25 January 2019

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

Announcement Number 363
Via: ASX Online
Number of Pages: 89 (including this page)

ASX Code: 1AG

Dear Sir / Madam

Notice of 2018 AGM and General Meeting and Proxy Forms

Please find enclosed a letter to all shareholders, the Notice of Meeting for the 2018 Annual General Meeting, a Notice of Meeting for a General Meeting, and the relevant proxy forms.

The AGM will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 28 February 2019 at 12.00pm (WST).

The General Meeting (if required) will follow immediately on closure of the AGM.

A copy of the Financial Report for the year ended 30 September 2018 is appended to this announcement.

Yours faithfully

Anthony Fitzgerald
Company Secretary

Alterra Ltd
ABN 20 129 035 221
AFSL 338 520

Office
Suite 1, 25 Walters Drive
Osborne Park WA 6017

Post
PO Box 1805
Osborne Park DC WA 6916

P 08 9204 8400
E info@alterra.com.au
W alterra.com.au

Alterra

25 January 2019

NOTICE OF MEETINGS: ANNUAL GENERAL MEETING AND A GENERAL MEETING

Dear Alterra Shareholder,

I write to bring to your attention to the 2 Notice of Meetings enclosed relating to:

- The 2018 Annual General Meeting (**2018 AGM**) to be held on 28 February 2019 at 12pm; and
- A General Meeting (if required) to be held on 28 February 2019 immediately after the AGM.

Why are there two Notice of Meetings?

Annual General Meeting

The Notice of Meeting for the 2018 AGM (**2018 AGM NOM**) is in line with the Company's normal corporate calendar.

At the 2017 AGM a 'First Strike' against the Remuneration Report was recorded. In the event of a 'Second Strike', the Company is required to ask Members to consider a resolution for a spill motion, whereby if carried, the Company would be required to hold a general meeting within 90 days to consider the re-election of directors impacted by the spill (**Spill Meeting**).

Members will note that in the case of the Remuneration Report (Resolution 1) *"the Key Management Personnel whose remuneration are included in the Remuneration Report, or a member that is a Closely Related Party of Key Management Personnel"* are unable to vote.

The Directors and other Key Management Personnel of Alterra hold approximately 53 million shares (or approximately 36% of the Company). In this instance, a relatively small number of votes can prevail in relation to voting down the Remuneration Report and any other resolutions where voting restrictions exist.
It follows, that there is a high probability of a 'Second Strike' being recorded at the 2018 AGM.

Spill Meeting

Should a Spill Meeting be held, all Members, including Directors and other Key Management Personnel can vote on the re-election of directors. Should the Spill Meeting proceed**,** the only director up for re-election will be non-executive Chair Trevor Stoney. The Board notes that Trevor Stoney is already up for re-election at the 2018 AGM (see Resolution 4 of the enclosed 2018 AGM NOM).

The Board considers that a Second Strike and Spill Resolution could create uncertainty over the period from the date of the AGM until such time as the potential Spill Meeting is convened. In order to reduce the period of any potential uncertainty, the Board has determined that in the event a Spill Meeting is required, the Spill Meeting will be held immediately after the 2018 AGM.

If Members have queries, please send an email to cosec@alterra.com.au or contact Anthony Fitzgerald (Company Secretary) or Andrew McBain (Managing Director) on 08 9204 8400.

Yours sincerely

Anthony Fitzgerald
Company Secretary

A C N 1 2 9 0 3 5 2 2 1

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 28 February 2019 at 12.00pm (WST).

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9204 8400.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

ALTERRA LIMITED
ACN 129 035 221

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Alterra Limited (**Company**) will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 28 February 2019 at 12.00pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 4.00pm on 26 February 2019 (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 September 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"*That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.*"

Voting Prohibition

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

(a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Spill Resolution

Resolution 2 is a conditional resolution. The resolution is conditional on at least 25% of the votes cast on Resolution 1 (Remuneration Report) being cast against the adoption of the Remuneration Report. Please refer to the Explanatory Memorandum for further information.

If required:

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"*That, in accordance with section 250V(1) of the Corporations Act and for all other purposes, Shareholders approve the following*:

(a) the Company holding another meeting of Shareholders within 90 days of this Meeting (**Spill Meeting**);

(b) all Vacating Directors ceasing to hold office immediately before the end of the Spill Meeting; and

(c) resolutions to appoint persons to offices that will be vacated pursuant to (b) being put to the vote at the Spill Meeting."

Voting Prohibition

In accordance with section 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

(a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Note: If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 2.

4. Resolution 3 – Election of Director – Mr Oliver Barnes

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purpose of clause 13.4 of the Constitution and for all other purposes, Mr Oliver Barnes, a Director who was appointed on 11 January 2019, retires, and being eligible, is elected as a Director.”

5. Resolution 4 – Re-election of Director – Mr Trevor Stoney

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purpose of clause 13.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Mr Trevor Stoney, a Director, retires by rotation, and being eligible, is re-elected as a Director."

6. Resolution 5 - Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

The Company need not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

Mr Anthony Fitzgerald
Company Secretary

Dated: 25 January 2019

ALTERRA LIMITED
ACN 129 035 221

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 28 February 2019 at 12.00pm (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

	SECTION / SCHEDULE HEADING	INFORMATION & MEMBER VOTING ELIGIBILITY
Section 2:	Action to be taken by Shareholders	Summarises action to be taken by Members wishing to understand and vote on Resolutions.
Section 3:	Annual Report	Summarises the approach to be taken in considering the Annual Report.
Section 4:	Resolution 1 – Remuneration Report	ALL MEMBERS **other than** the Key Management Personnel whose remuneration are included in the Remuneration Report, or a Member that is a **Closely Related Party** of Key Management Personel.
Section 5:	Resolution 2 – Spill Resolution	All Members **other than** the Key Management Personnel whose remuneration are included in the Remuneration Report, or a Member that is a **Closely Related Party** of Key Management Personel.
Section 6:	Resolution 3 – Election of Director – Mr Oliver Barnes	ALL MEMBERS
Section 7:	Resolution 4 – Re-election of Director – Mr Trevor Stoney	ALL MEMBERS
Section 8:	Resolution 5 – Approval of 10% Placement Facility	ALL MEMBERS
Schedule 1:	Definitions	Key terms defined
Schedule 2:	Proxy Form	Proxy Form for Members to appoint proxy and issue voting instructions or authorise discretionary voting.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 September 2018.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

(a) discuss the Annual Report which is available online at www.alterra.com.au;

(b) ask questions about, or comment on, the management of the Company; and

(c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

(a) the preparation and content of the Auditor's Report;

(b) the conduct of the audit;

(c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Part 2G.2, Division 9 of the Corporations Act provides Shareholders with the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report received a Strike at the 2017 annual general meeting. If the Remuneration Report receives a Strike at this Meeting (the 2018 annual general meeting), Shareholders should be aware that if a second Strike is received in respect of this Resolution 1 – Remuneration Report, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

5. Resolution 2 – Spill Resolution

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 2.

The Corporations Act requirements for this Resolution 2 to be put to vote are set out in Section 4.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

If required, the Spill Resolution will be considered as an ordinary resolution. If a second Strike is received and the Spill Resolution is passed, a Spill Meeting must be held within 90 days of the passing of the Spill Resolution. In this regard, the Spill Meeting will be held immediately after the conclusion of the AGM.

If a Spill Meeting is held, the Vacating Director (unless he resigns before the Spill Meeting), pursuant to section 250V(1)(b)(i) of the Corporations Act, will be Mr Trevor Stoney.

The Vacating Director is eligible to stand for re-election at the Spill Meeting and intends to seek re-election.

Shareholders should be aware, however, that the convening of a separate Spill Meeting will result in the Company incurring material additional expense in conducting a meeting as well as disruption and distraction to the focus of core business operations. **Accordingly, in the best interests of shareholders and the Company, to avoid this situation, the Directors of the Company have decided to convene the Spill Meeting immediately after the conclusion of the 2018 AGM which will be held only in the event that the Spill Resolution is passed**. Refer to the separate Notice of Meeting for this Spill Meeting enclosed with this Notice.

The Chairman of the Meeting intends to vote all available undirected proxies against this Spill Resolution. A voting exclusion applies to Resolution 2 and is set out in the Notice of Meeting. These voting exclusions will not apply to the Spill Meeting and all shareholders will be entitled to vote on the Director appointment at the Spill Meeting.

The Board unanimously recommends that Shareholders vote against Resolution 2. In this regard, the Board notes that each of the Vacating Directors has a personal interest in the Spill Resolution and the Board considers that a Spill Meeting would be extremely disruptive to the Company. The Board also notes that shareholders can remove a Director by a majority shareholder vote at any general meeting and for any reason.

6. Resolution 3 - Election of Director – Mr Oliver Barnes

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Oliver Barnes, having been appointed on 11 January 2019 will retire in accordance with clause 13.4 of the Constitution and being eligible, seeks election from Shareholders.

Mr Barnes brings extensive experience in greenfield project development and institutional agricultural investment that will enhance the capabilities of the existing executive team as the Company advances its agribusiness growth strategy.

From March 2015, Mr Barnes was Chief Operating Officer of the privately-owned WA Sandalwood Plantations where his responsibilities included managing relationships with key institutional asset owners; implementing enterprise resource planning systems and driving productivity gains across 13,000 hectares of sandalwood located in the Central Wheatbelt of Western Australia.

Mr Barnes was also part of the team that established Dutjahn Sandalwood Oils, a 50% indigenous owned sandalwood oil distillation business that is now a leading supplier of sandalwood oils to the fine fragrance industry.

On immigrating to Australia in 2013, Mr Barnes became Commercial Manager of ASX and TSX listed Avenira Ltd (formerly Minemakers Ltd) and was part of the commercial team that oversaw its restructure.

Mr Barnes holds a balanced skillset of commercial, technical and financial expertise accumulated from a wide range of agricultural development initiatives executed in Australia, Sub-Saharan Africa and Eastern Europe. His skillset and experience in developing high value, institutional grade agricultural assets will be invaluable as the Company seeks to capitalise on the opportunities it continues to advance.

Mr Barnes is well versed in realising value from agricultural development opportunities, understands the WA agricultural industry and has extensive experience in improving agribusiness management. The appointment of Mr Barnes to this key leadership role is a continuation of the strategic evolution of the Company.

The Board (excluding Mr Oliver Barnes) recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

7. Resolution 4 – Re-election of Director – Mr Trevor Stoney

Clause 13.2 of the Constitution provides that:

(a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;

(b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;

(c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and

(d) in determining the number of Directors to retire, no account is to be taken of:

   (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or

   (ii) a Managing Director,

   each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

Listing Rule 14.5 requires that an entity which has directors must hold an election of directors at each annual general meeting.

The Company currently has three Directors (one of which is subject to election pursuant to Resolution 3) and accordingly one must retire.

Mr Trevor Stoney, the Director longest in office since his last election, has agreed to retire by rotation and seek re-election at this Meeting.

Mr Stoney brings more than 50 years of involvement, knowledge and relationships within the agricultural industry to Alterra. From 1962 until the farm's sale in 2009, Mr Stoney managed his family's mixed farming operations of 70,000 acres which stretched from Dongara in the mid-west, Esperance in the south and Donnybrook in the south-west of Western Australia. Mr Stoney's experience brings invaluable insight into agricultural production, agribusiness, carbon sequestration and its close relationship with Australian farmers.

The Board (excluding Mr Trevor Stoney) recommends that Shareholders vote in favour of Resolution 4.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

8. Resolution 5 - Approval of 10% Placement Facility

8.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of $300 million or less. Based on the ASX closing price on 15 January 2019, the Company has a market capitalisation of approximately $4.43 million. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 5.

8.2 Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue one quoted class of Equity Securities, Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 147,599,988 Shares and has a capacity to issue:

(i) 22,139,998 Equity Securities under Listing Rule 7.1; and

(ii) 14,759,999 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c)).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

(ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(**10% Placement Period**).

