at their transaction price and all other receivables are initially measured at fair value. Receivables are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model with the objective to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purposes of the assessment of whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial assets contain a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

# Notes to the consolidated financial statements

For the year ended 30 June 2021

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

Expected credit losses are a probability-weighted estimated of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its credits, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

## **(g) Foreign Currencies**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended.

### *Function and presentation currency*

The consolidated financial statements are presented in Australian Dollars (AUD), which is also the functional currency of the parent company.

### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

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.

## *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

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

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### **(i) Parent entity financial information**

The financial information for the parent entity, Syntonic Limited, disclosed in Note 16 has been prepared on the same basis as the consolidated financial statements.

### **(j) Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 30 days. Payables are presented as current liabilities unless payment is not due within 12 months. Payables are initially recorded at fair value and then subsequently amortised cost.

### **(k) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## **(l) Income Tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

## **(m) Employee Entitlements**

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## **(n) Earnings per Share**

Basic earnings per share ("EPS") is calculated by dividing the net profit/loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

## **(o) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST & other related taxes, except where the amount of GST incurred is not recoverable from the Australian Tax Office or other authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## **(p) Use and Revision of Accounting Estimates**

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 10 – Discontinued operations
- Note 17 – Shared based payments

## **(q) Operating Segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The chief operating decision maker has been identified as the Board of Directors, taken as a whole. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in

# Notes to the consolidated financial statements

For the year ended 30 June 2021

determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board of Directors.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

## **(r) Impairment of Non-Financial Assets**

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units').

Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the



# Notes to the consolidated financial statements

For the year ended 30 June 2021

impairment loss is treated as a revaluation decrease in accordance. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

## **(s) Fair Value Estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and fair value through comprehensive income securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## **(t) Contributed Equity**

Ordinary Shares and Performance Shares are classified as equity. Issued and paid-up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **(u) Share Based Payments**

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Black Scholes option pricing model. Further details on how the fair value of equity-settled share-based payments has been determined can be found in Note 17.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

## **(v) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## **(w) Goodwill**

Goodwill is measured as the excess of: the consideration transferred; amount of any non-controlling interest in the acquired entity; and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## **(x) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The useful lives for each class of depreciable assets are:

- Plant and Equipment: 5 Years

## **(y) 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 obtained, 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 in 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 business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The excess of: the consideration transferred; amount of any non-controlling interest in the acquired entity; and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If this amount is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

## **(z) Assets and Liabilities held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

## (aa) Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

## 2. Other income

	2021	2020
	\$	\$
Royalty income <sup>1</sup>	239,123	111,929
Interest income	-	199
	<b>239,123</b>	<b>112,128</b>

1. The Company sold the BioHeap™ technology business and associated entities to Western Areas Limited in 2009. The Company is entitled to a 2% net royalty on revenues (net of costs) attributable to ore processed using the BioHeap™ bacterial leaching technology.

## 3. Other operating expenses

	2021	2020
	\$	\$
Director fees	86,667	22,500
Accounting, legal and other professional fees	305,500	415,814
Listing expenses	54,677	98,943
General administration costs	18,034	46,309
Insurance	39,004	33,743
	<b>503,882</b>	<b>617,309</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 4. Income tax

	2021	2020
	\$	\$
Income tax benefit		
Deferred tax - reversal of temporary differences	-	(158,170)
Aggregate income tax benefit	-	(158,170)
Income tax expense is attributable to:		
Loss from continuing operations	-	-
Loss from discontinued operations	-	(158,170)
<b>a) Reconciliation between Tax Expense and Accounting Loss Before Income Tax</b>	<b>2021</b>	<b>2020</b>
Accounting loss before income tax – from continuing operations	(681,829)	(1,344,188)
Accounting loss before income tax – from discontinued operations	(585,958)	(2,174,499)
	(1,267,787)	(3,518,687)
At the domestic income tax rate of 30% (2020: 30%)	(380,336)	(1,055,606)
Expenditure not allowable for income tax purposes	436,010	343,777
Adjusted for differing tax rates across jurisdictions	(1,876)	216,688
Deferred tax assets not brought to account	163,180	773,561
Non-assessable income	(216,978)	(436,590)
Income tax benefit	-	(158,170)
<b>b) Deferred Tax Assets and Liabilities</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Deferred income tax at 30 June relates to the following:		
Intangible assets	-	155,401
Deferred tax liabilities	-	155,401
<b>c) Unrecognised deferred Tax Assets</b>		
Accrued expenditure	7,500	7,500
Capital allowances	18,799	31,158
Foreign exchange	9,380	-
Tax losses – revenue (Australia)	698,124	603,639
Tax losses – (United States)	-	3,756,674
Tax losses – (Brazil)	-	1,060,691
Deferred tax assets not brought to account	(733,803)	(5,459,662)
	-	-

# Notes to the consolidated financial statements

For the year ended 30 June 2021

The benefit of deferred tax assets will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

## **Tax Consolidation**

The Company and its wholly-owned Australian resident entities have implemented the tax consolidation legislation.

