



# Alterra

## **ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**ABN 20 129 035 221**

**Alterra Limited and Controlled Entities  
Annual Report  
for the year ended 30 September 2021**

2021

# CONTENTS

|  |       |
|--|-------|
| CORPORATE INFORMATION .....                          | 3     |
| CHAIRMAN'S MESSAGE .....                             | 4     |
| REVIEW OF OPERATIONS.....                            | 5-8   |
| DIRECTORS' REPORT .....                              | 9-21  |
| CORPORATE GOVERNANCE STATEMENT .....                 | 22    |
| AUDITOR'S INDEPENDENCE DECLARATION .....             | 23    |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....  | 24    |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....    | 25    |
| CONSOLIDATED STATEMENT OF CASH FLOWS .....           | 26    |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....    | 27    |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ..... | 28-62 |
| DIRECTORS' DECLARATION.....                          | 63    |
| INDEPENDENT AUDITOR'S REPORT .....                   | 64-67 |
| ASX ADDITIONAL INFORMATION .....                     | 68    |
| TWENTY LARGEST SHAREHOLDERS .....                    | 69    |

## ABN 20 129 035 221

### Directors

Mr JOHN McGLUE, Interim Executive Chairman  
Mr MARK CLEMENTS, Interim Executive Director  
Mr JOHN PALERMO, Non-Executive Director

### Company Secretary

Mr MARK CLEMENTS

### Principal & Registered Office

144 NORTHWOOD STREET  
WEST LEEDERVILLE WA 6007  
TELEPHONE: (08) 9204 8400

### Auditors

HLB MANN JUDD (WA PARTNERSHIP)  
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

THOMSON GEER  
LEVEL 27, EXCHANGE TOWER  
2 THE ESPLANADE  
PERTH WA 6000

### Securities Exchange

AUSTRALIAN SECURITIES EXCHANGE  
LEVEL 40, CENTRAL PARK  
152-158 ST GEORGE'S TERRACE  
PERTH WA 6000  
(ASX: 1AG)

# CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

2021 has been a year of significant advancement for Alterra, with a major focus on the development of our flagship Carpenters avocado project and a pivot to a direct ownership approach to its development.

The year has also been noteworthy for the continued disposal of legacy assets within the Company and an exploration of how to best leverage Alterra's investment in Carbon Conscious Investments Limited (CCIL), which manages properties that generate carbon credit units for major energy groups.

Behind each of these sits a desire by your Board of Directors to protect and enhance shareholders' interests, which has been challenging in the past year given falling avocado prices and rising cost inputs in the COVID economy.

The Company's Carpenters project is located in Western Australia's south-west, in the premium horticultural corridor between Pemberton and Manjimup. With planned development of up to 300ha on the site, we believe Carpenters has the potential to be the single biggest avocado orchard in Western Australia.

However, Carpenters' potential extends beyond growing avocados given the size and quality of the water resource on site and possibility it could play a role in government efforts to drought-proof the region to protect the valuable horticultural sector.

Alterra's entry to the project was a desire to productively repurpose land and water for production of premium food produce but now we are seeing the emergence of the value of the water resource in its own right.

This is something Alterra has explored in FY21 in conjunction with agribusiness experts Pendulum Capital, which the Company engaged to advise on the Carpenters project and to project manage Stage 2 development.

Pendulum is associated with Penagri Capital Pty Ltd led by successful agribusiness investors and operators Peter Fogarty and Greg Harvey, which participated in a \$3.7 million capital raising along with the Company's biggest shareholder Sandon Capital.

Pendulum Capital has provided extensive advice to Alterra on all aspects of the project's development and has played a central, hands-on role in preparation for and the roll out of Stage 2 and managing water supply security beyond Stage 2 with landowner, Red Moon Holdings Pty Ltd, which is constructing the major dam on site.

Unfortunately, unseasonably high rainfall in winter and spring meant that our Stage 2 planting program was heavily curtailed, with the major component deferred. While this was disappointing and beyond our control, it did afford us the opportunity to work on optimising property infrastructure including planned development of dams, clearing of land, acquisition of machinery, and plant and buildings in preparation for later stages of the project.

In line with advice from Pendulum, the revised development strategy for Carpenters focuses on

- Higher density plantings
- Overall reduction in Capex per tree in the ground
- High performance micro sprinklers including retro fitting to existing infrastructure
- Additional water storage capacity to capture off stream water on site
- Reduced Spring 2021 planting to approximately 7Ha
- Balance of Stage 2 planting in Spring 2022
- Enhanced drainage and infrastructure on site
- Commencing preparations to plant up to 60,000 trees across 85Ha in Spring 2022

Despite the unusual climatic challenges this year, we consider the Pemberton region to be relatively climate resilient. We believe sustainable, environmentally responsible agriculture ventures are capable of delivering a strong bottom line operationally and attracting a premium from investors with an appetite for ethical investing. In doing this, we will maintain an unswerving commitment to growing value for Alterra shareholders.

At all times, Alterra's approach is to optimise value for our investors, hence the cautious, incremental approach to the build-out of Carpenters. We are fiercely protective of our shareholders' interests, and this will be reflected on how we approach and manage our investment in the project.

Alterra is also actively assessing options for our 15% shareholding in CCIL, which operates in a sector of growing investor interest. CCIL's Board has informed shareholders it is negotiating on a potential takeover offer, though at the time of this report no further details have been released. Aside from the shareholding in CCIL, Alterra continues to receive management fees, an annual fee in relation to a performance guarantee and an annual dividend.