8.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

8.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

(a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares). There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

(c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

(i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

(ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		$0.015 **50% decrease in Issue Price**	$0.03[1] **Issue Price**	$0.06 **100% increase in Issue Price**
Current Variable A 147,599,988 Shares	**10% Voting Dilution**	14,759,999 Shares	14,759,999 Shares	14,759,999 Shares
	Funds raised	$221,400	$442,800	$885,600
50% increase in current Variable A 221,399,982 Shares	**10% Voting Dilution**	22,139,998 Shares	22,139,998 Shares	22,139,998 Shares
	Funds raised	$332,100	$664,200	$1,328,400
100% increase in current Variable A 295,199,976 Shares	**10% Voting Dilution**	29,519,998 Shares	29,519,998 Shares	29,519,998 Shares
	Funds raised	$442,800	$885,600	$1,771,200

The table has been prepared on the following assumptions:

(i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

(ii) No convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.

(iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

(v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

(vii) The issue price is $0.03 being the closing price of the Shares on ASX on 15 January 2019.

(d) The Company will only issue the Equity Securities during the 10% Placement Period.

(e) The Company may seek to issue the Equity Securities for the following purposes:

(i) cash consideration in which case the Company intends to use funds raised for the acquisition of new projects, assets and investments (including expenses associated with such an acquisition, such as due diligence and external advisers, amongst other expenses), continued expenditure on the Company's current assets and general working capital; or

(ii) non-cash consideration for the acquisition of new projects, assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required under Listing Rule 7.1A.3.

(f) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(g) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

(i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;

(ii) the effect of the issue of the Equity Securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

(h) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

Further, if the Company is successful in acquiring new projects, assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new projects, assets or investments.

(i) The Company obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 28 February 2018.

(j) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 28 February 2018. In the 12 months preceding the date of the 2018 Annual General Meeting and as at the date of this Notice, the Company has issued 4,000,000 Equity Securities and this represents 2.79% of the total number of Equity Securities on issue at the commencement of that 12-month period.

The Company did not issue any Shares pursuant to Listing Rule 7.1A during the year.

Details of the only issue of Equity Securities by the Company during the 12 months preceding the date of the 2018 Annual General Meeting are in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and details of any discount	Consideration & Use of Funds as at the date of this Notice	Current value of non-cash consideration
2/03/18	4,000,000	Unquoted Options exercisable at $0.035 on or before 31 March 2021 with no vesting conditions.	Directors of the Company	Issue price of nil	The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.	The issue was made to directors as an incentive. The current value of the non-cash consideration is $77,896[1]
14/11/18	4,000,000	Shares	Directors of the Company – upon exercise of the Options set out above	Not applicable - exercise price of $0.035 paid	The Company received $140,000 from the exercise of the Options. The funds raised from the exercise of the Options were applied to working capital	Not applicable

Note: 1. Based on a Black Scholes valuation undertaken on 22 January 2019.

(k) A voting exclusion statement is included in the Notice.

(l) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 8.1.

10% Placement Period has the meaning given in Section 8.2(f).

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 September 2018.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors of the Company.

Chair or **Chairman** means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

(a) a spouse or child of the member; or

(b) has the meaning given in section 9 of the Corporations Act.

Company means Alterra Limited ACN 129 035 221.

Constitution means the constitution of the Company as at the date of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Spill Meeting has the meaning given in Section 5.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Trading Day has the same meaning as in the Listing Rules.

Vacating Director means the Directors who were directors of the Company when the resolution to make the Directors' Report considered at the Meeting was passed, other than the managing director at that time.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia

Alterra Limited | ABN 20 129 035 221

AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: 1AG

Your proxy voting instruction must be received by **12.00pm (WST) on Tuesday, 26 February 2019,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at https://investor.automic.com.au/#/loginsah

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Contact

Return your completed form

BY MAIL:
Automic
GPO Box 5193
Sydney NSW 2000

IN PERSON:
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Contact us – All enquiries to Automic

WEBCHAT: https://automic.com.au/
EMAIL: hello@automic.com.au
PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

AUTOMIC

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Alterra Limited, to be held at **12.00pm (WST) on Thursday, 28 February 2019 at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS
Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 2 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 2 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting

Resolutions		For	Against	Abstain
1.	Remuneration Report			
2.	Spill Resolution (conditional resolution)			
3.	Election of Director – Mr Oliver Barnes			
4.	Re-election of Director – Mr Trevor Stoney			
5.	Approval of 10% Placement Facility			

***Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

1AG

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY)
/ /

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

A C N 1 2 9 0 3 5 2 2 1

NOTICE OF GENERAL MEETING

To be held (only if required) immediately after the conclusion of the 2018 Annual General Meeting, but not before 12.15pm (WST), on Thursday, 28 February 2019 at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9204 8400.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

ALTERRA LIMITED
A C N 1 2 9 0 3 5 2 2 1

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting (**Spill Meeting** or **General Meeting**) of Shareholders of Alterra Limited (**Company**) will be held (only if required) immediately after the conclusion of the 2018 Annual General Meeting (**AGM**), but not before before 12.15pm (WST), on Thursday, 28 February 2019 at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia.

Shareholders should note that this Spill Meeting will only be held in the event the spill resolution has been passed by shareholders at the Company's 2018 AGM. If the spill resolution is not passed, this Spill Meeting will not be held. Shareholders should refer to the Notice of 2018 AGM (enclosed) for further detail on the spill resolution.

This Notice of General Meeting must be read in conjunction with the Notice of 2018 AGM (enclosed). Also see the Explanatory Memorandum

The Explanatory Memorandum provides additional information on matters to be considered at the Spill Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 4.00pm on 26 February 2019 (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 – Re-election of Director – Mr Trevor Stoney

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That Mr Trevor Stoney, who will cease to hold office as a director of the Company immediately before the end of this general meeting pursuant to section 250V(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), being eligible, be re-elected as a director of the Company with effect from the end of the meeting".*

Information about the candidate to be elected as a director of the Company is set out in Section 5 of the Explanatory Memorandum.

Voting Exclusion and Prohibition
There are no voting exclusions applicable to the resolution to be put to the Spill Meeting.

The Explanatory Memorandum attached to this Notice of Meeting is incorporated into and forms part of this Notice of Meeting. A detailed explanation of the background and reasons for the proposed resolution is set out in the Explanatory Memorandum.

BY ORDER OF THE BOARD

Mr Anthony Fitzgerald
Company Secretary

Dated: 25 January 2019

ALTERRA LIMITED
A C N 1 2 9 0 3 5 2 2 1

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in compliance with the *Corporations Act 2001 (Cth)* (**Corporations Act**), ASX Listing Rules and the Company's Constitution.

This Explanatory Memorandum, which should be read in its entirety, forms part of the Notice of the Company's General Meeting to be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia to be held (only if required) immediately after the conclusion of the 2018 AGM. All Shareholders should read this Explanatory Memorandum in full and in conjunction with the Notice of 2018 AGM (enclosed). If any Shareholder has any questions, they should obtain professional advice before making any decisions in relation to the resolutions to be put to Shareholders at the General Meeting.

The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Voting Entitlement

The Directors of the Company have determined that, for the purpose of voting at the Spill Meeting, shares will be taken to be held by the registered holder at 4.00pm on 26 February 2019 (WST).

Shareholders should read the Notice, including this Explanatory Memorandum, carefully before deciding how to vote on the Resolution.

3. Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms

4. Background to the Spill Meeting

Under the two Strikes legislation which came into effect on 1 July 2011, if at least 25% of the votes cast on the adoption of the remuneration report of the Company at two consecutive AGMs are against the adoption of the remuneration report, the Company must put to the shareholders a "spill resolution" at the second AGM (**Spill Resolution**). If the Spill Resolution is passed, the Company must hold another General Meeting of shareholders (**Spill Meeting**) within 90 days of the passing of the resolution.

All Vacating Directors, who were in office when the applicable Directors' Report (including the Remuneration Report) was being considered at the second AGM, cease to hold office immediately before the end of the Spill Meeting and resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting must be put to the vote.

At the Company's 2017 AGM, more than 25% of the votes were cast against the adoption of the 2017 Remuneration Report. If at the 2018 AGM (due to be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 28 February 2019 at 12.00pm (WST), immediately before the spill meeting), 25% or more of the votes cast are against the adoption of the 2018 Remuneration Report, shareholders will be required to vote on a resolution on whether a further General Meeting of the Company will be convened at which all of the Company's directors must stand for re-election should they wish to continue as directors of the Company, being the Spill Resolution.

Please see the accompanying Notice of 2018 AGM for further information regarding the Spill Resolution and Spill Meeting.

This Spill Meeting will only take place if the Spill Resolution is passed at the 2018 AGM. If the Spill Resolution is not required to be voted on, or is not passed at the 2018 AGM, the resolutions proposed to be voted on at this meeting are not required and will be withdrawn. If the Spill Resolution is passed, each of the Vacating Directors (being Mr Trevor Stoney) will cease to hold office immediately before the end of the Spill Meeting. Those directors elected or reelected at the Spill Meeting will commence to hold office at the end of the Spill Meeting.

If a director is re-elected in these circumstances, the Corporations Act provides that the term of office of the director will not be affected and directors will be subject to retirement and re-election at an AGM of the company as if the cessation and appointment at the Spill Meeting had not occurred.

There is no voting exclusion applicable to the resolution to be put to the Spill Meeting.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Under the Corporations Act, a public company such as Alterra Limited must have a minimum of three directors appointed at all times. Accordingly, if, after the spill meeting, there are fewer than three directors of the Company elected, in accordance with the Corporations Act, the unsuccessful nominees with the highest proportion of favourable votes will be appointed as directors, to make up the minimum number of three directors required under the Corporations Act. This will result in Mr Trevor Stoney being appointed as a director of the Company.

5. Information about candidate to be re-elected as Director - Mr Trevor Stoney

Mr Stoney brings more than 50 years of involvement, knowledge and relationships within the agricultural industry to Alterra. From 1962 until the farm's sale in 2009, Mr Stoney managed his family's mixed farming operations of 70,000 acres which stretched from Dongara in the mid-west, Esperance in the south and Donnybrook in the south-west of Western Australia. Mr Stoney's experience brings invaluable insight into agricultural production, agribusiness, carbon sequestration and its close relationship with Australian farmers.

Recommendation: Other than Mr Trevor Stoney, the Board strongly recommends that shareholders vote in favour of the re-election of Mr Trevor Stoney.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

$ means Australian Dollars.

AGM means Annual General Meeting

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Chair or **Chairman** means the person appointed to chair the Meeting of the Company convened by the Notice.

Company means Alterra Limited ACN 129 035 221.

Constitution means the constitution of the Company as at the date of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of general meeting.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Vacating Directors means the Directors who were directors of the Company when the resolution to make the Directors' Report considered at the AGM was passed, other than the managing director at that time.

WST means Western Standard Time, being the time in Perth, Western Australia.

Alterra Limited | ABN 20 129 035 221

GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: 1AG

Your proxy voting instruction must be received by **12.15pm (WST) on Tuesday, 26 February 2019,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at https://investor.automic.com.au/#/loginsah

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Contact

Return your completed form

BY MAIL:
Automic
GPO Box 5193
Sydney NSW 2000

IN PERSON:
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Contact us – All enquiries to Automic

WEBCHAT: https://automic.com.au/
EMAIL: hello@automic.com.au
PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Alterra Limited, to be held at **12.15pm (WST) on Thursday, 28 February 2019 at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2: Your Voting Direction

Resolutions	For	Against	Abstain
1. Re-election of Director – Mr Trevor Stoney			

Please note: *If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY)
/ /

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

AUTOMIC

1AG

ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

ABN 20 129 035 221

Alterra Limited and Controlled Entities
Annual Report
for the year ended 30 September 2018

2018

CONTENTS

CORPORATE INFORMATION

ABN 20 129 035 221

Directors

Mr ANDREW MCBAIN, Managing Director
Mr TREVOR STONEY, Non-Executive Chairman
Mr NEIL MCBAIN, Non-Executive Director

Company Secretary

Mr ANTHONY FITZGERALD

Principal & Registered Office

SUITE 1
25 WALTERS DRIVE
OSBORNE PARK WA 6017
TELEPHONE: (08) 9204 8400

Auditors

HLB MANN JUDD
LEVEL 4, 130 STIRLING STREET
PERTH WA 6000

Share Registry

AUTOMIC REGISTRY SERVICES
LEVEL 2, 267 ST GEORGES TERRACE
PERTH WA 6000
TELEPHONE: 1300 288 664

Solicitors

BELLANHOUSE LEGAL
LEVEL 19, ALLUVION
58 MOUNTS BAY ROAD
PERTH WA 6000

Bankers

COMMONWEALTH BANK OF AUSTRALIA
150 ST GEORGES TERRACE
PERTH WA 6000

Securities Exchange

AUSTRALIAN SECURITIES EXCHANGE
EXCHANGE CENTRE
20 BRIDGE STREET
SYDNEY NSW 2000
(ASX: 1AG)

MANAGING DIRECTOR REVIEW OF OPERATIONS

Dear Shareholder,

Carbon Business

Alterra's Carbon Business manages approximately 18,000 hectares of agro-forestry projects in Western Australia to generate Australian Carbon Credit Units (ACCUs) and Voluntary Carbon Offsets.

