

Resource Generation Ltd

ABN 91 059 950 337

Financial Report - 30 June 2023

Resource Generation Ltd
Directors' report
30 June 2023

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2023.

Directors

The following persons were Directors of Resource Generation Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Zoran Grujic (appointed 17 October 2023)
Keith Glennan
Ola El Helu (appointed 17 October 2023)
Campbell Welch (resigned 17 October 2023)
Peter Ziegler (resigned 17 October 2023)

Principal activities

During the current year, the Company did not have any operational businesses. The Directors intend to use the Company as a vehicle for a listing on the Australian Securities Exchange.

Incomplete records in the comparative period

To prepare the prior year's financial report, the Directors who were only appointed on 27 May 2022, had reconstructed the Company's financial records prior to their appointment using data provided by the Voluntary Administrators and extracted from the Company's accounting records for the year.

Consequently, and although the Directors have prepared the comparative information to the best of their knowledge based on the information that was available to them, they are of the opinion that it is not possible to state that the 'statement of profit or loss and other comprehensive income', 'statement of changes in equity' and 'statement of cash flows' for the year ended 30 June 2022 were prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. There may be information that the Directors were not able to obtain, the impact of which may or may not have been material to the 'statement of profit or loss and other comprehensive income', 'statement of changes in equity' and 'statement of cash flows' for the year ended 30 June 2022.

Dividends

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

Review of operations

The loss for the Company after providing for income tax amounted to \$184,150 (30 June 2022: profit of \$112,099,675).

Significant changes in the state of affairs

During the year, the Company issued unsecured convertible notes for \$500,000 (refer to note 9).

On 9 October 2022, the Company entered into an agreement to acquire 100% of the issued capital of Freedom Care Group Pty Ltd, subject to a successful listing of the combined entity on the ASX. A revised agreement was subsequently entered into on 5 May 2023.

There were no other significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

The Company's share offer of 16,000,000 ordinary shares at \$0.20 per share closed on 20 October 2023 and was fully subscribed. The Directors expect the Company to relist on the Australian Securities Exchange by mid-November 2023.

Shareholders have approved a share consolidation of twenty(20) existing shares into one(1) share effective 23 October 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name: Zoran Grujic (appointed 17 October 2023)
Title: Non-executive Chairman
Experience and expertise: Mr Grujic is a distinguished financial executive with a proven track record of driving success across various industries. Currently serving as the CFO of 8Common Ltd (ASX:8CO), a prominent technology solutions provider, Mr Grujic showcases his adept financial acumen and strategic insights. Holding the role of CFO, he orchestrates financial strategies that steer the company's growth and profitability, while also ensuring its financial health and compliance.

Beyond his role at 8Common Ltd, Mr Grujic extends his expertise to the B2B sector as the CFO of eBev.com Pty Ltd. This dynamic digital marketplace serves as a conduit between beverage suppliers and venues, streamlining the distribution process. Mr Grujic's leadership in this capacity contributes to the efficiency and effectiveness of the platform, facilitating seamless transactions and partnerships within the beverage industry.

Name: Ola El Helu (appointed 17 October 2023)
Title: Non-executive Director
Experience and expertise: Mrs El Helu is an accomplished and dynamic consultant with a passion for healthcare and a deep expertise in radiology operations management. With over 20 years of experience in the field, Mrs El Helu has demonstrated exceptional leadership and exemplifies a perfect blend of technical expertise, leadership acumen, and a genuine commitment to patient well-being.

Mrs El Helu has held roles in both the public and private healthcare sectors in Australia and overseas, along with a global health company, GE Healthcare. In recent years, Mrs El Helu has been involved in numerous start-up companies in which she was instrumental in transforming radiology greenfield practices into efficient and cutting-edge facilities by streamlining workflows, optimizing resource allocation, and implementing state-of-the-art technologies to enhance diagnostic accuracy and patient outcomes.