As we move through FY22, Alterra's Board is especially focused on growing value for our investors, which is our primary objective. We greatly appreciate the loyalty and support of our fellow shareholders and we're dedicated to delivering value.

**John McGlue**  
Interim Executive Chairman

# REVIEW OF OPERATIONS

Dear Fellow Shareholders,

It is with pleasure that I outline our major achievements throughout this past year.

## Operational Highlights

- (a) Leading investment management and corporate advisory firm Pendulum Capital Pty Limited engaged to project manage the planting program for Stage 2 of the Company's flagship Carpenters avocado project in Western Australia's south-west;
- (b) A company associated with Pendulum Capital Pty Limited, led by successful agribusiness investors and operators Peter Fogarty and Greg Harvey, acquired a 17.42% stake in the Company;
- (c) Field preparation of the Stage 2 development block progressed with planting commenced in mid-December 2021;
- (d) Advanced progress towards future development at Carpenters, including equipment procurement, drainage, irrigation and site works;
- (e) R&D five-hectare trial site planted in October 2020 and tree growth monitored throughout the year;
- (f) Construction commenced of a large-scale water asset by the landowner at Carpenters;
- (g) Subsequent to year end, the Company announced the appointment of highly credentialled avocado grower Ben Norrish as Head of Horticulture and to oversee the development of the Company's Carpenters Project.
- (h) Subsequent to year end, the Board was notified by Carbon Conscious Investment Limited ('CCIL') of an unsolicited partial offer for 19.9% of CCIL and negotiations for a full takeover bid.

## Carpenters Project – Stage 2

Alterra's focus has been on development of the Carpenters Project.

As part of this strategy, in July 2021, the Company announced that leading investment management and corporate advisory firm Pendulum Capital Pty Limited ('Pendulum') had been engaged to project manage the coming planting program for Stage 2 of the Company's flagship Carpenters avocado project in Western Australia's south-west (Carpenters Project).

Pendulum is led by successful agribusiness investors and operators Peter Fogarty and Greg Harvey and is associated with Penagri Holdings Pty Ltd – a 17.42% shareholder in Alterra. The Pendulum team has decades of experience in developing and managing large-scale, highly profitable agriculture projects, including rehabilitation and planting programs.

The engagement of Pendulum was made following a request by the Alterra Board for Pendulum to assume a project management role and reflects the outcome of a strategic and operational review conducted by Pendulum and instituted by Alterra's Board of Directors to ensure the Carpenters Project is optimally developed.



*Stage 2 ground preparation*

In August 2021, the Company announced an update on the approach to the planting program for Stage 2. It was noted that whilst field preparations had progressed to the extent possible, due to the unseasonably heavy rain in WA's south-west, a substantial portion of the site preparation had



## REVIEW OF OPERATIONS

been affected and the wet ground had made it impossible to mobilise heavy equipment for final soil preparation and additional sub-surface drainage. As a result, the Stage 2 plantings in 2021 would be heavily curtailed.

The Board and the Alterra technical team have worked alongside Pendulum to develop a strategy to optimise development plans with a strict focus on costs and efficiencies, while effectively managing site conditions to ensure the long-term performance and sustainability of the project.

The revised development strategy for Stage 2 includes:

- Higher density plantings
- Overall reduction in capex per tree
- High performance micro-sprinklers in line with industry standards in the district
- Extra water storage capacity to capture off-stream water on site to provide additional water security and open up further expansion potential beyond the current program
- Reduced 2021 planting to approximately 7ha (circa 5,000 trees) due to heavy rain on site over winter, bringing the total planted area to approximately 12ha
- Balance of Stage 2 planting in spring 2022, subject to a final investment decision
- Enhanced drainage and infrastructure on site to service growth in 2022 and beyond
- Commencing preparations to plant up to 60,000 trees across 85ha in spring 2022.

At full planting, the Carpenters project will be serviced by a major dam currently under construction by the landowner under the terms of Alterra's 50-year lease. Construction of the dam continues to advance, albeit the unseasonably heavy rain has interrupted the construction schedule.

Alterra has also decided to explore a cost-efficient plan to potentially expand the existing off-stream dam which currently services the 5ha Stage 1 trial planting completed in 2020, mitigating inherent risk from a single water source and adding valuable water security.

In keeping with previous practice, a final investment decision on future stages of the project will be made at a date closer to scheduled planting and subject to routine commercial considerations.

### Carpenters Site Development

Construction by the landowner of the large-scale dam to provide long-term security of water supply to the project has significantly progressed. The existing 37 megalitre holding dam and 500 megalitre per annum of water secured from adjoining property under the Carpenters lease will be used to support the project while the main dam infrastructure is completed. Dam ground preparation works including earthmoving has progressed and a large excavation area is now evident. The area will eventually form the foundations of the embankment wall. Two large offtake pipes are also onsite and will be positioned through the embankment wall to enable irrigation of the orchard.

The landowner is responsible for all licences and permits in relation to the dam and continues to work closely with regulatory authorities throughout the development process to deliver the dam and water contracted to Alterra under the Carpenters lease agreement.