Having been a first mover and market leader in reforestation-based carbon emission offsets (since 2008), the Company continued its management of carbon offset generating projects registered under the Carbon Farming Initiative Act (CFI Act).

The 2018 field work included tree measurements and plantation monitoring and FullCAM modelling, informing the Company's ongoing development of growth models and supported Offset Reports to the Clean Energy Regulator. Contracts relating to the CFI Act and Voluntary Carbon Offset projects remaining in good standing and the annual science program conducted across 30 properties has added further depth to our understanding of the performance of offset projects based on reforestation in the WA wheatbelt.

The Company continues to maintain its 100% compliance record with the Clean Energy Regulator and in 2018 became a foundation signatory of the Carbon Farming Industry Code of Conduct, which is administered by the industry peak commercial body the Carbon Market Institute.

The Carbon Business remains underpinned by management contracts with counterparties out to September 2027, while marginal revenue lines include Voluntary Carbon Offset contracts and ACCUs generated from carbon plantations on the Company account.

Dairy

In March 2017, Alterra purchased a property "Dambadgee Springs" near Dandaragan in Western Australia as a prospective dairy site. The property was assessed as highly suitable for the development of an intensive dairy operation and is currently leased for cropping purposes, generating positive cash-flow, while feasibility studies are conducted.

The Company has conducted regional hydrology and exploration drilling for water on Dambadgee Springs; preliminary environmental assessments; silage crop productivity trials and extensive site assessments in conjunction with developing engineering designs and refinement of the operating model.

Alterra is currently focussed on securing water access, refining environment management plans and applications and securing a milk off-take contract. In addition, the Company has been exploring alternative enterprises and value-uplift activities on the property, particularly in relation to utilising any potential water resources.

The Company has been reviewing dairy opportunities in Queensland and is in ongoing discussions regarding the potential to establish a large-scale dairy operation to supply milk to the Queensland domestic market.

Business Development

The Company continues to evaluate agribusiness related opportunities with a focus on high value tree crops and water.

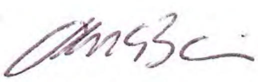
Restructure of Carbon Business & Proposed Demerger

On 14 November 2018, the Company announced its intention to restructure and demerge its Carbon Business, subject to shareholder approval. Subsequently on 19 November 2018, the Company released a Notice of Meeting to shareholders which confirmed that an Extraordinary General Meeting will be held on 20 December 2018, for the purpose of seeking shareholder approval for the demerger of the Carbon Business. We refer to the Notice of Meeting dated 19 November 2018 for further details.

On 20 December 2018, shareholders voted strongly in support of of the proposed demerger of the Carbon Business and the post demerger growth strategy for Alterra. The Directors subsequently confirmed the Company was proceeding with the demerger and growth strategy in line with the will of a clear majority of shareholders.

On behalf of the Board I thank shareholders for their overwhelming support of the Company's strategy. I also thank the internal and external teams who have worked diligently to enable the restructure of the Company in order to make the demerger possible.

We look forward to an exciting 2019.



Andrew McBain
Managing Director

DIRECTORS' REPORT

Your directors submit the annual financial report of the Company and the entities it controlled (hereafter referred to as "The Group") for the year ended 30 September 2018. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

Directors

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for this entire period unless stated below.

ANDREW MCBAIN (Managing Director) *(From 8 March 2018. Previously Executive Director from 20 July 2012 to 8 March 2018)*
TREVOR STONEY (Non-Executive Director)
NEIL MCBAIN (Non-Executive Director)

Information on Directors

TREVOR STONEY (Chairman & Non-Executive Director)

Mr Stoney brings cumulative knowledge, acumen and relationships from more than 50 years in agribusiness. From 1962 until a sale in 2009, he managed numerous large-scale family owned mixed farming enterprises across the Western Australian and Victorian agricultural zones. Mr Stoney has active interest and investments in agriculture and has had no other directorships of ASX listed companies in the last 3 years.

ANDREW MCBAIN (Managing Director)

Mr McBain is the founder and Managing Director of Alterra. Mr McBain is passionate about opportunities in Australian agribusiness and his career, which extends over 15 years, includes raising over $100 million for various agricultural and mineral related projects. Previously, Mr McBain was a founding director of ASX listed mineral exploration companies Scimitar Resources Ltd (now Cauldron Energy Ltd) and Rumble Resources Ltd (including Managing Director) as well as founder and Managing Director of AACL, a grain production, finance and marketing business that was sold to a major international grain trading company. With a reputation for innovation and developing talented people, Mr McBain has experience in start-ups, ASX listings, capital raisings, investor relations and corporate compliance. His experience is complemented by competencies including business management, strategic thinking and business development. Mr McBain is a member of the AICD. He resigned as a Non-Executive Director from Rumble Resources (ASX: RTR) on 24 November 2016. He has no other directorships with any ASX listed companies in the last 3 years.

NEIL MCBAIN (Non-Executive Director)

Mr McBain has had a long business career in the business to business industrial services sector, during which he has established a solid history of business development and profitable growth. More recently, Mr McBain headed up a private equity consortium which built the Loscam Pallet business into a major competitor to Chep in Australia and to market dominance in South and North Asia. Loscam was sold to Chinese logistics group CML Ltd for $600 million in 2010. Mr McBain has significant experience in Mergers and Acquisitions including operational integration and prides himself on a reputation for an intense focus on customers and creating value for shareholders. He has had no other directorships of ASX listed companies in the last 3 years.

Information on Company Secretary

ANTHONY FITZGERALD (Commercial Manager & Company Secretary)

Mr Fitzgerald has over 35 years' experience in the operational and financial management of agribusinesses including large scale animal production, land conservation projects, farmer networks and grain marketing pools. Since 2013, Mr Fitzgerald lead the Alterra internal and external teams that managed compliance with the *Carbon Farming Initiative Act* to generate Australian Carbon Credit Units, drove a commercial focus into managing the 30 properties (21 million trees on 18,000 Hectares), and developed the science and intellectual property that supports the Carbon Business. At Alterra, Mr Fitzgerald maintains executive management and company secretary responsibilities and holds: a Bachelor of Agribusiness (Hons); an AFMA Post-Grad Diploma in Financial Services and is a member and graduate of the AICD.

Interests in the Shares and Options of the Company

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options
Trevor Stoney	24,917,361	-
Andrew McBain	11,367,188	2,000,000
Neil McBain	9,600,000	-

Details of unissued ordinary shares under options are as follows:

Number of options	Exercise price	Expiry date
6,000,000	$0.15	1 March 2019

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Principal Activities

The principal activities of the Group during the year were agro-forestry services and dairy development. The agro-forestry services being the management of established carbon forests for customers and in the Company's own right, to generate carbon credits or ACCU's (**Carbon Business**); and the ongoing feasibility study for the development of a dairy project in Western Australia. There have been no significant changes in the nature of those activities during the year.

Dividends

No dividends have been paid or declared for the year ended 30 September 2018. The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2018.

Review of Operations

The Group continues to review and manage its costs in a challenging carbon market whilst looking for other opportunities. The Group has two substantial long-term contracts with strong counterparties for the continued provision of services associated with agro-forestry that generate revenue out till September 2027 in Australia. The Group owns agricultural land that has been purchased for the establishment of a dairy project.

Operating Results for the Year

The profit of the Group for the year ended 30 September 2018 after providing for income tax amounted to $342,112 (30 September 2017: loss of $2,038,701).

Financial Position

The net assets of the Group have increased by $167,815 from $11,005,671 at 30 September 2017 to $11,173,486 at 30 September 2018.

Significant Changes in the State of Affairs

There are no significant changes in the state of affairs occurred during the year ended 30 September 2018.

Significant Events after Balance Date

The following significant events occurred after the year ended 30 September 2018:

(a) **14 November 2018** – the Company announced its intention to restructure and demerge its Carbon Business, subject to shareholder approval. Subsequently on 19 November 2018, the Company released a Notice of Meeting to shareholders confirming that an Extraordinary General Meeting will be held on 20 December 2018, for the purpose of seeking shareholder approval for the demerger of the Carbon Business. Please refer to the Notice of Meeting dated 19 November 2018 for further details.

(b) **14 November 2018** – the Company issued 4 million fully paid ordinary shares as a result of directors Andrew McBain, Trevor Stoney and Neil McBain exercising 4 million unquoted options at $0.035 per share to raise $140,000.

(c) **11 December 2018** – the Company announced that the internal restructure as outlined in the Notice of Meeting dated 19 November 2018 had been completed and that the "demerger relief" condition had been satisfied.

(d) **20 December 2018** – the Company announced that the Extraordinary General Meeting was held on 20 December 2018 and shareholders voted strongly in favour of the demerger of the Carbon Business. The Company also confirmed that the Board had resolved to proceed implementing the demerger and the Company's growth strategy.

Likely Developments and Expected Results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental Legislation

The Group is subject to the Carbon Farming Act.

Legal Litigation

The Group is not subject to any significant legal litigation.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and other key management personnel of Alterra Limited (the "Company"). The term 'executives' is used in this remuneration report to refer to the following key management personnel. The named person held their current position for the year ended 30 September 2018:

Anthony Fitzgerald (Commercial Manager and Company Secretary)

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

Two (2) members of the Board of the Company are delegated by the Board to constitute the Remuneration Committee. The Remuneration Committee makes recommendations to the full Board on appropriate levels of remuneration within the organisation.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the initial meeting of members held on 2 January 2008 when shareholders approved an aggregate maximum remuneration of $300,000 per year. The current total remuneration for non-executive directors is $175,823 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external stakeholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees. The remuneration of non-executive directors for the year ended 30 September 2018 is detailed in Table 1.

Executives and Executive Director Remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed periodically by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary. Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of the Company's executives is detailed in Table 1.

Variable Remuneration

The objective of the short-term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentives available are set at a level so as to provide sufficient incentive to the senior management to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

There were no short-term incentives during the year ended 30 September 2018. No bonuses were paid to Mr Andrew McBain and Mr Anthony Fitzgerald.

Employment Contracts

Mr Andrew McBain works for the Company in an executive capacity as the Managing Director. Other key responsibilities include being a Director of the Company's 8 subsidiaries and being a Delegated Responsible Officer of Projects registered with the Clean Energy Regulator.

Mr McBain has a contract of employment dated 20 July 2012 last updated 8 March 2018 with no fixed term and includes a base annual salary of $175,000 plus superannuation with a performance bonus capped at 25% of base to be determined by the Company taking into consideration the key performance indicators as the Company may set from time to time, and any other matter that it deems appropriate in the Company's sole and absolute discretion.

Mr MrBain is a participant in the Employee Share Option Plan.

Mr Anthony Fitzgerald works for the Company in an executive capacity as the Commercial Manager & Company Secretary of Alterra and Executive Director of Carbon Conscious Ltd. Other key responsibilities include being a Director and the Company Secretary of the Company's 8 subsidiaries and being a Delegated Responsible Officer of Projects registered with the Clean Energy Regulator.

Mr Fitzgerald has a contract of employment dated 13 February 2013 last amended 8 March 2018 with no fixed term and a base annual salary of $175,000 plus superannuation with a performance bonus capped at 25% of base to be determined by the Company taking into consideration the key performance indicators as the Company may set from time to time, and any other matter that it deems appropriate in the Company's sole and absolute discretion.

Mr Fitzgerald is a participant in the Employee Share Option Plan.