Name: Keith Glennan
Title: Non-executive Director
Experience and expertise: Mr Glennan has been in the IT industry for over 30 years, initially with Hewlett-Packard and then with IBM. He has co-founded multiple successful start-up companies (in Australia and in the US) including Tesserent (ASX: TNT), which listed on the ASX in 2016 and for which he served as founding CEO and managing director. Mr Glennan has been actively involved in various start-up companies for the last few years, providing investment funds, strategic advice, and board mentorship. In addition to his ASX experience, Mr Glennan has extensive general commercial experience, especially in the area of mergers and acquisitions.

Name: Campbell Welch (resigned 17 October 2023)
Title: Non-executive Chairman
Experience and expertise: Mr Welch has over 15 years of experience in accounting and financial markets, both in Australia and the UK. He is currently a senior advisor at Novus Capital Ltd, a boutique corporate advisory and share dealing firm headquartered in Sydney, Australia. His prior work experience includes appointments at AMP, Challenger Ltd and Royal London Asset Management.

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Name: Peter Ziegler (resigned 17 October 2023)
Title: Non-executive Director
Experience and expertise: Mr Ziegler is an experienced company director, solicitor and chartered accountant. He was partner at the accounting firm Ernst & Young, specialising in taxation and corporate structuring. Mr Ziegler is a principal of Ziegler Asset Partners, an asset management company.

Company secretary

Wayne Kernaghan was appointed Company Secretary on 27 May 2022.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Campbell Welch	6	6
Keith Glennan	6	6
Peter Ziegler	6	6

Held: represents the number of meetings held during the time the Director held office.

Shares under option

There were no unissued ordinary shares of Resource Generation Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Resource Generation Ltd issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Resource Generation Ltd
Directors' report
30 June 2023

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, consisting of a large, stylized loop at the top and several horizontal strokes below it.

Zoran Grujic
Non-Executive Chairman

17 November 2023



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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF RESOURCE GENERATION LTD

As lead auditor of Resource Generation Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light grey, semi-transparent rectangular box.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 17 November 2023

Resource Generation Ltd

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General information

The financial statements cover Resource Generation Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Resource Generation Ltd's functional and presentation currency.

Resource Generation Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 706
Level 7
89 York Street
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 17 November 2023. The Directors have the power to amend and reissue the financial statements.

Resource Generation Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022* \$
Other gains and losses			
Gain on financial guarantee contract	3	-	112,233,000
Expenses			
Administration, rent and corporate		(98,593)	(49,933)
Employee benefits expense		(74,754)	(4,584)
Recapitalisation	4	-	(78,808)
Finance costs	4	(10,803)	-
Total expenses		<u>(184,150)</u>	<u>(133,325)</u>
Profit/(loss) before income tax expense		(184,150)	112,099,675
Income tax expense	5	<u>-</u>	<u>-</u>
Profit/(loss) after income tax expense for the year attributable to the owners of Resource Generation Ltd	12	(184,150)	112,099,675
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Resource Generation Ltd		<u>(184,150)</u>	<u>112,099,675</u>

* The Company was placed into voluntary administration from 2 July 2021 to 24 June 2022. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made.

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

Resource Generation Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	379,917	8,419
Trade and other receivables	7	19,460	1,765
Total current assets		<u>399,377</u>	<u>10,184</u>
Total assets		<u>399,377</u>	<u>10,184</u>
Liabilities			
Current liabilities			
Trade and other payables	8	165,521	59,202
Borrowings	9	468,655	11,499
Total current liabilities		<u>634,176</u>	<u>70,701</u>
Total liabilities		<u>634,176</u>	<u>70,701</u>
Net liabilities		<u>(234,799)</u>	<u>(60,517)</u>
Equity			
Issued capital	10	223,858,207	223,858,207
Other equity	11	9,868	-
Accumulated losses	12	(224,102,874)	(223,918,724)
Total deficiency in equity		<u>(234,799)</u>	<u>(60,517)</u>