*Dam site progresses under landowner construction*

## R&D Trial Site

In October 2020, Alterra completed an initial five-hectare planting at Carpenters. Alterra continues to focus on the management of this trial site and has consequently obtained invaluable intellectual property that is assisting the approach for the Stage 2 development. During the year the Company received R&D claim funding of \$0.694M.

## Strengthened Board and Management

In February 2021, the Company appointed Mark Clements as an independent Non-Executive Director and Company Secretary. He took over as Company Secretary from John Palermo, who remains a Non-Executive Director of the Company. Mr Clements has more than 20 years' experience in capital management, finance, financial reporting, corporate strategy and governance, having both worked for and acted as Company Secretary for a number ASX companies across a range of industries.

In July 2021, the Board restructured management of the Company to align with Alterra's project delivery focus more appropriately. Alterra CEO Oliver Barnes left the Company and Chairman John McGlue and Non-Executive Director/Company Secretary Mark Clements each assumed executive roles on an interim basis whilst a new CEO is identified to oversee the corporate entity and to assess other opportunities across the horticulture and agriculture sectors in the near future.

Subsequent to year end, the Company announced the appointment of highly credentialled avocado grower Ben Norrish as Head of Horticulture and to oversee the development of the Company's Carpenters Project. Mr Norrish will join Alterra in the second quarter of 2022. He is currently the General Manager of Jasper Farms (AustOn Group, OTTP), Western Australia's largest avocado producer, and has extensive expertise and experience in large-scale avocado orchard development and operations in Western Australia's Southwest.

## ESG Commitment and Framework

As part of its commitment to a positive social and economic impact at its developments, Alterra has implemented five sustainability outcomes modelled off the United Nations global goals. These outcomes will help the Company to measure its contribution to the community and responsible use of resources in the regions in which it operates.

These goals include the following:

- **Zero Hunger:** create sustainable food production systems that strengthen the industry's resilience against climate change, extreme weather events and drought through the use of methodologies that improve land and soil quality.
- **Clean Water:** substantially increase water storage to reduce stress on existing freshwater resources and improve water-use efficiencies across the development. In addition, support and strengthen the Company's participation in local communities to improve water management.
- **Economic Growth:** Support local businesses wherever possible through local contracts, employment, and seasonal labour hire in the community. Ensure Alterra's operations contribute positively to the local economy. Implement best practice frameworks to ensure the safety of its local employees and seasonal staff.
- **Industry, Innovation and Infrastructure:** Enhance scientific research, upgrade the technological capabilities of industrial sectors and encourage innovation through Alterra's R&D claim for its innovative avocado growing methodology. Apply new practices from other horticultural sectors to avocados to improve growing techniques and water efficiencies.
- **Responsible Consumption and Production:** Ensure responsible and sustainable management of natural resources, notably water.





*Stage 1 trees one year on*

### **Carbon Conscious Investments Limited ('CCIL')**

Alterra Limited owns a 15% interest in CCIL, a manager of large-scale carbon projects.

On 4 November 2021, CCIL advised shareholders it had received a partial offer for up to 19.9% of its shares at 2.5c per share. CCIL's Directors advised that other than an email with the unsolicited offer no approach or contact has been made by the party to CCIL. CCIL also advised shareholders not to accept the partial offer as it was in advanced negotiations with respect to a full takeover proposal from another party for all its shares which, if consummated, was expected to be a superior proposal to the unsolicited offer.

As at the date of this report, the Alterra Board has been advised by CCIL that they have withdrawn from the takeover proposal process.

### **Financial Result**

The Company reported an operating loss of \$2.221M (2020: \$1.507M) which reflected the significant increase in development activities on the Carpenters project. Cash outflows on development costs were in excess of \$2.017M excluding employee costs. The Company was successful in obtaining R&D claim funding of \$0.694M. The net assets of the Company increased to \$8.179M (2020: \$6.827M) following the divestment of the non-core legacy asset Dambadgee Springs, a 1,640-hectare property located in Dandaragan. The total proceeds from the sale amounted to \$4.4M, with \$1.75M used to retire bank debt attached the property. Further, in May 2021 the Company completed a \$3.55M capital raising to accelerate the development of the Carpenters Project. The capital raising included a placement which raised \$1.85M and was supported by Pendulum, Alterra's major shareholder Sandon Capital and other professional and sophisticated investors. A further \$1.7M was raised via a pro-rata non-renounceable entitlement offer partially underwritten by Penagri Holdings Pty Ltd, a company associated with Pendulum Capital Pty Ltd.

**Mark Clements**  
**Interim Executive Director**



# DIRECTORS' REPORT

Your directors submit the annual financial report of Alterra Limited (hereafter referred to as the "Company") and the entities it controlled (hereafter referred to as the "Group") for the year ended 30 September 2021. 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 otherwise stated below.

JOHN MCGLUE (Interim Executive Chairman) *(Appointed on 29 July 2021 as Interim Executive Chairman)*

MARK CLEMENTS (Interim Executive Director & Company Secretary) *(Appointed as Company Secretary on 1 February 2021 and as Interim Executive Director on 29 July 2021)*

JOHN PALERMO (Non-Executive Director) *(Resigned as Company Secretary on 1 February 2021)*

TREVOR STONEY (Non-Executive Director) *(Not re-elected at Company's Annual General Meeting on 29 January 2021)*

OLIVER BARNES (Executive Director) *(Resigned as Director on 6 October 2020 and left the Company on 28 July 2021)*

ANDREW MCBAIN (Executive Director) *(Resigned as Director on 6 October and left the Company on 14 October 2020)*

## Information on Directors

### JOHN MCGLUE BA (Hons) GAICD (Interim Executive Chairman)

*(Appointed on 29 July 2021 as Interim Executive Chairman)*

Mr McGlue is the Managing Director of Castle Gates Australia. He is a member of the Australian Takeovers Panel, and a former Chairman Australia and Senior Managing Director of FTI Consulting Strategic Communications (NYSE: FCN). He has had no other directorships of ASX listed companies in the last 3 years. He is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. He has had no other directorships of ASX listed companies in the last 3 years.