September 2018 Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the year ended 30 September 2018

	Primary benefits		Post-employment		Equity		Other	Total	%
	Salary & fees	Cash Bonuses	Non-monetary benefits	Superannuation	Prescribed benefits	Options			Performance related
Directors	$	$	$	$	$	$	$	$	%
Andrew McBain	177,646	-	-	16,625	-	55,988	-	250,259	-
Neil McBain	50,000	-	-	4,750	-	19,474	-	74,224	-
Trevor Stoney	75,000	-	-	7,125	-	19,474	-	101,599	-
Total	**302,646**			**28,500**		**94,936**		**426,082**	**-**
Executives	$	$	$	$	$	$	$	$	%
Anthony Fitzgerald	175,000	-	-	16,625	-	17,040	-	208,665	-
Total	**175,000**	**-**	**-**	**16,625**	**-**	**17,040**	**-**	**208,665**	**-**

Options Granted as Part of Remuneration September 2018

	Value of options granted at grant date	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Value of options lapsed during the year	Value of options included in remuneration for the year	% Remuneration consisting of options for the year
Directors	$	$	$	$	$	$	%
Andrew McBain	55,988	-	-	55,988	-	-	22%
Neil McBain	19,474	-	-	19,474	-	-	26%
Trevor Stoney	19,474	-	-	19,474	-	-	19%
Total	**94,936**	**-**	**-**	**94,936**	**-**	**-**	**22%**
Executives							
Anthony Fitzgerald	17,040	-	-	17,040	-	-	8%
Total	**17,040**	**-**	**-**	**17,040**	**-**	**-**	**8%**

For details on the valuation of the options, including models and assumptions used, please refer to Note 17 to the financial report. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Shares Issued to Key Management Personnel for the year ended 30 September 2018

No shares were issued to Directors and Executives as part of the short-term incentive scheme during the year ended 30 September 2018.

Option Holdings of Key Management Personnel for the year ended 30 September 2018

12 months ended 30 September 2018	Balance at beginning of reporting period	Granted as remuneration(i)	Options exercised	Net change Other(ii)	Balance at end of reporting period	Vested as at end of reporting period	
						Exercisable	Not Exercisable
Directors							
Andrew McBain	3,500,000	2,000,000	-	(1,500,000)	4,000,000	4,000,000	-
Trevor Stoney	-	1,000,000	-	-	1,000,000	1,000,000	-
Neil McBain	-	1,000,000	-	-	1,000,000	1,000,000	-
Executives							
Anthony Fitzgerald	3,500,000	-	-	(1,500,000)	2,000,000	2,000,000	-
Total	**7,000,000**	**4,000,000**	**-**	**(3,000,000)**	**8,000,000**	**8,000,000**	**-**

(i) Unlisted Options were issued at $0.035 per share on 2 March 2018, following shareholder approval at the Annual General Meeting on 28 February 2018.
(ii) Unlisted Options lapsed unexercised on 31 January 2018.

Shareholdings of Key Management Personnel for the year ended 30 September 2018

12 months ended 30 September 2018	Balance at beginning of reporting period	Granted as remuneration	On exercise of options	Net change Other	Balance at end of reporting period
Directors					
Andrew McBain	8,910,306	-	-	1,456,882	10,367,188
Trevor Stoney	20,917,361	-	-	3,000,000	23,917,361
Neil McBain	8,600,000	-	-	-	8,600,000
Executives					
Anthony Fitzgerald	4,950,000	-	-	-	4,950,000
Total	**43,377,667**	**-**	**-**	**4,456,882**	**47,834,549**

Loans to Key Management Personnel for the year ended 30 September 2018

12 months ended 30 September 2018	Balance at beginning of reporting period(i)	Amount loaned in year	Interest charged	Interest paid	Principal repayments made	Balance at end of reporting period
	$	$	$	$	$	$
Directors						
Andrew McBain	53,800	-	3,434	(3,434)	(4,123)	49,677
Trevor Stoney	60,606	-	3,770	(3,770)	(10,340)	50,266
Executives						
Anthony Fitzgerald	51,784	-	3,259	(3,259)	(7,626)	44,158
Total	**166,190**	**-**	**10,463**	**(10,463)**	**(22,089)**	**144,101**

(i) Loans refer secured monies loaned on 25 January 2017 by Alterra to its key management personnel for the purpose of purchasing shares in the Company via the exercising of options. The loans are on commercial terms and conditions. Interest is payable at 6.75% per annum with monthly principal and interest repayments made over the 4-year term of the loans.

September 2017 Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the year ended 30 September 2017

	Primary benefits		Post-employment		Equity		Other	Total	%
	Salary & fees	Cash Bonuses (i)	Non-monetary benefits (ii)	Superannuation	Prescribed benefits	Options			Performance related
Directors	$	$	$	$	$	$	$	$	%
Andrew McBain	175,406	35,000	-	16,388	-	29,211	-	256,005	25%
Neil McBain	50,000	-	-	4,750	-	-	-	54,750	-
Trevor Stoney	75,000	-	-	7,125	-	-	-	82,125	-
Total	**300,406**	**35,000**	**-**	**28,263**	**-**	**29,211**	**-**	**392,880**	**16%**
Executives	$	$	$	$	$	$	$	$	%
Anthony Fitzgerald	172,715	35,000	-	16,388	-	29,211	-	253,314	25%
Total	**172,715**	**35,000**	**-**	**16,388**	**-**	**29,211**	**-**	**253,314**	**25%**

(i) The cash bonus was granted as per the terms of the employment contract. No other cash bonuses were granted during the year.

(ii) Non-monetary benefits include employee share scheme payments and fringe benefits tax payments.

Options Granted as Part of Remuneration September 2017

	Value of options granted at grant date	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Value of options lapsed during the year	Value of options included in remuneration for the year	% Remuneration consisting of options for the year
Directors	$	$	$	$	$	$	%
Andrew McBain	29,211	-	-	29,211	-	-	11%
Neil McBain	-	-	-	-	-	-	-
Trevor Stoney	-	-	-	-	-	-	-
Total	**29,211**	**-**	**-**	**29,211**	**-**	**-**	**7%**
Executives	$	$	$	$	$	$	%
Anthony Fitzgerald	29,211	-	-	29,211	-	-	12%
Total	**29,211**	**-**	**-**	**29,211**	**-**	**-**	**12%**

For details on the valuation of the options, including models and assumptions used, please refer to Note 17 to the financial report. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Shares Issued to Key Management Personnel for the year ended 30 September 2017

No shares were issued to Directors and Executives as part of the short-term incentive scheme during the year ended 30 September 2017.

Option Holdings of Key Management Personnel for the year ended 30 September 2017

12 months ended 30 September 2017	Balance at beginning of reporting period	Granted as remuneration(i)	Options exercised	Net change Other(ii)	Balance at end of reporting period	Vested as at end of reporting period	
						Exercisable	Not Exercisable
Directors							
Andrew McBain	5,000,000	-	(1,500,000)	-	3,500,000	1,500,000	-
Trevor Stoney	1,500,000	-	(1,500,000)	-	-	-	-
Neil McBain	1,500,000	-	(1,500,000)	-	-	-	-
Executives							
Anthony Fitzgerald	5,000,000	-	(1,500,000)	-	3,500,000	1,500,000	-
Total	**13,000,000**	**-**	**(6,000,000)**	**-**	**7,000,000**	**3,000,000**	**-**

(i) Unlisted Options exercised on 31 January 2017 under the Company's Employee Share Option Plan. The value at exercise date was $0.015 per option represented by the intrinsic value of the option at the exercise date.

Shareholdings of Key Management Personnel for the year ended 30 September 2017

12 months ended 30 September 2017	Balance at beginning of reporting period	Granted as remuneration	On exercise of options	Net change Other (i)	Balance at end of reporting period
Directors					
Andrew McBain	7,410,306	-	1,500,000	-	8,910,306
Trevor Stoney	19,417,361	-	1,500,000	-	20,917,361
Neil McBain	7,100,000	-	1,500,000	-	8,600,000
Executives					
Anthony Fitzgerald	3,450,000	-	1,500,000	-	4,950,000
Total	**37,377,667**	**-**	**6,000,000**	**-**	**43,377,667**

(i) Shares were issued upon exercise of options by Directors / Executives on 31 January 2017.

Loans to Key Management Personnel for the year ended 30 September 2017

12 months ended 30 September 2017	Balance at beginning of reporting period	Amount loaned in year(i)	Interest charged	Interest paid	Principal repayments made	Balance at end of reporting period
	$	$	$	$	$	$
Directors						
Andrew McBain	-	67,500	2,619	(2,619)	(13,700)	53,800
Trevor Stoney	-	67,500	2,697	(2,697)	(6,894)	60,606
Executives						
Anthony Fitzgerald	-	67,500	2,592	(2,592)	(15,716)	51,784
Total	**-**	**202,500**	**7,908**	**(7,908)**	**(36,310)**	**166,190**

(i) Loans refer to secured monies loaned on 25 January 2017 by Alterra to its key management personnel for the purpose of purchasing shares in the Company via the exercising of options. The loans are on commercial terms and conditions. Interest is payable at 6.75% per annum with monthly principal and interest repayments made over the 4-year term of the loans.

Transactions with Key Management Personnel

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period:

Related party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	$	$	$	$
12 months ended 30 September 2018				
Stoney Pastoral Co Pty Ltd	84,659	-	93,126	-
Stoney Agri	236,810	71,056		-
The Yathroo Property Trust	12,822	-	-	-
12 months ended 30 September 2017				
Stoney Pastoral Co Pty Ltd	23,160	6,910	16,116	-
Stoney Agri	110,907	39,504	121,407	-
The Yathroo Property Trust	-	4,202,417	-	-

Stoney Pastoral Co Pty Ltd is an entity controlled by Trevor Stoney. Following the wind up of operations on Capel Farm the Company owned vehicles and plant that were surplus to requirements and if sold would have resulted in a loss of approximately 30%. During the year Alterra provided use of the plant and vehicle to Stoney Pastoral Co Pty Ltd on a margin over full cost recovery dry-hire and purchase basis. The account was bought to book on 31 September 2018 ($84,659 EXC) and settled in full on 12 November 2018 (see $93,126 INC) and resulted in the Company avoiding any losses in disposing of the assets.

Stoney Agri (trading name for The Willyama (WA) Pty Ltd ATF The Ruby Trust) is a company controlled by a related party of Trevor Stoney. Stoney Agri owns and operates Yathroo farm immediately adjacent to Alterra's 1,600Ha "Dambadgee" farm and the Company leased Dambadgee to Stoney Agri on April 2017 for a term of 3 years. The terms of the lease: allows Stoney Agri to grow dryland crops and graze stock; encumber Stoney Agri with fire mitigation and other landholder responsibilities; allows Alterra full access to the property for the purposes of due diligence and research on its dairy project and other projects. The lease consideration ($236,810) paid by Stoney Agri to Alterra is at the top end of the range for dryland agricultural land.

During the 2018 year as part of a commercial scale wheat silage trial Alterra engaged Stoney Agri to provide farming services (including fertiliser and chemical application, harvesting, and freight) on a contract basis ($71,056). The Stoni-Agri services, and services from other contractors, were commercial and because Stoni Agri operates immediately adjacent to the Company's property mobilisation costs were avoided.

A wind farm development company (Wind Prospect Pty Ltd) are proposing to construct a project immediately adjacent to Dambadgee farm and the neighbouring Yathroo farm. Wind Prospect approached the Company to discuss the impacts of their project on Dambadgee. The Company engaged independent noise modelling and noise impact consultants and legal counsel to advise on the approach to be taken in negotiating terms with Wind Prospect and making representations to Local and State Governments. Because the information gathered by Alterra was of direct interest to Stoney Agri they agreed to pay half of the costs Alterra had incurred ($12,822) effectively reducing Alterra's costs of obtaining the information.

END OF REMUNERATION REPORT

Directors’ Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Andrew McBain	5	5
Trevor Stoney	5	5
Neil McBain	5	5

Proceedings on Behalf of the Company

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

The Company was not a party to any such proceedings during the year ended 30 September 2018.

Auditor Independence and Non-audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 16 and forms part of this directors’ report for the year ended 30 September 2018.

Non-audit Services

No non-audit services were provided by the external auditors during the year ended 30 September 2018.

Signed in accordance with a resolution of the directors.

Andrew McBain
Managing Director
Alterra Limited
Perth, 21 December 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Alterra Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Alterra Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Alterra Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations as set out by the ASX Corporate Governance Principles and Recommendations (3rd Edition).

The Company's Corporate Governance Statement for the year ended 30 September 2018 was reviewed and approved by the Board on 30 July 2018. The Board is ultimately responsible for all matters relating to the running of the Company and is committed in demonstrating and achieving the highest standards of corporate governance.