## **5. Dividends paid or provided for on ordinary shares**

No dividends have been paid or proposed for the year ended 30 June 2021 (2020: nil). The balance of the franking account as at 30 June 2021 is nil (2020: nil).

## **6. Cash and cash equivalents**

	<b>Company 2021 \$</b>	<b>Consolidated 2020 \$</b>
Cash and cash equivalents	328,269	220,861
	<b>328,269</b>	<b>220,861</b>

Cash at bank earns interest at floating rates on daily bank deposit rates.

## **7. Trade and other receivables**

	<b>2021 \$</b>	<b>2020 \$</b>
GST receivable	32,581	15,263
Accrued revenue	45,314	-
Deferred sales proceeds <sup>1</sup>	-	-
	<b>77,895</b>	<b>15,263</b>

1. At 30 June 2021, management has recognised a provision for doubtful debts in relation to the present value of deferred sale proceeds owed by First Orion Corporation. Refer note 10.

## **8. Other assets**

	<b>2021 \$</b>	<b>2020 \$</b>
<b>Current</b>		
Prepaid expenses	12,228	14,546
	<b>12,228</b>	<b>14,546</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 9. Trade and other payables

	2021	2020
	\$	\$
Trade creditors	423,861	649,104
Accrued expenses	27,500	37,875
Employee liabilities	-	413,892
Other payables	4,001	158
	<b>455,362</b>	<b>1,101,029</b>

1. All amounts are short term and the net carrying value of trade payables is considered a reasonable approximation of fair value. Trade payables are non-interest bearing.

## 10. Disposal of subsidiaries

### *Discontinued operation*

On 25 September 2020, the Company signed a Share Purchase Agreement ("SPA") with First Orion Corp ("First Orion") for the sale of all issued and outstanding share capital of Syntonic Wireless, Inc. and Syntonic US, Inc. ("the Syntonic US Companies") ("Divestment"). The sale also included Syntonic Brasil Tecnologia LTDA, a wholly owned subsidiary of Syntonic US Inc.

The purchase price outlined in the SPA was US\$1,220,000 payable as follows:

- a) US\$1,000,000 in cash on completion of the Proposed Transaction; and
- b) US\$220,000 payable in four (4) equal monthly instalments of US\$55,000 beginning 1 January 2021 and on the first day of each month thereafter with the last payment payable on 1 April 2021, subject to certain conditions.

The divestment was approved by shareholders on 26 October 2020 and the Company announced that the sale was complete on 2 November 2020.

In accordance with the SPA, of the purchase price noted above \$US603,000 (\$AUD875,714) was retained by First Orion for settlement of group creditors. In addition, First Orion may withhold and/or deduct from the monthly instalments (detailed above) any amounts owing to First Orion by Syntonic under the SPA, including by reason of a claim made by First Orion in respect to a "buyer indemnity" (which includes a breach of a representation or warranty under the share purchase agreement by Syntonic), a failure by Syntonic to complete the forgiveness process for the loan amount under the Paycheck Protection Program by 1 March 2021 and/or the deduction of an amount of US\$146,000 advanced to Syntonic prior to settlement date, if certain receivables are not received by the Syntonic US Companies on or before 31 January 2021.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## a) Loss on disposal

	2021 \$
Cash consideration (inc. of \$875,714 retained for creditor settlement)	1,425,629
Present value of deferred sales proceeds (trade and other receivables)	314,286
Total disposal consideration	1,739,915
Less: Transaction costs on disposal	(140,940)
Less: Net assets disposed of (see note 10(b))	(1,317,985)
Less: Loss on deconsolidation – foreign exchange	(782,506)
Loss on disposal before income tax	(501,516)
Income tax expense	-
Loss on disposal after income tax (see note 10(d))	<b>(501,516)</b>

## b) Net assets at date of sale

The carrying amount of assets and liabilities as at the date of sale were:

	2021 \$
<b>Assets</b>	
Cash and cash equivalents	37,081
Trade and other receivables	667,222
Other financial assets	131,871
Right of use assets	132,852
Property, plant and equipment	13,448
Intangible assets	1,321,751
<b>Total assets</b>	<b>2,304,225</b>
<b>Liabilities</b>	
Trade and other payables	746,487
Lease liability	106,053
Borrowings	133,700
<b>Total liabilities</b>	<b>986,240</b>
<b>Net assets</b>	<b>1,317,985</b>



# Notes to the consolidated financial statements

For the year ended 30 June 2021

## c) Net cash inflow on disposal

The cash inflow on disposal is as follows:

	2021 \$
Cash and cash equivalents consideration received or receivable	864,200
Net cash and cash equivalents disposed of	(37,081)
<b>Net cash inflow on disposal</b>	<b>827,119</b>

As at balance sheet date, cash of \$549,915 had been received by Syntonic, \$314,286 remain in trade and other receivables. Refer to note 7, whereby management has recognised a provision for doubtful debts against this balance.