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

Resource Generation Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital \$	Other equity \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2021	223,623,207	-	(506,346)	(335,512,053)	(112,395,192)
Profit after income tax expense for the year	-	-	-	112,099,675	112,099,675
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	112,099,675	112,099,675
Transfer of reserve balances to accumulated losses ()	-	-	506,346	(506,346)	-
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	235,000	-	-	-	235,000
Balance at 30 June 2022	<u>223,858,207</u>	<u>-</u>	<u>-</u>	<u>(223,918,724)</u>	<u>(60,517)</u>
	Issued capital \$	Other equity \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	223,858,207	-	-	(223,918,724)	(60,517)
Loss after income tax expense for the year	-	-	-	(184,150)	(184,150)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(184,150)	(184,150)
<i>Transactions with owners in their capacity as owners:</i>					
Value of conversion rights on convertible notes (note 11)	-	9,868	-	-	9,868
Balance at 30 June 2023	<u>223,858,207</u>	<u>9,868</u>	<u>-</u>	<u>(224,102,874)</u>	<u>(234,799)</u>

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

Resource Generation Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022* \$
Cash flows from operating activities			
Payments to suppliers and employees		(84,723)	(371,962)
Interest and other finance costs paid		(8,070)	-
Net cash used in operating activities		<u>(92,793)</u>	<u>(371,962)</u>
Cash flows from investing activities			
Loans from/(to) related and other parties		<u>8,070</u>	-
Net cash from investing activities		<u>8,070</u>	-
Cash flows from financing activities			
Proceeds from issue of shares		-	235,000
Proceeds from borrowings		467,720	11,499
Repayment of borrowings		(11,499)	-
Net cash from financing activities		<u>456,221</u>	<u>246,499</u>
Net increase/(decrease) in cash and cash equivalents		371,498	(125,463)
Cash and cash equivalents at the beginning of the financial year		<u>8,419</u>	<u>133,882</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>379,917</u></u>	<u><u>8,419</u></u>

* The Company was placed into voluntary administration from 2 July 2021 to 24 June 2022. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made for 30 June 2022 comparables.

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Incomplete records in the comparative period

To prepare the prior year's financial report, the Directors who were only appointed on 27 May 2022, had reconstructed the Company's financial records prior to their appointment using data provided by the Voluntary Administrators and extracted from the Company's accounting records for the year.

Consequently, and although the Directors have prepared the comparative information to the best of their knowledge based on the information that was available to them, they are of the opinion that it is not possible to state that the 'statement of profit or loss and other comprehensive income', 'statement of changes in equity' and 'statement of cash flows' for the year ended 30 June 2022 were prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. There may be information that the Directors were not able to obtain, the impact of which may or may not have been material to the 'statement of profit or loss and other comprehensive income', 'statement of changes in equity' and 'statement of cash flows' for the year ended 30 June 2022.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Directors have prepared the financial report on a going concern basis.

For the financial year ended 30 June 2023, the Company achieved net operating cash outflows of \$92,793. At 30 June 2023, the Company had net current liabilities of \$234,799 and total liabilities of \$634,176.

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate based on the following:

(a) Convertible notes

During the current financial year, the Company raised \$500,000 from the issue of convertible notes (refer to note 9). The notes have a term of 12 months and will automatically convert into ordinary shares in the Company when the Company relists on the ASX.

(b) Freedom Care Group

On 9 October 2022, the Company entered into an agreement to acquire 100% of the issued capital of Freedom Care Group Pty Ltd, subject to a successful listing of the combined entity on the ASX. A revised agreement was subsequently entered into on 5 May 2023.

The Company lodged a prospectus with the ASX on 4 September 2023. The Company's share offer of 16,000,000 ordinary shares at \$0.20 per share under the prospectus, closed on 20 October 2023 and was fully subscribed. Subject to the usual conditions, the Directors expect the Company to relist on the ASX and complete the acquisition by mid-late November 2023.

These conditions give rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Note 1. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 3. Gain on financial guarantee contract

	2023	2022
	\$	\$
Gain on financial guarantee contract	-	112,233,000

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Notes to the financial statements
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Note 3. Gain on financial guarantee contract (continued)

The Company provided financial guarantees in respect of the loan due by its former subsidiary, Ledjadja Coal (Pty) Ltd, to Noble Resources International Pte Ltd. As a consequence of Ledjadja Coal (Pty) Ltd being placed in provisional liquidation on 26 July 2021 and being deconsolidated, a liability was recognised by the Company at 30 June 2021 in relation to this financial guarantee.