Alterra Limited's corporate governance practices were in place throughout the year ended 30 September 2018 and were substantially compliant with the Council's recommendations.

A description of the Company's current corporate governance statement is available on the Company's website at www.alterra.com.au.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Alterra Limited for the year ended 30 September 2018, 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	**M R Ohm**
21 December 2018	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533
Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		CONSOLIDATED	
	Note	12 months ended 30 September 2018	12 months ended 30 September 2017
		$	$
Revenue	2	2,973,718	2,723,654
Other income		-	435,700
Operating expenses		(491,691)	(780,100)
Administrative expenses		(277,244)	(236,576)
Marketing expenses		(27,232)	(47,525)
Business development expenses		(82,779)	-
Corporate expenses		(94,828)	-
Employee benefits expense		(809,311)	(783,243)
Occupancy expense		(60,374)	(65,235)
Financing expenses		(88,378)	(60,617)
Depreciation and amortisation expense		(719,107)	(3,703,674)
Share-based payment expenses		(129,015)	(140,382)
Profit / (loss) before income tax benefit		**193,759**	**(2,657,998)**
Income tax (expense) / benefit	3	(123,662)	513,392
Profit / (loss) attributable to members of the parent entity		**70,097**	**(2,144,606)**
Profit after tax from discontinued operations		**272,015**	**105,905**
Profit / (loss) attributable to members of the parent entity	5	**342,112**	**(2,038,701)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
(Loss) / gain on revaluation of listed investments		(30,567)	79,442
Exchange difference on translating foreign controlled entities		(272,746)	1,325
Other comprehensive (loss) / income for the period after tax		**(303,313)**	**80,767**
Total comprehensive income / (loss) attributable to members of the parent entity		**38,799**	**(1,957,934)**
Basic and diluted earnings / (loss) per share (cents per share)	4	0.24	(1.44)
Basic and diluted earnings / (loss) per share (cents per share) from continued operations	4	0.05	(1.51)
Basic and diluted earnings per share (cents per share) from discontinued operations	4	0.19	0.07

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

		CONSOLIDATED	
	Note	**30 September 2018**	**30 September 2017**
		$	**$**
Current Assets			
Cash and cash equivalents	7	2,396,170	843,355
Trade and other receivables	8	717,260	778,069
Income tax refundable	3	-	108,750
Investments	9	103,257	183,266
Other assets	11	178,886	264,616
Total Current Assets		3,395,573	2,178,056
Non-Current Assets			
Intangible assets	12	4,752,205	5,437,078
Property, plant and equipment	13	67,608	147,580
Investment Property	14	4,441,406	4,428,518
Bearer Plants	10	203,431	291,885
Other assets	11	158,556	257,078
Deferred tax asset	3	256,270	301,167
Total Non-Current Assets		9,879,476	10,863,306
Total Assets		**13,275,049**	**13,041,362**
Current Liabilities			
Trade and other payables	15	191,816	204,609
Interest-bearing liabilities	16	-	40,530
Provision for income tax	3	124,596	-
Total Current Liabilities		316,412	245,139
Non-Current Liabilities			
Interest-bearing liabilities	16	1,750,000	1,790,552
Provisions		35,151	-
Total Non-Current Liabilities		1,785,151	1,790,552
Total Liabilities		2,101,563	2,035,691
Net Assets		**11,173,486**	**11,005,671**
Equity			
Issued capital	17	14,254,212	14,254,212
Reserves	17	1,368,285	1,542,582
Retained earnings / (accumulated losses)		(4,449,011)	(4,791,123)
Total Equity		**11,173,486**	**11,005,671**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		CONSOLIDATED	
		Inflows/(Outflows)	Inflows/(Outflows)
	Note	12 months ended 30 September 2018	12 months ended 30 September 2017
		$	$
Cash flows from operating activities			
Receipts from customers		3,013,891	2,751,539
Payments to suppliers and employees		(1,739,458)	(1,936,974)
Income tax refunded		154,581	33,646
Interest received		27,136	22,706
Interest paid		(80,813)	(54,121)
Net cash provided by operating activities	22	1,375,337	816,796
Cash flows from investing activities			
Purchase of property, plant and equipment		(35,477)	(4,430,898)
Proceeds from the sale of property, plant and equipment		68,328	827,223
Sale of land		166,100	-
Purchase of available-for-sale investments		-	(75,000)
Proceeds from sale of available-for-sale investments		37,520	-
Net cash (used in) / provided by investing activities		236,471	(3,678,675)
Cash flows from financing activities			
Proceeds from the issue of shares		-	270,000
Issue of employee loans		-	(202,500)
Receipt of payments from employee loans		22,089	36,309
Receipt of funds from bank loan		-	2,100,000
Repayment of bank loan		-	(350,000)
Repayment of finance leases		(81,082)	(35,094)
Net cash provided by / (used in) financing activities		(58,993)	1,818,715
Net increase / (decrease) in cash and cash equivalents		1,552,815	(1,043,164)
Cash and cash equivalents at beginning of year		843,355	1,886,519
Cash and cash equivalents at end of year	7	2,396,170	843,355

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	CONSOLIDATED					
	Issued capital	**Share-based payment reserve**	**Revaluation Reserve**	**Foreign currency translation reserve**	**Retained earnings / (accumulated losses)**	**Total**
	$	**$**		**$**	**$**	**$**
Balance at 1 October 2016	13,984,212	1,050,012	-	271,421	(2,752,422)	12,553,223
Loss attributable to members	-	-	-	-	(2,038,701)	(2,038,701)
Gain on revaluation of listed investments	-	-	79,442	-	-	79,442
Foreign currency translation differences	-	-	-	1,325	-	1,325
Total comprehensive income for the year	-	-	79,442	1,325	(2,038,701)	(1,957,934)
Share based payments	-	140,382	-	-	-	140,382
Shares issued during the year	270,000	-	-	-	-	270,000
Transaction costs on shares issued during the year	-	-	-	-	-	-
Balance at 30 September 2017	**14,254,212**	**1,190,394**	**79,442**	**272,746**	**(4,791,123)**	**11,005,671**
Balance at 1 October 2017	14,254,212	1,190,394	79,442	272,746	(4,791,123)	11,005,671
Profit attributable to members	-	-	-	-	342,112	342,112
Loss on revaluation of listed investments	-	-	(30,567)	-	-	(30,567)
Foreign currency translation differences	-	-	-	(272,746)	-	(272,746)
Total comprehensive income for the year	-	-	(30,567)	(272,746)	341,112	38,799
Share based payments	-	129,016	-	-	-	129,016
Shares issued during the year	-	-	-	-	-	-
Transaction costs on shares issued during the year	-	-	-	-	-	-
Balance at 30 September 2018	**14,254,212**	**1,319,410**	**48,875**	**-**	**(4,449,011)**	**11,173,486**

The accompanying notes form part of these financial statements.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Alterra Limited and its controlled entities (the "Group").

The financial statements were authorised for issue on 21 December 2018 by the directors of the Company.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report of Alterra Limited complies with Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

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

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Alterra Limited as at 30 September 2018 and the results of all controlled entities for the year then ended. A controlled entity is any entity over which Alterra Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased). A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

The Company and its wholly-owned Australian entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Alterra Limited.

(d) Bearer Plants

There is one main type of bearer plant held by Alterra Limited – tree plantations.

Tree Plantations

Bearer plant consisting of trees and seeds are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Cost comprises all production, acquisition and conversion costs. At the end of each period, bearer plant cost is evaluated based on the recoverable value and current market pricing to determine whether any write down is appropriate. To the extent that any impairment arises, losses are recognised in the period they occur. Additionally, the costs associated with producing the bearer plant are charged to the statement of comprehensive income in the same period as the related revenues are recognised.

(e) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost. Gains and losses arising from changes if the fair value of investment properties are included in profit or loss in the period in which they arise.

(f) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land is measured at cost, less any impairment losses recognised after the date of recognition.

Depreciation is calculated using the diminishing value method or straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment - 7.5% to 37.5% diminishing value
- Leasehold improvements - 6.6% to 50% straight line
- Motor vehicles - 13% to 30% diminishing value

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, Plant and Equipment (continued)

For land, plant and equipment, impairment losses are recognised in the statement of comprehensive income in the other expenses line item.

(ii) Revaluations

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.
Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings / accumulated losses is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings / accumulated losses.

It is not the Company's policy to assign any revaluation increment to land assets as they are encumbered by carbon and forestry rights.

(iii) Derecognition and Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(g) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Financial Instruments

Recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and has either:
  - transferred substantially all the risks and rewards of the asset, or
  - neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

Recognition of financial assets and financial liabilities (continued)

(i) Financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Classification and subsequent measurement

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the year established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments (continued)

Recognition of financial assets and financial liabilities (continued)

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(m).

Finance leased assets are depreciated on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 7 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(k) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Functional and Presentation Currency

The functional currency of each of the companies in the Group is measured using the currency of the primary economic environment in which that company operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

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 statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

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 the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the 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 statement of comprehensive income in the period in which the operation is disposed.

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised for the major business activities of the Group as follows:

- *Sale of carbon credits* – revenue from the sale of carbon credits is recognised when the Group has transferred to the buyer the significant risks and rewards of the ownership of the carbon credits.
- *Project revenue* – Management related income is recognised on an accrual basis in accordance with the substance of the relevant contract.
- *Interest revenue* is recognised as it accrues, taking into account the effective yield on the financial asset.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Employee Leave Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Share-based Payment Transactions

(i) Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). To provide these benefits, the Group currently has in place an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black and Scholes option pricing model, further details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Alterra Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 4).

(ii) Cash settled transactions

The Group also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Alterra Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted (see Note 18). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Issued Capital

Ordinary shares are classified as equity. 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) Earnings per Share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential Ordinary Shares; divided by the weighted average number of Ordinary Shares and dilutive potential Ordinary Shares, adjusted for any bonus element.

(v) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(i) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 18.

(ii) Valuation of land, forestry rights and plantations

The Company reviews the value of land, forestry rights and plantations on an annual basis. A combination of external valuation processes and internal valuation models are used to assess any potential impairment of this value. The impairment testing is carried out using an estimate of future realisable values for ACCU’s based on market expectations.

(iii) Tax deductibility of losses on disposal of freehold title of land

The Company claimed, as a tax deduction, losses on disposal of freehold title of land used in the establishment of plantations and subsequent generation of carbon credits. This is consistent with previous years.

(x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Director and other members of the Board. Reportable segments are consistent with operating segments.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Interest Bearing Loans and 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. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects where material.

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.

(z) Parent Entity Financial Information

The financial information for the parent entity, Alterra Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Alterra Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(aa) Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a systematic basis over their estimated useful lives which reflect the pattern in which the intangible asset's future economic benefits are expected to be consumed by the entity. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Forestry and carbon rights are either held together with the freehold title of the land and as such disclosed as land assets under property, plant and equipment or, where the rights are held separately, disclosed as intangible assets. On the disposal of the freehold title, the remaining forestry and carbon rights are valued at the original cost of the freehold less the sales proceeds. The forestry and carbon rights are then amortised over the life of the contracts in place, being 40% in the first year and then 4% per annum over the remaining 15 years. The forestry and carbon rights are also impairment tested on an annual basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(bb) Adoption of new and revised standards

Standards and Interpretations applicable to 30 September 2018

In the year ended 30 September 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 September 2018.

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and Amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments	1 January 2018	30 September 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards - Effective date of AASB 15, 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15	1 January 2018	30 September 2019
AASB 16 Leases	1 January 2019	30 September 2020

Impact of changes to Australian Accounting Standards and Interpretations

(i) AASB 9 'Financial Instruments', and the relevant amending standards

It addresses the classification, measurement and derecognition of financial assets and liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.
The Group does not plan to adopt this standard early. The directors of the company anticipate that the application of AASB9 will not have a material impact on the Group's financial assets and financial liabilities.

(ii) AASB 15 'Revenue from Contracts with Customers'

It replaces the existing revenue standard and interpretations and is based on the identification of performance obligations under a contract to determine the revenue treatment.
The Group does not plan to adopt this standard early. The directors of the company do not anticipate that the application of AASB15 will have a material impact on the Group's consolidated financial statements.