## d) Financial performance from discontinued operation

The financial performance of the discontinued operation for the years ended 30 June 2021 and 30 June 2020 is as follows:

	2021 \$	2020 \$
Revenue	1,677,687	8,673,088
Expenses	(1,917,530)	(10,847,587)
Loss before income tax	(239,843)	(2,174,499)
Tax benefit	155,401	158,170
Loss after income tax	(84,442)	(2,016,329)
Loss on disposal after income tax (see note 10 (a))	(501,516)	-
Loss from discontinued operations	(585,958)	(2,016,329)

## e) Cash flows from discontinued operation

The cash flows from the discontinued operation for the years ended 30 June 2021 and 30 June 2020 are as follows:

	2021 \$	2020 \$
<b>Cash flows from operating activities</b>		
Receipts from customers and other debtors	263,560	2,244,431
Payments to suppliers and employees	(580,534)	(5,002,680)
Interest received	-	148
<b>Net cash outflow from operating activities</b>	<b>(316,974)</b>	<b>(2,758,101)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of fixed assets	-	3,533
<b>Net cash (outflow)/inflow from investing activities</b>	<b>-</b>	<b>3,533</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 11. Contributed equity

### (a) Issued capital:

	2021	2021	2020	2020
	\$	No.	\$	No.
Ordinary Shares	84,751,530	5,735,609,390	44,095,864	6,944,565,512
	<b>84,751,530</b>	<b>5,735,609,390</b>	<b>44,095,864</b>	<b>6,944,565,512</b>

### (b) Movement in issued capital during the year:

Date	Details	Number of Ordinary Shares	\$
<b>1-Jul-20</b>	<b>Opening Balance</b>	<b>6,944,565,512</b>	<b>44,095,864</b>
31-Oct-20	Transfer on deconsolidation	-	40,655,666
26-Nov-20	Share cancellation	(1,208,956,122)	-
<b>30-Jun-21</b>	<b>Closing Balance</b>	<b>5,735,609,390</b>	<b>84,751,530</b>

### (c) Rights attaching to ordinary shares:

The rights attaching to fully paid ordinary shares ("Ordinary Shares") arise from a combination of the Company's Constitution, statute and general law.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

#### *Shares*

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

#### *Meetings of Members*

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 shareholders.

#### *Voting*

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

## *Changes to the Constitution*

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## *Listing Rules*

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

## 12. Reserves

### (a) Reserves:

	Note	Company 2021 \$	Consolidated 2020 \$
Share-based payment reserve	12(c)	3,394,213	3,324,508
Foreign currency translation reserve	12(d)	-	(717,151)
		<b>3,394,213</b>	<b>2,607,357</b>

### (b) Nature and purpose of reserves:

#### *Share Based Payment Reserve*

The share-based payment reserve is used to record the fair value of options and rights issued by the Group.

#### *Foreign Currency Translation Reserve*

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(g). The reserve is recognised in profit or loss when the net investment is disposed of.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## (c) Movements in the share-based payments reserve:

Date	Details	Number of Incentive Options	\$
<b>1-Jul-20</b>	<b>Opening Balance</b>	<b>2,056,942,815</b>	<b>3,324,508</b>
	Fair value of options vested	-	69,705
	Expired / cancelled during the year	(211,763,981)	-
<b>30-Jun-21</b>	<b>Closing Balance</b>	<b>1,845,178,834</b>	<b>3,394,213</b>

Date	Details	Number of Incentive Options	\$
<b>1-Jul-19</b>	<b>Opening Balance</b>	<b>365,426,437</b>	<b>3,057,070</b>
	Fair value of options issued	-	267,438
	Issued during the year	1,735,516,378	-
	Exercised during the year	(500,000)	-
	Expired / cancelled during the year	(43,500,000)	-
<b>30-Jun-20</b>	<b>Closing Balance</b>	<b>2,056,942,815</b>	<b>3,324,508</b>

## (d) Movements in the foreign currency translation reserve:

	2021 \$	2020 \$
<b>Opening Balance</b>	<b>(717,151)</b>	<b>(271,680)</b>
Exchange difference on translation of foreign operations	717,151	(445,471)
<b>Closing Balance</b>	<b>-</b>	<b>(717,151)</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 13. Reconciliation of net loss after tax to net cash flows from operations