### MARK CLEMENTS BCom, FCA, FGIA, AICD (Interim Executive Director & Company Secretary)

*(Appointed as Company Secretary on 1 February 2021 and Interim Executive Director on 29 July 2021)*

Mr Clements has more than 20 years' experience in capital management, finance, financial reporting, corporate strategy and governance, having worked for ASX companies across a range of industries. He is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors. He is company secretary for a number of diversified ASX listed companies and is non-executive director of Emerald Resources NL and MSM Corporation International Limited. He was formerly Executive Chairman of MOD Resources Limited. He is a Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

### JOHN PALERMO B.Bus, FCA, AGIA (Non-Executive Director)

Mr Palermo is a Chartered Accountant with over 20 years of experience in public practice and corporate accounting with areas of expertise including corporate transaction execution, strategic business management and business structuring. He is a partner of Palermo Chartered Accountants which specialises in advising corporate and high net worth clients in Western Australia. He is National Chairman of Chartered Accountants Australia and New Zealand, a Member of the Governance Institute of Australia, and a Board Member of the Royal Perth Hospital Medical Research Foundation. Mr Palermo was formerly a Board Member of Lifeline WA and the National Trust of Western Australia. He is Chair of the Audit and Risk Committee and a member of the Remunerations and Nomination Committee. He was formerly a director of Crowd Media Limited and has had no other directorships of ASX listed companies in the last 3 years.

### TREVOR STONEY (Non-Executive Director)

*(Not re-elected at Company's Annual General Meeting on 29 January 2021)*

Mr Stoney has a background in agriculture and has had no other directorships of ASX listed companies in the last 3 years.

### OLIVER BARNES (Executive Director)

*(Resigned as Director on 6 October 2020 and continued as Chief Executive Officer until 28 July 2021)*

Mr Barnes has a background in agricultural development and investment and has had no other directorships of ASX listed companies in the last 3 years.

### ANDREW MCBAIN (Executive Director)

*(Resigned as Director on 6 October 2020 and left the company on 14 October 2020)*

Mr McBain has a background in agriculture and has had no other directorships of ASX listed companies in the last 3 years.

## DIRECTORS' REPORT (continued)

### 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 |
|---------------|--------------------------------------|-------------------|
| John McGlue   | 6,015,806                            | 6,000,000         |
| Mark Clements | 600,000                              | - (i)             |
| John Palermo  | 960,000                              | 6,000,000         |

(i) Mark Clements has 6,000,000 options proposed to be issued subject to shareholders' approval at the Company's next Annual General Meeting.

Details of unissued ordinary shares under options are as follows:

| Number of options | Exercise price | Expiry date     |
|-------------------|----------------|-----------------|
| 4,000,000         | \$0.04         | 5 April 2023    |
| 14,000,000        | \$0.04         | 9 December 2023 |

The directors as at the time of this report do not hold any performance rights.

### Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all Members of the Board of 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 an actual or alleged breach or professional duty, other than a failure to manage or supervise such professional services.

### Principal Activities

Alterra is a horticultural project developer, currently focused on the development of its Carpenters avocado project in Western Australia. The Company also operates in the carbon farming sector, managing large-scale projects that yield carbon credits on behalf of Carbon Conscious Investments Limited (CCIL). Alterra also holds a 15% direct interest in CCIL.

### Dividends

No dividends have been paid or declared for the year ended 30 September 2021. The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2021.

### Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

### Environmental regulation

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

## DIRECTORS' REPORT (continued)

### Operating Results for the Year

The loss of the Group for the year ended 30 September 2021 after providing for income tax amounted to \$2,220,856 (30 September 2020: loss of \$1,506,547).

### Financial Position

The net assets of the Group have increased by \$1,352,045 from \$6,826,535 at 30 September 2020 to \$8,178,580 at 30 September 2021.

### Significant Changes in the State of Affairs

The following significant changes in the state of affairs occurred during the year ended 30 September 2021.

- (i) **13 May 2021** – the Company announced that Penagri Holdings Pty Ltd, a leading agribusiness investor, provides capital and became a substantial shareholder.
- (ii) **29 July 2021** – the Company announced that Pendulum Capital was appointed project manager of Carpenters project. Alterra management was restructured with Mr John McGlue and Mr Mark Clements assuming interim executive roles.