(iii) AASB 16 'Leases'

The new standard removes the distinction between operation and finance leases. Recognising all lease assets and liabilities on the balance sheet, with limited exceptions for short-term leases and low value assets.
The Group does not plan to adopt this standard early. The directors of the company do not anticipate that the application of AASB16 will have a material impact on the Group's consolidated financial statements.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 2: REVENUES AND EXPENSES

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	$	$
(a) Revenue		
Carbon sales	178,079	10,563
Carbon: Land licence / management fees	2,451,172	2,409,968
Dairy	317,331	227,221
Interest received	27,136	22,706
Other income	-	53,196
	2,973,718	2,723,654
(b) Expenses		
Operating lease rental expense	42,373	44,432
(c) Other expenses		
Impairment of land [(i)]	-	(435,700)
	-	(435,700)

(i) Plantation bearer plants, comprising trees at cost and seed stock, and land associated with the plantation bearer plants have been adjusted in the prior period to reflect the current economic benefit in the uncertain carbon market. As all plantation land has been sold, no impairment of land is required.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 3: INCOME TAX

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2018
Current Tax (refund) / liability		
Current Year	80,570	(770,484)
Reversal of prior year timing differences	(301,167)	144,701
Deferred tax asset recognised	-	301,167
Assessed loss not recognised in prior year	88,923	202,013
Effect of change in income tax rate	-	13,853
Effect of this years timing differences	256,270	-
Income tax liability from discontinued operations	-	-
Total current tax (refund)	124,596	(108,750)
Reversal of prior year timing differences	-	-
Origination and reversal of temporary differences	(301,167)	445,869
Total deferred tax expenses	(301,167)	445,869
Income tax expense / (benefit) recognised in profit or loss	123,662	(513,392)
Total income tax expense / (benefit) recognised in profit or loss	123,662	(513,392)
Numerical reconciliation between tax-expense and pre-tax net growth		
Accounting profit/(loss) before tax from continuing operations	193,759	(2,657,998)
Profit before tax from a discontinued operation	272,015	102,543
Accounting profit / (loss) before income tax	465,774	(2,555,455)
Income tax using the domestic tax rate of 27.5% (2017: 27.5%)	128,088	(702,750)
Difference in tax rate of foreign subsidiaries	-	513
Effect of change in income tax rate	-	13,853
Non-assessable income	(74,803)	-
Non-deductible expenses	27,285	40,231
Benefit of deferred tax assets not previously recognised	-	202,282
Refundable tax offsets - R&D	-	(108,750)
Under / (over) provided in prior periods	43,092	37,866
	123,662	(516,755)
Income tax expense/(benefit) reported in the statement of profit or loss	123,662	(513,392)
Income tax expense/(benefit) for discontinued operations	-	(3,363)
	123,662	(516,755)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 3: INCOME TAX (continued)

	CONSOLIDATED				
	Balance 30/09/2017	Recognised in Income	Effect of change in income tax rate	Recognised in Equity	Balance 30/09/2018
	$	$	$	$	$
Movement in deferred tax balances during the year					
Tax losses - Australia	1,074,696	(95,196)	-	-	979,500
Other timing difference	(773,529)	50,300	-	-	(723,230)
Net Deferred tax asset / (liability)	301,167	(44,896)	-	-	256,270

Alterra Limited and its wholly-owned subsidiaries in Australia are a consolidated tax group as defined under the tax consolidation legislation. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Alterra Limited. All deferred tax balances relate to continuing operations within Australia.

NOTE 4: EARNINGS PER SHARE

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	Cents per share	Cents per share
Basic and diluted earnings per share	0.24	(1.39)
Basic and diluted earnings per share (Continued Operations)	0.05	(1.47)
Basic and diluted earnings per share (Discontinued Operations)	0.19	0.07
The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share is as follows:		
Profit / (loss) for the year	342,112	(1,970,619)
Profit / (loss) for the year (Continued Operations)	70,097	(2,076,524)
Profit for the year (Discontinued Operations)	272,015	105,905
	No.	No.
Weighted average number of Ordinary Shares outstanding during the year used in calculating basic EPS	143,599,988	141,578,070
Shares deemed to be issued for no consideration in respect of:		
Options	370,000	-
Weighted average number of Ordinary Shares (diluted) outstanding during the year used in calculating diluted EPS	143,969,988	141,578,070

The Company generated a loss in 2017. As such there was no dilutive impact from options on issue.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 5: DISCONTINUED OPERATIONS (continued)

Results for Carbon Conscious New Zealand Ltd and its subsidiaries have been classified as discontinued operations for the period.

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	$	$
Revenue	-	200,637
Gain on foreign exchange	272,746	-
Expenses	(732)	(98,094)
Profit before tax from discontinued operations	272,014	102,543
Income tax benefit	-	3,362
Profit after tax from discontinued operations	272,014	105,905
Cash flows from discontinued operations		
Net cash flows used in operating activities	(732)	99,663
Net cash flows from investing activities	-	(187,931)
Net cash flows from discontinued operations	(732)	(88,268)
Cash at beginning of year	8,745	97,013
Cash transferred to continuing operations	(8,013)	-
Cash at end of year	-	8,745

NOTE 6: SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic divisions. These divisions offer different products and services, and are managed separately as they require different expertise, marketing strategies and fall under different jurisdictions. For each of the strategic divisions, the Managing Director and other directors review internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Carbon Business – Includes the managing of mallee trees in low rainfall areas of the wheat-belt of Western Australia to produce carbon credits or ACCUs on behalf of customers and the Company.
- Dairy – Includes the development of dairy operations in Western Australia.

Information regarding the results of each reportable segment is included below. Performance is measured on net profit / loss before taxation as detailed in the management reports presented to the Board of Directors.

Discontinued Operations

The results of the Group's New Zealand plantation operations have been classified as a discontinued operation as disclosed in Note 5. The results of this discontinued operation have been excluded in the disclosure of segment results and cash flows in the tables below.

Major customers

The Group has one customer to whom it provides goods and services where the revenue from this customer was in excess of 10% of the Group's revenue for the year ended 30 September 2018. This customer generated 75.44% (30 September 2017: 75.78%) of the Group's revenue for the period.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 6: SEGMENT REPORTING (continued)

12 months ended 30 September 2018	Carbon Business	Dairy	Corporate	Consolidated
	$	$	$	$
Revenue				
Sales to external customers	2,629,251	210,000	-	2,839,251
Other revenues from external customers	-	107,332	-	107,332
Interest revenue	-	5,810	21,326	27,136
Total segment revenue	2,629,251	323,142	21,326	2,973,719
Expenses				
Cost of sales	372,295	119,953	-	492,248
Interest expense	-	80,933	7,445	88,378
Depreciation and amortisation	709,570	9,537	-	719,107
Other costs	-	-	1,480,227	1,480,227
Total segment expenses	1,081,865	210,423	1,487,672	2,779,960
Net profit / (loss) before tax	1,547,386	112,719	(1,466,345)	193,759
Income tax expense	-	-	(123,662)	(123,662)
Net profit / (loss) after tax from continuing operations	1,547,386	112,719	(1,590,007)	70,098
Segment assets				
Current assets	950	13,002	3,381,621	3,395,573
Non-current assets	4,955,636	4,644,837	279,003	9,879,476
Total segment assets	4,956,586	4,657,839	3,660,624	13,275,049
Segment liabilities				
Current liabilities	-	-	316,412	316,412
Non-current liabilities	-	1,750,000	35,151	1,785,151
Total segment liabilities	-	1,750,000	351,563	2,101,563
Net segment assets	**4,956,586**	**2,907,839**	**3,309,061**	**11,173,486**
Cash flow information				
Net cash flow from operating activities	1,781,504	28,575	(434,742)	1,375,337
Net cash flow from investing activities	45,738	(41,463)	232,196	236,471
Net cash flow from financing activities	-	-	(58,993)	(58,993)
Net increase in cash	1,827,242	(12,888)	(261,539)	1,552,815
Cash at beginning of year	-	-	843,356	843,356
Cash at end of year	1,827,242	(12,888)	581,817	2,396,171

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 6: SEGMENT REPORTING (continued)

During the 2017 reporting period, the New Zealand operations were treated as a discontinued operation due to the sale within the year.

12 months ended 30 September 2017	Carbon Business	Dairy	Corporate	Consolidated
	$	$	$	$
Revenue				
Sales to external customers	2,420,531	227,221	-	2,647,752
Other revenues from external customers	53,196	-	-	53,196
Interest revenue	-	5,090	17,616	22,706
Total segment revenue	2,473,727	232,311	17,616	2,723,654
Expenses				
Cost of sales	419,779	360,321	-	780,100
Interest expense	-	52,802	7,815	60,617
Depreciation and amortisation	3,684,989	18,685	-	3,703,674
Other costs	(435,700)	-	1,272,961	837,261
Total segment expenses	3,669,068	431,808	1,280,776	5,381,652
Net profit / (loss) before tax	(1,195,341)	(199,497)	(1,263,160)	(2,657,998)
Income tax benefit / (expense)	-	-	513,392	513,392
Net profit / (loss) after tax from continuing operations	(1,195,341)	(199,497)	(749,768)	(2,144,606)
Segment assets				
Current assets	839,133	250,959	1,087,964	2,178,056
Non-current assets	5,914,861	4,507,300	441,145	10,863,306
Total segment assets	6,753,994	4,758,259	1,529,109	13,041,362
Segment liabilities				
Current liabilities	17,452	17,225	210,462	245,139
Non-current liabilities	-	1,750,000	40,552	1,790,552
Total segment liabilities	17,452	1,767,225	251,014	2,035,691
Net segment assets	**6,736,542**	**2,991,034**	**1,278,095**	**11,005,671**

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 6: SEGMENT REPORTING (continued)

12 months ended 30 September 2017	Carbon Business	Dairy	Corporate	Consolidated
	$	$	$	$
Cash flow information				
Net cash flow from operating activities	1,653,212	(192,651)	(646,810)	813,751
Net cash flow from investing activities	(729,935)	(4,238,247)	1,292,553	(3,675,629)
Net cash flow from financing activities	-	1,750,000	68,715	1,818,715
Net increase in cash	923,277	(2,680,898)	714,458	(1,043,163)
Cash at beginning of year	-	-	1,886,519	1,886,519
Cash at end of year	923,277	(2,680,898)	2,600,977	843,356

NOTE 7: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30 September 2018	30 September 2017
	$	$
Cash at bank and on hand	2,396,170	843,355

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

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 8: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 September 2018	**30 September 2017**
	$	**$**
Current		
Trade receivables (i)	154,071	178,206
Accrued income	563,189	599,863
	717,260	778,069

(i) Trade receivables are non-interest bearing and are generally on 14 to 30-day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised by the Company for the last three months (30 September 2017: nil).