	2021 \$	2020 \$
Loss for the year	(1,267,787)	(3,360,517)
<b>Adjustment for non-cash income and expense items</b>		
Net foreign exchange (gain)/loss	44,664	(130,471)
Share based payments	69,705	267,438
Depreciation and amortisation	-	365,686
Impairment expense	314,286	142,592
Tax benefit on disposal	(155,401)	-
Non-cash consideration	(875,714)	-
Loss on consolidation – foreign exchange	782,506	-
Unwinding of discount rate	-	611,057
Change in fair value of contingent consideration	-	(1,227,920)
Change in fair value of embedded derivative liability	-	(227,381)
<b>Change in assets and liabilities</b>		
(Increase)/ decrease in trade and other receivables	(62,632)	93,247
Decrease in other financial assets	2,318	63,440
Decrease in assets classified as held for sale	2,310,635	-
(Decrease)/increase in trade and other payables	(645,667)	199,787
(Decrease)/increase in liabilities classified as held for sale	(1,016,315)	-
<b>Net cash outflow from operating activities</b>	<b>(499,402)</b>	<b>(3,203,042)</b>

## 14. Earnings per share

	2021 cents	2020 cents
Basic and Diluted Profit/(Loss) per Share		
From continuing and discontinued operations		
- Basic earnings per share	(0.02)	(0.06)
- Diluted earnings per share	(0.02)	(0.06)
From continuing operations		
- Basic earnings per share	(0.01)	(0.03)
- Diluted earnings per share	(0.01)	(0.03)
<b>Total basic and diluted loss per share</b>	<b>(0.02)</b>	<b>(0.06)</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

	2021 \$	2020 \$
The following reflects the income and share data used in the calculations of basic earnings per share:		
- Net loss from continued and discontinued operations	(1,267,787)	(3,360,517)
- Net loss from continuing operations	(681,829)	(1,344,188)

	2021 Number of Ordinary Shares	2020 Number of Ordinary Shares
Weighted average number of Ordinary Shares used in calculating basic and diluted loss per share	6,227,162,978	5,321,687,208

## Non-Dilutive Securities

As at balance date, there were no dilutive earnings per share (2020: nil).

## 15. Related parties

### Subsidiaries of Syntonic Limited

Name	Country of Incorporation	% Equity Interest	
		2021	2020
Syntonic Wireless, Inc.	United States	-	100
Syntonic US, Inc.	United States	-	100
Syntonic Brasil Tecnologia Ltda	Brazil	-	100

### Ultimate Parent

Syntonic Limited is the ultimate Australian parent entity and ultimate parent of the Group, prior to deconsolidation.

### Key Management Personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2021 \$	2020 \$
Short-term employee benefits	88,917	723,601
	<b>88,917</b>	<b>723,601</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## Other transactions and balances with Key Management Personnel

Pathways Corporate Pty Ltd, a company of which Mr Wheeler and Mr Graziano are Directors, charged the Group registered office fees of \$8,000 (2020: \$nil) during the year.

Catalyst Corporate Pty Ltd, a company of which Mr Slate is a Director, charged the Group accounting and company secretarial fees of \$91,624 (2020: \$37,148) during the year.

Detailed remuneration disclosures are provided within the remuneration report.

## 16. Parent entity disclosures

	\$	\$
<b>Financial Position</b>		
<b>Assets</b>		
Current Assets	418,392	49,097
<b>Total Assets</b>	<b>418,392</b>	<b>49,097</b>
<b>Liabilities</b>		
Current Liabilities	455,360	173,780
<b>Total Liabilities</b>	<b>455,360</b>	<b>173,780</b>
<b>Equity</b>		
Contributed Equity	84,751,530	84,751,530
Accumulated Losses	(88,182,713)	(88,200,721)
Reserves	3,394,213	3,324,508
<b>Total Equity</b>	<b>(36,970)</b>	<b>(124,683)</b>
<b>Financial Performance</b>		
Loss for the year	18,008	(3,584,844)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>18,008</b>	<b>(3,584,844)</b>

No guarantees have been entered into by the parent entity in relation to the subsidiaries.

## 17. Share-based payments

From time to time, the Group provides Incentive Options or Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

Share based payments made during the financial year ended 30 June 2021 are summarised as follows:

**(a) Recognised share based payment expense:**

	2021 \$	2020 \$
Expense arising from equity settled share-based payment transactions	69,705	267,438

**(b) Options issued and in existence at year end:**

Options vest on their respective vesting dates with the following conditions:

	Class of Options	Issue Date	Exercise Price	Expiry Date	Vesting Date	Disposal Restriction	Current year vesting Expense
A	14,250,538 employee options	7 Apr 2017	\$0.030	28 Feb 2027	Multiple	None	\$26,593
B	16,386,763 employee options	6 Jul 2018	\$0.014	6 Jul 2028	Multiple	None	-
C	900,000 employee options	6 Jul 2018	\$0.014	6 Jul 2028	Multiple	None	-
D	43,638,984 consultant options	16 Oct 2018	\$0.012	16 Oct 2023	Multiple	None	-
E	79,486,171 employee options	14 Nov 2018	\$0.009	14 Nov 2028	Multiple	None	\$41,550
F	5,000,000 consultant options	24 Jan 2019	\$0.02	24 Jan 2024	24 Jan 2020	None	-

On 11 September 2020, 10,000,000 unlisted options exercisable at \$0.04 were cancelled as vesting conditions were not met. On 3 November 2020, the Company announced the cancellation of 50,000,000 listed options. 133,333,333 broker options expired on 31 December 2020.