### Significant Events after Balance Date

The following significant events occurred after the year ended 30 September 2021:

- a) On 4 November 2021, CCIL advised shareholders it had received a partial offer for up to 19.9% of its shares at 2.5c per share. CCIL's Directors advised that other than an email with the unsolicited offer no approach or contact has been made by the party to CCIL. CCIL also advised shareholders not to accept the partial offer because it was also in advanced negotiations with respect to a takeover proposal for all its shares which, if consummated, was expected to be a superior proposal to the unsolicited offer. As at the date of this report, the Alterra Board has been advised by CCIL that they have withdrawn from the takeover proposal process.
- b) On 5 November 2021 the Company announced the appointment of highly credentialled avocado grower Ben Norrish as Head of Horticulture and to oversee the development of the Company's Carpenters Project. Mr Norrish will join Alterra in the second quarter of 2022. He is currently the General Manager of Jasper Farms (AustOn Group, OTTP), Western Australia's largest avocado producer, and has extensive expertise and experience in large-scale avocado orchard development and operations in Western Australia's South-West.

### Climate Change Risk

The Group's strategy is to build commercial, climate resilient land and water assets that drive sustainable growth and leave a positive social, environmental and economic legacy, and is dedicated to managing the effects of climate change risks throughout its development activities.

The Group has continued to build on its governance of climate change risk by incorporating strategy and risk management level considerations into its management systems.

This culture and framework give effect to a rigorous system of opportunity consideration, project proposal and operations management for all assets considered and managed by the Group as it identifies and develops investment-grade agricultural assets. Accordingly, the Group is continuing to develop metrics and as part of this is optimising its resource efficiencies at its projects.

Part of Alterra's model is to create climate resilient agricultural assets by building substantial onsite water infrastructure where properties have existing water rights, but insufficient infrastructure. As part of its development feasibility process, the Group uses extensive hydrology modelling to predict the reliability of water supply to ensure water security and the long-term climate resilience of its projects. This process includes assessing rainfall, runoff records, as well as surface water accessibility and springs rights. The Group also analyses real-time field data on irrigation, as well as soil moisture and nutrient levels within different soil types to create best practice frameworks that manage risk, improve production efficiency, and optimise cost efficiencies at its current and future developments.

The Group's ongoing activities include building on relationships with capital markets that have mandates to invest in projects that contribute to climate change mitigation and are resilient to climate change, strengthening relationships and activities with industry associations, and working constructively with environmental and resource regulators. We believe all markets will be affected by climate change risks as will our customers and suppliers and the Group considers these matters along with the physical impacts of climate change when developing its management systems, and accordingly it is well informed and positioned to seek out opportunities and mitigate risks.

### 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 2021 unless otherwise stated below:

Oliver Barnes (Chief Executive Officer) (*Appointed on 6 October 2020, left the Company on 28 July 2021*)

Andrew McBain (Chief Commercial Officer) (*Appointed on 6 October 2020, left the Company on 14 October 2020*)

### 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 and Nomination Committee

Currently all the members of the Board constitute the Remuneration and Nomination Committee. The Remuneration and Nomination 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. Currently two directors are assuming interim executive roles and are remunerated on an executive basis.

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 2021 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 team to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

## Link between Performance and Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has had regard to the following indices in respect of the current and previous four financial years:

|                             | 2021        | 2020        | 2019    | 2018    | 2017        |
|-----------------------------|-------------|-------------|---------|---------|-------------|
| EPS (cents)                 | (1.04)      | (0.99)      | 0.63    | 0.24    | (1.39)      |
| Dividends (cents per share) | -           | -           | -       | -       | -           |
| Net profit / (loss) (\$)    | (2,220,856) | (1,506,547) | 931,424 | 342,112 | (1,970,619) |
| Share price (\$)            | 0.030       | 0.047       | 0.038   | 0.032   | 0.028       |

## DIRECTORS' REPORT (continued)

### September 2021 Remuneration of Key Management Personnel

**Table 1: Key Management Personnel remuneration for the year ended 30 September 2021**

|                                | Primary benefits |              | Post-employment | Equity               | Other         | Total          | %                   |
|--------------------------------|------------------|--------------|-----------------|----------------------|---------------|----------------|---------------------|
|                                | Salary & fees    | Cash bonuses | Superannuation  | Share-based payments |               |                | Performance related |
| <b>Directors</b>               | \$               | \$           | \$              | \$                   | \$            | \$             | %                   |
| John McGlue <sup>(i)</sup>     | 95,938           | -            | -               | 12,089               | -             | 108,027        | 0%                  |
| Mark Clements <sup>(ii)</sup>  | 56,940           | -            | -               | -                    | 32,000        | 88,940         | 0%                  |
| John Palermo                   | 54,000           | -            | 5,198           | 23,909               | -             | 83,107         | 0%                  |
| Andrew McBain <sup>(v)</sup>   | 97,727           | -            | 26,169          | (7,968)              | -             | 115,928        | 0%                  |
| Trevor Stoney <sup>(iii)</sup> | 18,000           | -            | 1,710           | -                    | -             | 19,710         | 0%                  |
| <b>Total</b>                   | <b>322,605</b>   | <b>-</b>     | <b>33,077</b>   | <b>28,030</b>        | <b>32,000</b> | <b>477,712</b> | <b>0%</b>           |
| <b>Executives</b>              |                  |              |                 |                      |               |                |                     |
| Oliver Barnes <sup>(iv)</sup>  | 347,709          | -            | 32,464          | (30,574)             | -             | 349,599        | 0%                  |
| <b>Total</b>                   | <b>670,314</b>   | <b>-</b>     | <b>65,541</b>   | <b>(2,544)</b>       | <b>32,000</b> | <b>765,311</b> | <b>0%</b>           |

(i) John McGlue was remunerated \$165,000 per annum following his appointment as interim Executive Director on 29 July 2021.