At the 30 September, the ageing analysis of trade receivables is as follows:

0 – 30 days	56,002	57,616
31 – 60 days	98,069	-
61 – 90 days, past due not impaired	-	120,590
61 – 90 days, considered impaired	-	-
+ 91 days, past due not impaired	-	-
+ 91 days, considered impaired	-	-
Total	154,071	178,206

NOTE 9: INVESTMENTS

	CONSOLIDATED	
	30 September 2018	**30 September 2017**
	$	**$**
Investment in unlisted companies at cost	558	-
Investment in listed shares (Level 1)	102,699	183,266
	103,257	183,266

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 10: BEARER PLANTS

	CONSOLIDATED	
	30 September 2018	30 September 2017
	$	$
Non-Current		
Plantations at cost	1,450,947	1,450,947
Less: Write down	(1,265,146)	(1,176,692)
	185,801	274,255
Seed stock at cost	17,630	352,608
Less: Write down	-	(334,978)
	17,630	17,630
	203,431	291,885

NOTE 11: OTHER ASSETS

	CONSOLIDATED	
	30 September 2018	30 September 2017
Current	$	$
Loans to companies	-	6,500
Loans to employees	28,045	26,212
Prepayments	76,241	65,804
Land Debtors	74,600	166,100
	178,886	264,616
Non - Current		
Loans to employees	116,056	139,978
Land Debtors	42,500	117,100
	158,556	257,078

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 12: INTANGIBLE ASSETS

	CONSOLIDATED		
	Total	Forestry Rights	Cattle Model Development
	$	$	$
Cost			
Balance at 1 October 2016	9,355,104	9,065,936	289,168
Reclassification on sale of freehold land title	5,111,918	5,111,918	-
Additional development costs	67,484	-	67,484
Balance at 30 September 2017	**14,534,506**	**14,177,854**	**356,652**
Balance at 1 October 2017	14,534,506	14,177,854	356,652
Reclassification on sale of freehold land title	-	-	-
Additional development costs	-	-	-
Balance at 30 September 2018	**14,534,506**	**14,177,854**	**356,652**
Accumulated amortisation and impairment losses			
Balance at 1 October 2016	5,431,930	5,431,930	-
Amortisation for the period	3,665,498	3,665,498	-
Disposals	-	-	-
Balance at 30 September 2017	**9,097,428**	**9,097,428**	-
Balance at 1 October 2017	9,097,428	9,097,428	-
Amortisation for the period	684,873	565,989	118,884
Balance at 30 September 2018	**9,782,301**	**9,663,417**	118,884
Carrying amounts			
At 30 September 2017	**5,437,077**	**5,080,426**	**356,652**
At 30 September 2018	**4,752,205**	**4,514,437**	**237,768**

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment	Motor Vehicles	Land	Total
	$	$	$	$
12 months ended 30 September 2018				
Cost	225,424	133,992	-	359,416
Accumulated depreciation	(166,584)	(45,252)	-	(211,836)
As at 1 Oct 2017, net of accumulated depreciation	58,840	88,740	-	147,580
Additions	36,081	-	-	36,081
Disposals	(32,320)	(49,500)	-	(81,820)
Depreciation charge for the year	(28,053)	(6,180)	-	(34,233)
At 30 Sept 2018 net of accumulated depreciation	34,548	33,060	-	67,608
12 months ended 30 September 2017				
Cost	223,320	133,992	6,037,119	6,394,431
Accumulated depreciation	(152,556)	(23,675)	(435,327)	(611,558)
As at 1 Oct 2016, net of accumulated depreciation	70,764	110,317	5,601,792	5,782,873
Additions	5,484	-	-	5,484
Disposals	(3,380)	-	-	(3,380)
Reclassification to forestry right assets on disposal of title of land	-	-	(6,037,119)	(6,037,119)
Depreciation charge for the year	(14,028)	(21,577)	-	(35,605)
Impairment of Land	-	-	435,327	435,327
At 30 Sept 2017 net of accumulated depreciation	58,840	88,740	-	147,580
At 30 September 2018				
Cost	229,185	84,492	-	313,677
Accumulated depreciation	(194,637)	(51,432)	-	(246,069)
Net carrying amount	34,548	33,060	-	67,608
At 30 September 2017				
Cost	225,424	133,992	-	359,416
Accumulated depreciation	(166,584)	(45,252)	-	(211,836)
Net carrying amount	58,840	88,740	-	147,580

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 14: INVESTMENT PROPERTY

	CONSOLIDATED	
	30 September 2018	30 September 2017
	$	$
Investment Property at cost	4,441,406	4,429,518
	4,441,406	4,429,518

The investment property relates to the purchase of Dambadgee Springs. Refer to Note 26 relating to operating lease agreement entered into during the 2017 financial year. This property has been purchased as a site for the expansion into dairy. While the due diligence on the site is occurring, the property has been leased, providing rental income to the Group.

NOTE 15: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30 September 2018	30 September 2017
Current	$	$
Trade payables	47,708	40,643
Employee benefits accrual	60,934	98,102
GST Payable	69,174	40,116
Sundry payables and accrued expenses	14,000	25,748
	191,816	204,609

Trade payables are non-interest bearing and are normally settled on 30-day terms.
Information regarding the effective interest rate and credit risk of current payables is set out in Note 21.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 16: INTEREST BEARING LIABILITIES

	CONSOLIDATED	
	30 September 2018	30 September 2017
	$	$
Current		
Secured		
Lease liabilities (note 24)	-	40,530
	-	40,530
Non-Current		
Secured		
Bank loan	1,750,000	1,750,000
Lease liabilities (note 24)	-	40,552
	1,750,000	1,790,552
Total current and non-current secured liabilities:		
Bank loan	1,750,000	1,750,000
Lease liabilities	-	81,082
	1,750,000	1,831,082
Carrying amounts of non-current assets pledged as security:		
Fixed and floating charge over assets	4,525,905	4,513,017
Bank Loan		
Facility	1,750,000	2,100,000
Drawn	1,750,000	1,750,000

Yathroo Dairy Assets Fund has a loan with Bank West granted on 22 March 2017 initially for a period of 24 months and was subsequently extended for a further 24 months on 29 March 2018. Interest is due at the end of each roll term which is currently a 90-day term. The loan is secured against the assets of Yathroo Dairy Assets Fund and is guaranteed by Alterra Ltd.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 17: ISSUED CAPITAL AND RESERVES

	CONSOLIDATED			
			30 September 2018	30 September 2017
			$	$
Issued capital				
143,599,988 (30 September 2017: 143,599,988) fully paid Ordinary Shares			14,254,212	14,254,212
	12 months ended 30 September 2018	12 months ended 30 September 2018	12 months ended 30 September 2017	12 months ended 30 September 2017
Movement in Ordinary Shares on issue	No.	$	No.	$
At beginning of the financial year	143,599,988	14,254,212	137,599,988	13,984,212
Issued 31 January 2017	-	-	6,000,000	270,000
At 30 September	143,599,988	14,254,212	143,599,988	14,254,212

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Reserves	12 months ended 30 September 2018	12 months ended 30 September 2017
Share based payment reserve		
At beginning of financial year	1,190,394	1,050,012
Share based payments	129,016	140,382
At end of financial year	1,319,410	1,190,394
Revaluation reserve		
At beginning of financial year	79,442	-
Revaluation of available for sale financial assets	(30,567)	79,442
At end of financial year	48,875	79,442
Foreign currency translation reserve		
At beginning of financial year	272,746	271,421
Foreign currency translation differences	(272,746)	1,325
At end of financial year	-	272,746
Total	1,368,285	1,542,582

Share based payment reserve

This reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and to related parties in consideration for the establishment and ongoing promotion of the Group's activities. Details of all options on issue by the Company are disclosed in Note 18.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign subsidiary.

Revaluation reserve

The revaluation reserve records movements arising from changes in the value of listed investments.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 18: SHARE BASED PAYMENTS

The following table illustrates the number (No.) and weighted average exercise prices of, and movements in, share options issued during the year:

		12 months ended 30 September 2018		12 months ended 30 September 2017
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at the beginning of the reporting period	12,000,000	$0.11	22,250,000	$0.09
Granted during the reporting period	4,000,000	$0.035	-	-
Exercised during the reporting period	-	-	(6,000,000)	$0.045
Expired during the reporting period	(6,000,000)	$0.06	(2,250,000)	$0.045
Cancelled during the reporting period	-	-	(2,000,000)	$0.175
Outstanding at the end of the reporting period	10,000,000	$0.10	12,000,000	$0.105
Exercisable at the end of the reporting	10,000,000	$0.10	6,000,000	$0.06

The weighted average remaining contractual life for the share options outstanding as at 30 September 2018 is 2.25 years (30 September 2017: 0.95 years).

The outstanding balance as at 30 September 2018 is represented by:

- 6,000,000 options over Ordinary Shares with an exercise price of $0.15 each, exercisable until 1 March 2019;
- 4,000,000 options over Ordinary Shares with an exercise price of $0.035 each, exercisable until 31 March 2021.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black and Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

	12 months ended 30 September 2018			12 months ended 30 September 2017		
	3.5c shares	15c shares		6c shares	15c shares	17.5c shares
Volatility (%)	100	100		100	100	100
Risk-free interest rate (%)	2	2		2	2	2
Expected life of option (years)	0.44	1.14		0.44	1.14	1.66
Exercise price (cents)	3.5	15		6	15	17.5
Weighted average share price at grant date (cents)	0.042	0.052		0.052	0.042	0.011
Discount for lack of marketability (%)	30	30		30	30	30

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

The range of exercise prices for options outstanding at the end of the year was $0.035 - $0.15 (30 September 2017: $0.06 - $0.15).

The weighted average fair value of options granted during the year was $0.02 (30 September 2017: $Nil).

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 19: CONTROLLED ENTITIES

Subsidiaries of Alterra Limited			
Name	Country of incorporation	Ownership interest	
		12 months ended 30 September 2018	12 months ended September 2017
Carbon Fund Australia Pty Ltd	Australia	100%	100%
WA2 Milk Pty Ltd	Australia	100%	100%
Capel River Dairy Pty Ltd	Australia	-	100%
Carbon Conscious Pty Ltd	Australia	100%	100%
Broadacre Land Holdings Pty Ltd	Australia	100%	100%
Yathroo Dairy Assets Pty Ltd	Australia	100%	100%
Food Fibre Carbon Pty Ltd	Australia	100%	-
Carbon Conscious New Zealand Ltd	New Zealand	-	100%
Carbon Conscious NZ Holdings No. 1 Limited	New Zealand	-	100%

Trusts Controlled by Alterra Limited			
Name	Country of incorporation	Ownership interest	
		12 months ended 30 September 2018	12 months ended September 2017
Alterra Investment Fund	Australia	100%	100%
Yathroo Dairy Assets Fund	Australia	100%	100%

NOTE 20: AUDITOR'S REMUNERATION

The auditor of Alterra Limited is HLB Mann Judd.

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	$	$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the Group	36,500	36,500

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 21: FINANCIAL INSTRUMENTS

(i) Capital Risk Management

The Group's activities may expose it to a variety of risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's overall strategy remains unchanged from 30 September 2017.

(ii) Categories of Financial Instruments

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	$	$
Financial assets		
Trade and other receivables	717,260	778,069
Investments	103,257	183,266
Cash and cash equivalents	2,396,170	843,355
Total financial assets	3,216,687	1,804,690
Financial liabilities		
Trade and other payables	191,816	204,609
Other financial liabilities	1,750,000	1,831,082
Total financial liabilities	1,941,816	2,035,691
Net financial assets / (liabilities)	1,274,871	(231,001)

During the financial year, no loans or receivables were revalued through profit or loss.

(iii) Market Risk

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The carbon market is a newly developing market and as such there are limited avenues to negate market risk in traditional manners. The Group monitors and understands movements within the market on a daily basis.

(iv) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 21: FINANCIAL INSTRUMENTS (continued)

(v) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(vi) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
12 months ended 30 September 2018						
Non-interest bearing	-	191,816	-	-	-	-
Bank loan	4.44%	-	19,176	39,417	1,750,000	-
		191,816	19,176	39,417	1,750,000	-
12 months ended 30 September 2017						
Non-interest bearing	-	204,609	-	-	-	-
Finance leases	5.89%	2,925	5,849	35,670	42,902	-
Other fixed rate instruments	4.44%	-	19,664	57,528	1,789,417	-
		207,534	25,513	93,198	1,832,319	-

(vii) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(viii) Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net result before tax would decrease by $3,231 (30 September 2017: decrease by $5,203) or increase by $3,231 (30 September 2017: decrease by $5,203). This is attributable to the Group's exposure to interest rates on its variable rate instruments.
- Total equity would increase by $120 (30 September 2017: increase by $5,203) or decrease by $120 (30 September 2017: increase by $5,203) attributable to the Company's exposure to interest rates on its variable rate instruments.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 22: CASH FLOW INFORMATION

Reconciliation of profit / (loss) for the year to net cash flows from operating activities

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	$	$
Profit / (loss) for the year	342,112	(2,038,701)
Loss on sale of fixed assets	(13,391)	(1,146)
Employee leave benefits	19,337	17,736
Depreciation and amortisation expense	719,107	3,703,674
Share based payments	129,015	140,383
Impairment of assets	-	(435,700)
Finance costs	3,466	6,722
Taxation (benefit) / expense	123,662	(516,754)
Increase in bearer plant	-	110,737
Increase / (decrease) in receivables	56,871	(78,001)
Decrease / (increase) in trade and other payables	(4,842)	12,451
Decrease in other assets	-	(104,605)
Net cash used in operating activities	1,375,337	816,796

	CONSOLIDATED		
Reconciliation of liabilities	Bank Loan	Leases	Total
	$	$	$
Balance at 1 October 2017	1,750,000	81,082	1,831,082
Net cash used in financing activities	-	(81,082)	(81,082)
Balance at 30 September 2018	1,750,000	-	1,750,000

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 23: KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION

Refer to the Remuneration Report contained within the Directors' Report for details of remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 September 2018.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
	$	$
Short-term employment benefits	477,646	543,121
Post-employment benefits	45,125	44,651
Equity benefits	111,976	58,422
	634,747	646,194

NOTE 24: COMMITMENTS

(a) Operating Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	CONSOLIDATED	
	12 months ended 30 September 2018	12 months ended 30 September 2017
Payable:	$	$
Within one year	20,385	44,557
After one year but not more than five years	1,820	22,205
Total minimum lease repayments	22,205	66,762

These lease commitments encompass office rent and office equipment under an operating lease.