On 2 March 2021, the Company announced the cancellation of the following options:

- 749,462 unlisted incentive stock options (each convertible into one Share for \$0.03 on or before 28 February 2027)
- 17,681,186 Unlisted incentive stock options (each convertible into one Share for \$0.009 on or before 14 November 2028)

No options were issued during the year.



# Notes to the consolidated financial statements

For the year ended 30 June 2021

## (c) Summary of options:

	2021 No.	2020 No.
Outstanding at the beginning of the year	2,056,942,815 <sup>2</sup>	365,426,437 <sup>1</sup>
Issued during the year	-	1,735,516,378
Exercised during the year	-	(500,000)
Expired / cancelled during the year	(211,763,981)	(43,500,000)
<b>Outstanding at the end of the year</b>	<b>1,845,178,834</b>	<b>2,056,942,815</b>

1. Weighted average exercise price of \$0.023 // Weighted average remaining life of 4.75 years
2. Weighted average exercise price of \$0.029 // Weighted average remaining life of 1.86 years

## (d) Performance rights

On 16 December 2019, the Company issued the following Performance Rights to Directors of the Company, following shareholder approval obtained during the Annual General Meeting held on 18 November 2019.

	Number	Grant date	Expiry date	Fair value at grant date	Conversion milestones
Class A	199,300,830	19 November 2019	31 December 2020	\$0.001	Converted into shares subject to the Company achieving an EBITDA positive quarter prior to 31 December 2020
Class B	199,300,830	12 November 2019	31 December 2022	\$0.001	Converted into shares subject to the Company achieving a \$1.5 million or more EBITDA in any calendar quarter prior to 31 December 2022

On the 3 November 2020, the Company announced it had cancelled all of Messrs Greenbaum and Agarwal's (and/or their nominees) existing Performance Rights, with their agreement.

## 18. Auditor's remuneration

	2021 \$	2020 \$
Amounts received or due and receivable by HLB Mann Judd for:		
• an audit or review of the financial report of the Company and any other entity in the Group	71,858	64,805
• other services in relation to the Company and any other entity in the Group	4,000	6,250
	<b>75,858</b>	<b>71,055</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 19. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors of Syntonic Limited.

During the year, the Group identified two material geographic segments in which it provides software services (Brazil and United States), and a third which provides corporate services to the group (Australia).

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2021 and 30 June 2020.

2021	Brazil	United States	Australia	Total
<b>Segment Income from continuing operations</b>				
Other income	-	-	239,123	239,123
<b>Total income</b>	-	-	239,123	<b>239,123</b>

<b>Segment Income from discontinued operations</b>				
Revenue from contracts with customers	1,323,294	45,372	-	<b>1,368,666</b>
Other income	-	309,021	-	<b>309,021</b>
<b>Total income</b>	<b>1,323,294</b>	<b>354,393</b>	-	<b>1,677,687</b>

<b>Segment expenses from continuing operations</b>				
Operating expenses	-	-	(851,247)	(851,247)
Share based payment expenses	-	-	(69,705)	(69,705)
<b>Loss before depreciation and amortisation</b>	-	-	(920,952)	<b>(920,952)</b>
Amortisation and depreciation	-	-	-	-
<b>Loss before income tax</b>	-	-	(681,829)	<b>(681,829)</b>

	Brazil	United States	Australia	Total
<b>Segment expenses from discontinued operations</b>				
Cost of Sales	(1,173,732)	(23,568)	-	(1,197,300)
Operating expenses	(330,039)	(390,191)	-	(720,230)
Loss on disposal	-	-	(501,516)	(501,516)
<b>Loss before depreciation and amortisation</b>	<b>(180,477)</b>	<b>(59,366)</b>	<b>(501,516)</b>	<b>(741,359)</b>
Amortisation and depreciation	155,401	-	-	155,401
<b>Loss before income tax</b>	<b>(25,076)</b>	<b>(59,366)</b>	<b>(501,516)</b>	<b>(585,958)</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