Subsequent to 30 June 2021, the Company's creditors accepted a Recapitalisation Proposal (the proposal). In terms of the proposal, the Company's shareholders approved the issue of shares for a total cash consideration of \$235,000 of which \$225,000 was paid to the Deed Administrators. The payment to the Deed Administrators was to pay unsecured creditors, and the Administrators' costs and expenses. Following the acceptance of the proposal, the financial guarantee liability was extinguished in the 2022 financial year, resulting in a gain on derecognition.

Note 4. Expenses

	2023 \$	2022* \$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Recapitalisation</i>		
Payment to Deed Administrators	-	225,000
Net liabilities of the Company at 30 June 2021	-	(146,192)
	<u>-</u>	<u>78,808</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	<u>10,803</u>	<u>-</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>5,250</u>	<u>417</u>

* The Company was placed into voluntary administration on 2 July 2021. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made.

Recapitalisation

On 2 July 2021, William James Harris, Anthony Norman Connelly and Jason Preston of McGrathNicol, were appointed Voluntary Administrators of the Company.

A proposal by Alt Finance Pty Ltd, for the restructure and recapitalisation of the Company via a Deed of Company Arrangement and Creditors Trust, was submitted to the Deed Administrators ("Recapitalisation Proposal") on 14 January 2022. A creditors' meeting was convened by the Deed Administrators to consider the Recapitalisation Proposal. Creditors accepted the Recapitalisation Proposal on 10 February 2022, and the Deed of Company Arrangement was signed on 10 February 2022.

In terms of the Recapitalisation Proposal, the Company shareholders approved the following at a general meeting of the Company held on 27 May 2022:

- Consolidation of the Company shares on a 1:72 basis;
- The issue of 92,000,000 ordinary shares to raise \$235,000; and
- The appointment of 3 new Directors to the Company.

The Deed Administrators retired following the passing of all resolutions of the recapitalisation proposal and \$225,000 of the proceeds from the issue of the shares was paid to the Deed Administrators. A Recapitalisation Fund was created to pay unsecured creditors, and from which costs, charges and expenses of the Deed Administrators were paid.

The Company's net liabilities at 30 June 2021 were offset against the payment to the Deed Administrators. As detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable the identification of the movements in net assets in the Company from 1 July 2021 to 27 May 2022.

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Notes to the financial statements
30 June 2023

Note 5. Income tax

	2023* \$	2022* \$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	<u>(184,150)</u>	<u>112,099,675</u>
Tax at the statutory tax rate of 25%	(46,038)	28,024,919
Current year temporary differences not recognised	<u>46,038</u>	<u>(28,024,919)</u>
Income tax expense	<u>-</u>	<u>-</u>
	2023** \$	2022** \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>-</u>	<u>-</u>
Potential tax benefit @ 25%	<u>-</u>	<u>-</u>

* The Company was placed into voluntary administration on 2 July 2021. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to ensure this disclosure is complete or to enable this level of disclosure to be made.

** Tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. The Directors are of the view that the Company is unlikely to meet these tests and disclosure of any potential losses would not be appropriate.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference 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 recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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Notes to the financial statements
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Note 5. Income tax (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 6. Cash and cash equivalents

	2023 \$	2022 \$
<i>Current assets</i>		
Cash at bank	379,917	8,419

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 7. Trade and other receivables

	2023 \$	2022 \$
<i>Current assets</i>		
Other receivables	300	-
BAS receivable	19,160	1,765
	<u>19,460</u>	<u>1,765</u>

Accounting policy for trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 8. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade and other payables	165,521	59,202

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 9. Borrowings

	2023 \$	2022 \$
<i>Current liabilities</i>		
Loan - Director	-	11,499
Convertible notes	468,655	-
	<u>468,655</u>	<u>11,499</u>

Loan - Director

The Director loan was unsecured, interest free and had no fixed repayment terms.