(ii) Mark Clements was remunerated \$165,000 per annum following his appointment as interim Executive Director on 29 July 2021, and also received a fee for the provision of his Company Secretarial services.

(iii) Trevor Stoney was not re-elected as a Director at the Company's Annual General Meeting on 29 January 2021.

(iv) Oliver Barnes left the Company on 28 July 2021.

(v) Andrew McBain resigned as a Director in 6 October 2020 and left the Company on 14 October 2020.

### Options Granted as Part of Remuneration September 2021

On 29 January 2021 6,000,000 options with exercise price of 4c were issued to John Palermo. On 29 July 2021, the Company announced the issue of 6,000,000 options to Mark Clements subject to approval at the annual general meeting.

## DIRECTORS' REPORT (continued)

### Shares Issued to Key Management Personnel for the year ended 30 September 2021

No shares were issued to Directors and Executives as part of the short-term incentive scheme during the year ended 30 September 2021.

### Option Holdings of Key Management Personnel for the year ended 30 September 2021

| 12 months ended 30 September 2021 | Balance at beginning of reporting period | Granted as remuneration | Options exercised | Net change other | Balance at end of reporting period | Vested as at end of reporting period |                 |
|-----------------------------------|--|-------------------------|-------------------|------------------|------------------------------------|--------------------------------------|-----------------|
|                                   |  |                         |                   |                  |                                    | Exercisable                          | Not exercisable |
| <b>Directors</b>                  |  |                         |                   |                  |                                    |                                      |                 |
| John McGlue                       | 6,000,000                                | -                       | -                 | -                | 6,000,000                          | -                                    | 6,000,000       |
| Mark Clements                     | -  | -                       | -                 | -                | -                                  | -                                    | -               |
| John Palermo                      | -  | 6,000,000               | -                 | -                | 6,000,000                          | -                                    | 6,000,000       |
| <b>Total</b>                      | <b>6,000,000</b>                         | <b>6,000,000</b>        | <b>-</b>          | <b>-</b>         | <b>12,000,000</b>                  | <b>-</b>                             | <b>-</b>        |

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name         | Number of options granted in 4 separate tranches | Grant date      | Exercisable date  | Expiry date     | Exercise price | Fair value per option at grant date of each tranche |
|--------------|--|-----------------|---|-----------------|----------------|---|
| John McGlue  | 2,000,000<br>2,000,000<br>1,000,000<br>1,000,000 | 6 January 2020  | Before 9 December 2023 upon the achievement of the vesting conditions outlined in the Appendix 3B announcement released to the ASX on 31 December 2019 are achieved | 9 December 2023 | \$0.04         | \$0.0547<br>\$0.0399<br>\$0.0295<br>\$0.0023        |
| John Palermo | 2,000,000<br>2,000,000<br>1,000,000<br>1,000,000 | 29 January 2021 | Before 9 December 2023 upon the achievement of the vesting conditions outlined in the Appendix 3G announcement released to the ASX on 15 February 2021 are achieved | 9 December 2023 | \$0.04         | \$0.0210<br>\$0.0177<br>\$0.0139<br>\$0.0110        |

Options granted carry no dividend or voting rights. The expense for the year is disclosed in Note 20.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Link between Performance on and Shareholder Wealth'. Options vest based on the provision of service over the vesting period whereby the director becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

# DIRECTORS' REPORT (continued)

## Shareholdings of Key Management Personnel for the year ended 30 September 2021

| 12 months ended 30 September 2021 | Balance at beginning of reporting period | Granted as remuneration | On exercise of options | Net change other    | Balance at end of reporting period |
|-----------------------------------|--|-------------------------|------------------------|---------------------|------------------------------------|
| <b>Directors</b>                  |  |                         |                        |                     |                                    |
| John McGlue <sup>(i)</sup>        | 2,013,171                                | -                       | -                      | 4,002,635           | 6,015,806                          |
| Mark Clements <sup>(i)</sup>      | -  | -                       | -                      | 600,000             | 600,000                            |
| John Palermo <sup>(i)</sup>       | 200,000                                  | -                       | -                      | 760,000             | 960,000                            |
| Trevor Stoney <sup>(ii)</sup>     | 24,917,361                               | -                       | -                      | (24,917,361)        | -                                  |
| Andrew McBain <sup>(ii)</sup>     | 12,418,188                               | -                       | -                      | (12,418,188)        | -                                  |
| <b>Executives</b>                 |  |                         |                        |                     |                                    |
| Oliver Barnes <sup>(ii)</sup>     | 273,088                                  | -                       | -                      | (273,088)           | -                                  |
| <b>Total</b>                      | <b>39,821,808</b>                        | <b>-</b>                | <b>-</b>               | <b>(32,246,002)</b> | <b>7,575,806</b>                   |

(i) Shares were acquired by Directors / Executives or their related entities both on market and upon participation in the Company's entitlements offer on 30 June 2021.

(ii) Net change amounts to shares held at time of resignation and or disposed.