2021	Brazil	United States	Australia	Total
<b>Segment assets and liabilities</b>				
Total assets	-	-	418,392	418,392
Total liabilities	-	-	(455,362)	(455,362)
<b>Net assets (liabilities)</b>	-	-	<b>(36,970)</b>	<b>(36,970)</b>
<hr/>				
2020	Brazil	United States	Australia	Total
<b>Segment Income from continuing operations</b>				
Other income	-	-	112,128	112,128
<b>Total income</b>	-	-	<b>112,128</b>	<b>112,128</b>
<hr/>				
<b>Segment Income from discontinued operations</b>				
Revenue from contracts with customers	8,203,911	468,975	-	8,672,886
Other income	-	202	-	202
<b>Total income</b>	<b>8,203,911</b>	<b>469,177</b>	-	<b>8,673,088</b>
<hr/>				
<b>Segment expenses from continuing operations</b>				
Operating expenses	-	-	(1,188,878)	(1,188,878)
Share based payment expenses	-	-	(267,438)	(267,438)
<b>Loss before depreciation and amortisation</b>	-	-	<b>(1,344,188)</b>	<b>(1,344,188)</b>
Amortisation and depreciation	-	-	-	-
<b>Loss before income tax</b>	-	-	<b>(1,344,188)</b>	<b>(1,344,188)</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

2020	Brazil	United States	Australia	Total
<b>Segment expenses from discontinued operations</b>				
Cost of Sales	(6,896,610)	(212,217)	-	(7,108,827)
Operating expenses	(679,954)	(2,692,450)	-	(3,372,404)
<b>Loss before depreciation and amortisation</b>	<b>627,347</b>	<b>(2,435,490)</b>	<b>-</b>	<b>(1,808,143)</b>
Amortisation and depreciation	(247,175)	(119,181)	-	(366,356)
<b>Loss before income tax</b>	<b>380,172</b>	<b>(2,554,671)</b>	<b>-</b>	<b>(2,174,499)</b>
<b>Segment assets and liabilities</b>				
Total Assets	2,201,544	311,360	48,401	2,561,305
Total Liabilities	(731,317)	(1,212,942)	(173,085)	(2,117,344)
Reclassification to assets held for sale (net)	(1,362,957)	68,637	1,294,320	-
<b>Net assets (liabilities)</b>	<b>107,270</b>	<b>(832,945)</b>	<b>1,169,636</b>	<b>443,961</b>

## 20. Financial risk and management objectives and policies

### (a) Overview

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored & reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks.

In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2021	2020
	\$	\$
Cash and cash equivalents	328,269	220,861
Trade and other receivables	77,895	649,559
Other assets	12,228	138,338
	<b>418,392</b>	<b>1,008,758</b>

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Trade and other receivables are comprised primarily of trade debtors, prepayments and GST refunds due.

Where possible the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

## (c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2021, the Group had sufficient liquid assets to meet its financial obligations.

The undiscounted contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2021 Group	≤6 Months	6-12 Months	1-5 Years	≥5 Years	Total
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	328,269	-	-	-	
Trade and other receivables	77,895	-	-	-	
	<b>406,164</b>	-	-	-	

# Notes to the consolidated financial statements

For the year ended 30 June 2021

	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<b>Financial Liabilities</b>					
Trade and other payables	455,362	-	-	-	
	<b>455,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	

2020 Group	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents	220,861	-	-	-	220,861
Trade and other receivables	15,263	-	-	-	15,263
	<b>236,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236,124</b>

	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<b>Financial Liabilities</b>					
Trade and other payables	1,101,029	-	-	-	1,101,029
	<b>1,101,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,101,029</b>

## (d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. Loans to other entities are at a fixed interest rate and all other financial assets and liabilities, in the form of receivables, convertible notes and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2021 \$	2020 \$
Interest bearing financial instruments		
Cash and cash equivalents	328,269	220,861
	<b>328,269</b>	<b>220,861</b>

# Notes to the consolidated financial statements

For the year ended 30 June 2021

The Group's cash at bank, short term deposits and interest-bearing liabilities had a weighted average interest rate at year end of 0% (2020: 0%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

## Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss		Other comprehensive income	
	100 bp Increase \$	100 bp Decrease \$	100 bp Increase \$	100 bp Decrease \$
<b>2021 Group</b>				
Cash and cash equivalents	3,283	(3,283)	3,283	(3,283)
	<b>3,283</b>	<b>(3,283)</b>	<b>3,283</b>	<b>(3,283)</b>

	Profit or loss		Other comprehensive income	
	100 bp Increase \$	100 bp Decrease \$	100 bp Increase \$	100 bp Decrease \$
<b>2020 Group</b>				
Cash and cash equivalents	2,209	(2,209)	2,209	(2,209)
	<b>2,209</b>	<b>(2,209)</b>	<b>2,209</b>	<b>(2,209)</b>

## (e) Foreign Currency Risk

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is US dollars and Brazilian real. Foreign currency risk arises on translation of the net assets of these controlled entities to Australian dollars.