(b) Finance Lease Commitments

The Company had finance leases for three motor vehicles which were repaid during the current financial year. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	CONSOLIDATED	
	12 months ended 30 September 2018	12months ended 30 September 2017
Payable:	$	$
Within one year	-	44,444
After one year but not more than five years	-	42,901
Total minimum lease repayments	-	87,345
Less amounts representing finance charges	-	(6,263)
Present value of minimum lease payments	-	81,082

(c) Capital Commitments

The Company had no capital commitments at balance date that are not included as liabilities in the Statement of Financial Position (30 September 2017: $Nil).

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 25: PARENT ENTITY DISCLOSURES

	CONSOLIDATED	
	30 September 2018	30 September 2017
Financial position	**$**	**$**
Assets		
Current assets	6,142,155	4,856,576
Non-current assets	5,388,424	6,502,870
Total assets	11,530,579	11,359,446
Liabilities		
Current liabilities	316,413	245,141
Non-current liabilities	35,151	40,552
Total liabilities	351,564	285,693
Equity		
Issued capital	14,254,212	14,254,212
(Accumulated losses) / retained earnings	(4,443,482)	(4,370,853)
Reserves	1,368,285	1,190,394
Total equity	11,179,015	11,073,753
Financial performance		
Loss for the year	(72,629)	(1,889,852)
Total comprehensive loss	(72,629)	(1,889,852)

Refer to Note 23 for commitments of the parent entity which are the same as the Group.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 26: RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period:

Related party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	$	$	$	$
12 months ended 30 September 2018				
Stoney Pastoral Co Pty Ltd	84,659	-	93,126	-
Stoney Agri	236,810	71,056		-
The Yathroo Property Trust	12,822		-	-
12 months ended 30 September 2017				
Stoney Pastoral Co Pty Ltd	23,160	6,910	16,116	-
Stoney Agri	110,907	39,504	121,407	-
The Yathroo Property Trust	-	4,202,417	-	-

Stoney Pastoral Co Pty Ltd is an entity controlled by Trevor Stoney. Following the wind up of operations on Capel Farm the Company owned vehicles and plant that were surplus to requirements and if sold would have resulted in a loss of approximately 30%. During the year Alterra provided use of the plant and vehicle to Stoney Pastoral Co Pty Ltd on a margin over full cost recovery dry-hire and purchase basis. The account was bought to book on 31 September 2018 ($84,659 excluding GST) and settled in full on 12 November 2018 (see $93,126 including GST) and resulted in the Company avoiding any losses in disposing of the assets.

Stoney Agri (trading name for The Willyama (WA) Pty Ltd ATF The Ruby Trust) is a company controlled by a related party of Trevor Stoney. Stoney Agri owns and operates Yathroo farm immediately adjacent to Alterra's 1,600Ha "Dambadgee" farm and the Company leased Dambadgee to Stoney Agri on April 2017 for a term of 3 years. The terms of the lease: allows Stoney Agri to grow dryland crops and graze stock; encumber Stoney Agri with fire mitigation and other landholder responsibilities; allows Alterra full access to the property for the purposes of due diligence and research on its dairy project and other projects. The lease consideration ($236,810) paid by Stoney Agri to Alterra is at the top end of the range for dryland agricultural land.

During the 2018 year as part of a commercial scale wheat silage trial Alterra engaged Stoney Agri to provide farming services (including fertiliser and chemical application, harvesting, and freight) on a contract basis ($71,056). The Stoni-Agri services, and services from other contractors, were commercial and because Stoni Agri operates immediately adjacent to the Company's property mobilisation costs were avoided.

A wind farm development company (Wind Prospect Pty Ltd) are proposing to construct a project immediately adjacent to Dambadgee farm and the neighbouring Yathroo farm. Wind Prospect approached the Company to discuss the impacts of their project on Dambadgee. The Company engaged independent noise modelling and noise impact consultants and legal counsel to advise on the approach to be taken in negotiating terms with Wind Prospect and making representations to Local and State Governments. Because the information gathered by Alterra was of direct interest to Stoney Agri they agreed to pay half of the costs Alterra had incurred ($12,822) effectively reducing Alterra's costs of obtaining the information.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

NOTE 27: CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 September 2018 (30 September 2017: $Nil).

NOTE 28: EVENTS AFTER BALANCE DATE

The following significant events occurred after the year ended 30 September 2018:

(a) **14 November 2018** – the Company announced its intention to restructure and demerge its Carbon Business, subject to shareholder approval. Subsequently on 19 November 2018, the Company released a Notice of Meeting to shareholders confirming that an Extraordinary General Meeting will be held on 20 December 2018, for the purpose of seeking shareholder approval for the demerger of the Carbon Business. Please refer to the Notice of Meeting dated 19 November 2018 for further details.

(b) **14 November 2018** – the Company issued 4 million fully paid ordinary shares as a result of directors Andrew McBain, Trevor Stoney and Neil McBain exercising 4 million unquoted options at $0.035 per share to raise $140,000.

(c) **11 December 2018** – the Company announced that the internal restructure as outlined in the Notice of Meeting dated 19 November 2018 had been completed and that the “demerger relief” condition had been satisfied.

(d) **20 December 2018** – the Company announced that the Extraordinary General Meeting was held on 20 December 2018 and shareholders voted strongly in favour of the demerger of the Carbon Business. The Company also confirmed that the Board had resolved to proceed implementing the demerger and the Company’s growth strategy.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Alterra Limited (the 'Company'):

   (a) the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 September 2018 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (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.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 September 2018.

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

Andrew McBain
Managing Director
Alterra Limited

Dated this 21st day of December 2018

HLB Mann Judd
Accountants | Business and Financial Advisers

Independent Auditor's Report to the Members of Alterra Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Alterra Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 September 2018, the consolidated statement of 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 September 2018 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Accounting for intangible assets Note 12 of the financial report	
The Group has intangible assets with a value of $4,752,205. These intangible assets principally relate to forestry rights. The accounting treatment and valuation of the Group's intangible assets was considered to be a key audit matter due to the accounting complexity of recognising intangible assets, the materiality of the underlying assets and the importance to the users' understanding of the financial report as a whole.	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes and controls associated with management's review of intangible assets; - We considered the accounting treatment of the assets and ensured compliance with AASB 138; - We considered the Directors' assessment of the existence of any potential indicators of impairment; and - We examined the disclosures made in the financial report.
Investment property Note 14 of the financial report	
At balance date, the Group held $4,441,406 of investment property measured using the cost model under AASB 140 *Investment Property*. We considered the accounting for the Group's investment property to be a key audit matter due to its materiality and therefore its importance to the users' understanding of the financial report as a whole.	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes and controls associated with the investment property balance; - We obtained and reviewed a valuation that was performed by management's expert and ensured that the expert had sufficient expertise and experience to perform the valuation. We have assessed the appropriateness and reasonableness of the valuation; - We considered the accounting treatment adopted to ensure it was consistent with the requirements of AASB 140 *Investment Property* and other relevant accounting standards; - We determined whether the asset was in fact characterised as an investment property; - We conducted an assessment of the existence of any impairment indicators; and - We examined the disclosures made in the financial report and ensured that they were appropriate.
Tax accounting Note 3 of the financial report	
At balance date, the Group had an income tax payable of $124,956 and a net deferred tax asset of $256,270 and recorded an income tax expense for the period of $123,662. We considered this to be a key audit matters as it involved significant communication with management and is material to the financial statements.	Our procedures included but were not limited to: - We considered the tax calculations prepared by management and critically assessed them for reasonableness; - We engaged our internal tax specialists to perform an assessment of the tax calculations prepared by management; - We considered the appropriateness of recognition of the deferred tax asset; and - We ensured the disclosures within the financial report were appropriate and in line with the requirements of accounting standards.

HLB Mann Judd

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 September 2018, 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 in the directors' report for the year ended 30 September 2018.

In our opinion, the Remuneration Report of Alterra Limited for the year ended 30 September 2018 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

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
21 December 2018

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 20 December 2018 were as follows:

	Class of Equity Securities
Number Held as at 20 December 2018	**Fully Paid Ordinary Shares**
1 - 1,000	5,182
1,001 - 5,000	340,769
5,001 - 10,000	865,578
10,001 - 100,000	15,367,403
100,001 and over	131,021,056
Total	**147,599,988**

Holders of less than a marketable parcel:

- 1 – 1,354,288 fully paid shares – 240
- > 1,354,288 fully paid shares – 505

Substantial Shareholders

The Company has the following substantial shareholders listed in the Company's register as at 20 December 2018:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Trevor Stoney: Stoney Holdings Pty Ltd <Stoney Super Fund A/C> Stoney Pastoral Co Pty Ltd <Maybenup Subscription A/C>	 23,917,361 1,000,000	16.88
Neil McBain: Aroona Management Pty Ltd <McBain Family A/C>	 9,600,000	6.50
Andrew McBain: Broadacre Finance Pty Ltd <The Rule 303 Super Fund A/C> Mac 110 Nominees Pty Ltd <The Rule 303 A/C> Tracey Kelly	 6,121,114 4,857,824 388,250	7.70
Sandon Capital: One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C> National Nominees Limited	 17,450,471 11,508,215	19.62

Restricted Securities

The Company has no restricted securities on issue.

Voting Rights – Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every Fully Paid Ordinary Share held.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest ordinary fully paid shareholders as at 20 December 2018 are as follows:

Rank	Name of Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	STONEY HOLDINGS PTY LTD <STONEY SUPER FUND A/C>	23,917,361	16.20%
2	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	17,450,471	11.82%
3	NATIONAL NOMINEES LIMITED	11,508,215	7.80%
4	AROONA MANAGEMENT PTY LTD <MCBAIN FAMILY A/C>	9,600,000	6.50%
5	BROADACRE FINANCE PTY LTD <THE RULE 303 SUPER FUND A/C>	6,121,114	4.15%
6	MAC 110 NOMINEES PTY LTD <THE RULE 303 A/C>	4,857,824	3.29%
7	MR ANTHONY IRWIN FITZGERALD	3,950,000	2.68%
8	MR HARVEY STERN	3,200,000	2.17%
9	MR ANDREW JOHN TEN SELDAM <TEN SELDAM FAMILY A/C>	2,179,289	1.48%
10	MR PETER SCARF & MRS IDA SCARF <SCARF SUPER FUND ACCOUNT>	2,000,000	1.36%
11[i]	MR ALBERT WIJEWEERA	1,500,000	1.02%
11[i]	MR PETER MACARTHUR MORRISON & MRS ANNETTE KAYE MORRISON <THE MORRISON SUPER FUND>	1,500,000	1.02%
11[i]	GREEN WORLD INVESTMENTS PTY LTD	1,500,000	1.02%
12	SALGOOD PTY LTD	1,419,000	0.96%
13	MRS GAIL FITZGERALD	1,416,000	0.96%
14	NIGHTFALL PTY LTD <NIGHTFALL SUPERFUND A/C>	1,400,000	0.95%
15	BUDLEAF PTY LIMITED <BUDLEAF GROWTH A/C>	1,300,000	0.88%
16	MR ANTHONY DEAN LAZENBY	1,250,000	0.85%
17	MR EDMUND ZHEN PENG LI	1,145,383	0.78%
18	MACRO FUND SERVICES PTY LTD	1,079,922	0.73%
19[i]	MR JOHN CHARLES PLUMMER	1,000,000	0.68%
19[i]	MRS GAIL FITZGERALD	1,000,000	0.68%
19[i]	STONEY PASTORAL CO PTY LTD <MAYBENUP SUBSCRIPTION A/C>	1,000,000	0.68%
19[i]	L & M GROUP HOLDINGS PTY LTD <THE L & M A/C>	1,000,000	0.68%
20	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	900,000	0.61%
	Total	**103,194,579**	**69.92%**

(i) Shareholders are ranked equally in terms of number of ordinary fully paid shares held.