## Performance Rights of Key Management Personnel for the year ended 30 September 2021

| 12 months ended 30 September 2021 | Balance at beginning of reporting period | Granted as remuneration | On exercise of performance rights | Net change other    | Balance at end of reporting period |
|-----------------------------------|--|-------------------------|-----------------------------------|---------------------|------------------------------------|
| <b>Directors</b>                  |  |                         |                                   |                     |                                    |
| Oliver Barnes <sup>(i)</sup>      | 11,000,000                               | -                       | -                                 | (11,000,000)        | -                                  |
| Andrew McBain <sup>(ii)</sup>     | 6,000,000                                | -                       | -                                 | (6,000,000)         | -                                  |
| <b>Total</b>                      | <b>17,000,000</b>                        | <b>-</b>                | <b>-</b>                          | <b>(17,000,000)</b> | <b>-</b>                           |

(i) Performance rights held by Oliver Barnes on resignation amount to 11,000,000.

(ii) Andrew McBain was granted performance rights following shareholders' approval at the annual general meeting held on 27 February 2020. The performance rights were subsequently cancelled following Mr McBain's departure on 14 October 2020.

## Loans to Key Management Personnel for the year ended 30 September 2021

| 12 months ended 30 September 2021 | Balance at beginning of reporting period <sup>(i)</sup> | Amount loaned in year | Interest charged | Interest paid  | Principal repayments made | Balance at end of reporting period |
|-----------------------------------|---|-----------------------|------------------|----------------|---------------------------|------------------------------------|
|                                   | \$  | \$                    | \$               | \$             | \$                        | \$                                 |
| <b>Directors</b>                  |   |                       |                  |                |                           |                                    |
| Andrew McBain <sup>(i)</sup>      | 46,785  | -                     | 251              | (251)          | (46,785)                  | -                                  |
| Trevor Stoney <sup>(ii)</sup>     | 62,675  | -                     | 1,382            | (1,382)        | (62,275)                  | -                                  |
| <b>Total</b>                      | <b>109,460</b>  | <b>-</b>              | <b>1,633</b>     | <b>(1,633)</b> | <b>(109,460)</b>          | <b>-</b>                           |

Loans refer to secured monies loaned on 25 January 2017 and 14 November 2018 by the previous board of Alterra to Andrew McBain, Trevor Stoney and Anthony Fitzgerald for the purpose of purchasing shares in the Company via the exercising of their options. Interest is payable at 6.75% per annum with monthly principal and interest repayments made over the 4-year term of the loans.

(i) Andrew McBain resigned as a Director effective 6 October 2020. The loan balance was fully repaid following Mr McBain's departure on 14 October 2020.

(ii) Trevor Stoney was not re-elected at the Company's Annual General Meeting on 29 January 2021. The loan balance was fully repaid on 17 February 2021.



## DIRECTORS' REPORT (continued)

### September 2020 Remuneration of Key Management Personnel

**Table 1: Key Management Personnel remuneration for the year ended 30 September 2020**

|                                     | Primary benefits |               | Post-employment | Equity               | Other         | Total          | %                   |
|-------------------------------------|------------------|---------------|-----------------|----------------------|---------------|----------------|---------------------|
|                                     | Salary & fees    | Cash bonuses  | Superannuation  | Share-based payments |               |                | Performance related |
| <b>Directors</b>                    | \$               | \$            | \$              | \$                   | \$            | \$             | %                   |
| John McGlue <sup>(i)</sup>          | 21,900           | -             | -               | 8,612                | 26,666        | 57,178         | 15%                 |
| John Palermo                        | 49,000           | -             | 4,655           | -                    | -             | 53,655         | -                   |
| Trevor Stoney                       | 71,500           | -             | 6,793           | -                    | -             | 78,293         | -                   |
| Oliver Barnes <sup>(ii)</sup>       | 230,000          | -             | 21,850          | 19,418               | -             | 271,331        | 7%                  |
| Andrew McBain <sup>(iii)</sup>      | 200,417          | -             | 19,040          | 9,023                | -             | 228,480        | 4%                  |
| <b>Total</b>                        | <b>572,817</b>   | <b>-</b>      | <b>52,338</b>   | <b>37,116</b>        | <b>26,666</b> | <b>688,937</b> | <b>-</b>            |
| <b>Executives</b>                   | \$               | \$            | \$              | \$                   | \$            | \$             | %                   |
| Anthony Fitzgerald <sup>(iii)</sup> | 121,448          | 26,500        | 11,068          | -                    | -             | 159,016        | 17%                 |
| <b>Total</b>                        | <b>694,265</b>   | <b>26,500</b> | <b>63,406</b>   | <b>37,116</b>        | <b>26,666</b> | <b>847,953</b> | <b>-</b>            |

(i) John McGlue was remunerated \$26,666 as an Advisory Board member prior to his appointment as a Non-executive Director on 10 June 2020.

(ii) Oliver Barnes and Andrew McBain resigned as Directors effective 6 October 2020.

(iii) Anthony Fitzgerald resigned as an Executive effective 31 March 2020. Prior to his resignation, Mr Fitzgerald was awarded a retainer bonus of \$26,500 as per his employment agreement.

### Options Granted as Part of Remuneration September 2020

There were no director options granted, exercised or lapsed during the year.

For details on the valuation of the options and performance rights, including models and assumptions used, please refer to Note 21 to the financial report. There were no alterations to the terms and conditions of options and performance rights granted as remuneration since their grant date, other than disclosed in Note 21.

## DIRECTORS' REPORT (continued)

### Shares Issued to Key Management Personnel for the year ended 30 September 2020

No shares were issued to Directors and Executives as part of the short-term incentive scheme during the year ended 30 September 2020.