## Notes to the consolidated financial statements

For the year ended 30 June 2021

Presented in Australian dollars, the Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2021	2020	2021	2020
	US \$	US \$	BRL \$	BRL \$
Cash and cash equivalents	-	94,999	-	107,270
Trade and other receivables	-	48,371	-	585,925
Trade and other payables	-	(927,944)	-	(575,916)
	-	<b>(784,574)</b>	-	<b>117,279</b>

### *Foreign Currency sensitivity*

Based on the financial instruments held at 30 June 2021, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$nil higher/\$nil lower (2020: \$78,457 higher/\$78,457 lower), the effect on equity would have been \$nil higher/\$nil lower (2020: \$78,457 higher/\$78,457 lower).

Based on the financial instruments held at 30 June 2021, had the Australian dollar weakened/strengthened by 10% against the Brazilian Real with all other variables held constant, the Group's post-tax loss for the year would have been \$nil higher/\$nil lower (2020: \$11,727 higher/\$11,727 lower), the effect on equity would have been \$nil higher/\$nil lower (2020: \$11,727 higher/\$11,727 lower).

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

### **(f) Capital Management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

### **(g) Fair Value**

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.



# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 21. Events subsequent to balance date

On the 4 October 2021, the Company announced that it had executed a Deed of Termination and Release – Royalty Deed (Termination Deed) with Western Areas Limited (Western Areas) for cash consideration of \$200,000 (ex GST).

The Company entered into a Royalty Deed (Royalty Deed) with Western Areas on 22 December 2009. Under the terms of the Royalty Deed, the Company was entitled to a 2% net royalty on revenues attributable to ore processed using the BioHeap™ bacterial leaching technology, following the sale of the BioHeap™ technology business and associated entities to Western Areas Limited in 2009.

Under the terms of the Termination Deed, Western Areas remains liable to pay the Company a royalty for the quarter ending 30 September 2021 on or before 31 October 2021.

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

## Directors' Declaration

In accordance with a resolution of the directors of Syntonic Limited:

1. In the opinion of the directors:
  - a. the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
    - i. section 296 (compliance with accounting standards and Corporations Regulations 2001); and
    - ii. section 297 (gives a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Group); and
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1(b) to the financial statements.
3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board

A handwritten signature in blue ink, appearing to read "D. Wheeler".

David Wheeler  
**Non-Executive Chairman**  
26 October 2021

**INDEPENDENT AUDITOR'S REPORT**

To the members of Syntonic Limited

**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Syntonic Limited ("the Company") and its controlled entities ("the Group"), which comprises the company's statement of financial position as at 30 June 2021, 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:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) 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* ("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 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(c) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* paragraph above, we have determined the matters described below to be the key audit matters to be communicated in our report.

**hlb.com.au**

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Key Audit Matter	How our audit addressed the key audit matter
<b>Disposal of subsidiaries Note 10</b>	
<p>On 25 September 2020, the Group entered into a Share Purchase Agreement confirming the disposal of Syntonic Wireless Inc. and Syntonic US Inc (including Syntonic Brasil Tecnologia LTDA).</p> <p>The recognition and disclosure of these transactions in the financial report is complex and required significant audit attention.</p> <p>We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We read and considered the share purchase agreement;</li> <li>• We recalculated the carrying value of the assets and liabilities as identified in the sales agreements to test that these were accurately derecognised;</li> <li>• We re-performed and considered the calculation of the loss on disposal by comparing the consideration received to the carrying value of the identified assets and liabilities; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul>
<b>Fraud risk in relation to revenue recognition Note 10(d)</b>	
<p>The total revenue disclosed as part of the loss after tax from discontinued operations for the year is \$1,677,687. The Group predominately generated revenue through its Brazilian subsidiary, Syntonic Brasil Tecnologia LTDA.</p> <p>Due to the presumption of risk over revenue recognition as prescribed by Australian Auditing Standards, this area has been subject to significant audit procedures.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the Group's accounting policy with regards to the recognition of revenue and assessed whether management had correctly applied the concepts of principal versus agent;</li> <li>• We assessed the methodology for over time recognition and accuracy of recognising revenue for a sample of contracts;</li> <li>• We selected a sample of revenue transactions and agreed the transaction to the underlying supporting documentation;</li> <li>• We performed audit procedures to ensure that revenue is materially complete, that is that each transaction that occurred during the year was correctly reflected in the financial statements, by examining procedures surrounding cut-off at balance date and ensuring, for a sample of purchase transactions, that each item selected corresponded to a sales transaction; and</li> <li>• We assessed the adequacy of the Group's disclosures with respect to revenue.</li> </ul>

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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 this financial report.

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.

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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Syntonic Limited for the year ended 30 June 2021 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.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**26 October 2021**



**D I Buckley**  
**Partner**

## Corporate Governance

Syntonic Limited (“Syntonic” or “Company”) and the entities it controls believe corporate governance is a critical pillar on which business objectives and, in turn, shareholder value must be built.

The Board of Syntonic has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company.