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Notes to the financial statements
30 June 2023

Note 9. Borrowings (continued)

Convertible notes

During the current financial year, the Company issued unsecured convertible notes for \$500,000. The notes have a term of 12 months and interest is payable at 8% per annum commencing in the 4th month. Noteholders may convert the principal into shares in the Company at any time during the term of the notes using a conversion price of 14 cents per share. The notes automatically convert into ordinary shares in the Company in the event that the Company re-lists on the ASX using a conversion price of 14 cents per share.

	2023 \$	2022 \$
Opening balance	-	-
Face value of notes issued	500,000	-
Other equity securities - value of conversion rights (note 11)	(9,868)	-
Interest expense	2,733	-
Transaction costs	(24,210)	-
	<u>468,655</u>	<u>-</u>
Closing balance	<u>468,655</u>	<u>-</u>

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Compound instruments:

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Note 10. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>100,073,381</u>	<u>100,073,381</u>	<u>223,858,207</u>	<u>223,858,207</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Resource Generation Ltd
Notes to the financial statements
30 June 2023

Note 10. Issued capital (continued)

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.

Note 11. Other equity

	2023 \$	2022 \$
Conversion right of convertible notes	9,868	-

The conversion rights relate to the convertible notes, details of which are shown in note 9.

Note 12. Accumulated losses

	2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(223,918,724)	(335,512,053)
Profit/(loss) after income tax expense for the year	(184,150)	112,099,675
Transfer from Other contributed equity reserve	-	1,085,493
Transfer from Share-based payments reserve	-	487,000
Transfer from Treasury shares reserve	-	(2,078,839)
Accumulated losses at the end of the financial year	<u>(224,102,874)</u>	<u>(223,918,724)</u>

Note 13. Dividends

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

Note 14. Key management personnel disclosures

Compensation

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

	2023 \$	2022* \$
Aggregate compensation	74,754	4,584

* The Company was placed into voluntary administration on 2 July 2021. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made.

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company:

	2023 \$	2022 \$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	39,000	31,000

Resource Generation Ltd
Notes to the financial statements
30 June 2023

Note 16. Commitments

On 5 May 2023, the Company entered into a final agreement to acquire 100% of the issued capital of Freedom Care Group Pty Ltd, subject to a successful listing of the combined entity on the ASX.

Note 17. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 14.

Transactions with related parties

The Company was placed into voluntary administration on 2 July 2021. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2023	2022
	\$	\$
Current borrowings:		
Loan from a Director	-	11,499

The loan from a Director was repaid during the 2023 financial year. The loan was unsecured, interest free and had no fixed terms of repayment.

Note 18. Events after the reporting period

The Company's share offer of 16,000,000 ordinary shares at \$0.20 per share closed on 20 October 2023 and was fully subscribed. The Directors expect the Company to relist on the Australian Securities Exchange by mid-November 2023.

Shareholders have approved a share consolidation of twenty(20) existing shares into one(1) share effective 23 October 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Resource Generation Ltd
Directors' declaration
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards - Simplified Disclosures, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Zoran Grujic
Non-Executive Chairman

17 November 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Resource Generation Ltd

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Resource Generation Ltd (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of Resource Generation Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for qualified opinion

As disclosed in note 1 to the financial statements, on 2 July 2021, Resource Generation Ltd was placed into voluntary administration. Following the appointment of the administrators, the powers of the directors and officers of Resource Generation Limited were suspended and the administrators assumed control of the Company's business, property and affairs. New directors were appointed on 27 May 2022 and the Company was released from administration on 24 June 2022, following the settlement of a Deed of Company Arrangement.

Due to the circumstances, the directors were unable to obtain all the necessary books and records pertaining to the Group and the preparation of historical financial reports. As a result, we were unable to determine whether any adjustments were necessary in respect of the 30 June 2022 financial report and a disclaimer of opinion was issued.

Our opinion on the current period's financial report is therefore also modified because of the possible effect of the above matters on the comparability of the current period's figures and the corresponding figures.

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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 - Simplified Disclosures 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 17 November 2023