These documents are available in the Corporate Governance section of the Company’s website, [www.syntoniclimited.com](http://www.syntoniclimited.com). These documents are reviewed annually to address any changes in governance practices and the law.

The Company’s Corporate Governance Statement 2021, which explains how Syntonic complies with the ASX Corporate Governance Council’s ‘Corporate Governance Principles and Recommendations – 4th Edition’ in relation to the year ended 30 June 2021, is available in the Corporate Governance section of the Company’s website, [www.syntoniclimited.com](http://www.syntoniclimited.com) and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Financial Report is lodged with ASX.

In addition to the ASX Corporate Governance Council’s ‘Corporate Governance Principles and Recommendations – 4th Edition’ the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board’s experience;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

## 1. TWENTY LARGEST SHAREHOLDERS

As at 8 October 2021, the names of the twenty largest shareholders are listed below:

Name	No. of Ordinary Shares	% of Ordinary Shares
MR GAVIN JEREMY DUNHILL	508,000,000	8.86
CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	287,091,099	5.01
MR MORRIS ALAN LEVITZKE	273,000,000	4.76
ARREDO PTY LTD	240,000,000	4.18
MONOMATAPA COAL PTY LTD	200,000,000	3.49
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	175,000,000	3.05
MR DAVID LEE	164,999,998	2.88
BLOCK CAPITAL GROUP LIMITED	105,441,176	1.84
SANDTON CAPITAL PTY LTD	101,637,500	1.77
CITICORP NOMINEES PTY LIMITED	74,069,154	1.29
MR KOBI BEN SHABATH	60,833,334	1.06
MR JOHN CHARLES VASSALLO + MR SEAN JAMES VASSALLO <VASSALLO FAMILY S/F A/C>	60,587,579	1.06
MR LEROY GEORG TERENCEUK	60,000,000	1.05
STOCKMAN SUPERANNUATION PTY LTD <STOCKMAN SUPER FUND A/C>	59,954,000	1.05
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	51,147,421	0.89
HNZ GROUP PTY LTD <HNZ INVESTMENT FAMILY>	50,000,070	0.87
CHIFLEY PORTFOLIOS PTY LTD <DAVID HANNON RETIREMENT A/C>	50,000,000	0.87
RIVERVIEW CORPORATION PTY LTD	50,000,000	0.87
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	50,000,000	0.87
TISIA NOMINEES PTY LTD <THE HENDERSON FAMILY A/C>	50,000,000	0.87
<b>Total Top 20 Holders of Ordinary Fully Paid Shares</b>	<b>2,671,761,331</b>	<b>46.58</b>
<b>Total Remaining Holders Balance</b>	<b>3,063,848,059</b>	<b>53.52</b>
<b>TOTAL</b>	<b>5,735,609,390</b>	<b>100.00</b>

## 2. DISTRIBUTION OF EQUITY SECURITIES

As at 8 October 2021, an analysis of numbers of holders by size of holdings is listed below:

Distribution	No. of Shareholders	No. of Ordinary Shares
1 – 1,000	108	16,390
1,001 – 5,000	39	123,076
5,001 – 10,000	69	563,716
10,001 – 100,000	945	47,840,378
More than 100,000	1,538	5,687,065,830
<b>Totals</b>	<b>2,699</b>	<b>5,735,609,390</b>

As at 8 October 2021, there were 1,808 holders of less than a marketable parcel of ordinary shares.

## 3. VOTING RIGHTS

See note 11(c) of the Notes to the Consolidated Financial Statements.



#### 4. SUBSTANTIAL SHAREHOLDERS

As at 11 October 2021, substantial shareholder notices have been received from the following:

Substantial Shareholder	No. of Shares
MR GAVIN JEREMY DUNHILL	508,000,000
MR JASON PETERSON	337,091,099
MR MORRIS ALAN LEVITZKE	303,000,000

#### 5. ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of Syntonic Limited's listed securities.

#### 6. RESTRICTED SECURITIES

As at 8 October 2021 there were no restricted securities.

#### 7. UNQUOTED EQUITY SECURITIES

As at 8 October 2021, an analysis of unlisted equity holders is listed below in accordance with ASX Listing Rule 4.10.16:

Unquoted Securities	Number on Issue	Number of Holders	Exercise Price	Expiry Date
Unquoted Options <sup>1</sup>	14,250,538	2	0.03	28/02/2027
Unquoted Options <sup>1</sup>	43,638,984	1	0.012	16/10/2023
Unquoted Options <sup>1</sup>	17,286,763	2	0.014	06/07/2028
Unquoted Options <sup>1</sup>	79,486,171	1	0.009	14/11/2028
Unquoted Options <sup>3</sup>	5,000,000	1	0.02	01/01/2024

1) Issued to employees under approved Incentive Option Plan

2) 27% held by Celtic Capital Pty Ltd <The Celtic Capital A/c>

3) 100% held by Mr Gavin Dunhill