### Option Holdings of Key Management Personnel for the year ended 30 September 2020

| 12 months ended 30 September 2020 | Balance at beginning of reporting period | Granted as remuneration | Options exercised | Net change other | Balance at end of reporting period | Vested as at end of reporting period |                 |
|-----------------------------------|--|-------------------------|-------------------|------------------|------------------------------------|--------------------------------------|-----------------|
|                                   |  |                         |                   |                  |                                    | Exercisable                          | Not exercisable |
| <b>Directors</b>                  |  |                         |                   |                  |                                    |                                      |                 |
| John McGlue                       | -  | 6,000,000               | -                 | -                | 6,000,000                          | -                                    | -               |
| <b>Total</b>                      | -  | <b>6,000,000</b>        | -                 | -                | <b>6,000,000</b>                   | -                                    | -               |

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name        | Number of options granted in 4 separate tranches | Grant date     | Exercisable date  | Expiry date     | Exercise price | Fair value per option at grant date of each tranche |
|-------------|--|----------------|---|-----------------|----------------|---|
| John McGlue | 2,000,000  | 6 January 2020 | Before 9 December 2023 upon the achievement of the vesting conditions outlined in the Appendix 3B announcement released to the ASX on 31 December 2019 are achieved | 9 December 2023 | \$0.04         | \$0.0547  |
|             | 2,000,000  |                |   |                 |                | \$0.0399  |
|             | 1,000,000  |                |   |                 |                | \$0.0295  |
|             | 1,000,000  |                |   |                 |                | \$0.0023  |

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Link between Performance on and Shareholder Wealth'. Options vest based on the provision of service over the vesting period whereby the director becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

### Shareholdings of Key Management Personnel for the year ended 30 September 2020

| 12 months ended 30 September 2020  | Balance at beginning of reporting period | Granted as remuneration | On exercise of options | Net change other <sup>(iii)</sup> | Balance at end of reporting period |
|------------------------------------|--|-------------------------|------------------------|-----------------------------------|------------------------------------|
| <b>Directors</b>                   |  |                         |                        |                                   |                                    |
| John McGlue <sup>(iii)</sup>       | 13,171                                   | -                       | -                      | 2,000,000                         | 2,013,171                          |
| John Palermo                       | 200,000                                  | -                       | -                      | -                                 | 200,000                            |
| Trevor Stoney                      | 24,917,361                               | -                       | -                      | -                                 | 24,917,361                         |
| Oliver Barnes <sup>(i) (iii)</sup> | 257,000                                  | -                       | -                      | 16,088                            | 273,088                            |
| Andrew McBain <sup>(i) (iii)</sup> | 11,767,188                               | -                       | -                      | 651,000                           | 12,418,188                         |
| <b>Executives</b>                  |  |                         |                        |                                   |                                    |
| Anthony Fitzgerald <sup>(ii)</sup> | 7,060,873                                | -                       | -                      | -                                 | 7,060,873                          |
| <b>Total</b>                       | <b>44,215,593</b>                        | -                       | -                      | <b>2,667,088</b>                  | <b>46,882,681</b>                  |

(i) Oliver Barnes and Andrew McBain resigned as Directors effective 6 October 2020.

(ii) Anthony Fitzgerald resigned as an Executive effective 31 March 2020.

(iii) Shares were acquired by Directors / Executives or their related entities both on and off market.

## DIRECTORS' REPORT (continued)

### Performance Rights of Key Management Personnel for the year ended 30 September 2020

| 12 months ended 30 September 2020 | Balance at beginning of reporting period | Granted as remuneration | On exercise of performance rights | Net change other | Balance at end of reporting period |
|-----------------------------------|--|-------------------------|-----------------------------------|------------------|------------------------------------|
| <b>Directors</b>                  |  |                         |                                   |                  |                                    |
| Oliver Barnes <sup>(i)</sup>      | -  | 11,000,000              | -                                 | -                | 11,000,000                         |
| Andrew McBain <sup>(ii)</sup>     | -  | 6,000,000               | -                                 | -                | 6,000,000                          |
| <b>Total</b>                      | -  | <b>17,000,000</b>       | -                                 | -                | <b>17,000,000</b>                  |

(i) Oliver Barnes was granted performance rights following shareholder approval at the general meeting held on 12 December 2019.

(ii) Andrew McBain was granted performance rights following shareholder approval at the annual general meeting held on 27 February 2020.

### Loans to Key Management Personnel for the year ended 30 September 2020

| 12 months ended 30 September 2020   | Balance at beginning of reporting period <sup>(i)</sup> | Amount loaned in year | Interest charged | Interest paid  | Principal repayments made | Balance at end of reporting period |
|-------------------------------------|---|-----------------------|------------------|----------------|---------------------------|------------------------------------|
|                                     | \$  | \$                    | \$               | \$             | \$                        | \$                                 |
| <b>Directors</b>                    |   |                       |                  |                |                           |                                    |
| Andrew McBain <sup>(ii)</sup>       | 50,178  | -                     | 3,291            | (3,291)        | (3,393)                   | 46,785                             |
| Trevor Stoney                       | 74,012  | -                     | 4,657            | (4,657)        | (11,337)                  | 62,675                             |
| <b>Executives</b>                   |   |                       |                  |                |                           |                                    |
| Anthony Fitzgerald <sup>(iii)</sup> | 51,171  | -                     | 1,624            | (1,624)        | (51,171)                  | -                                  |
| <b>Total</b>                        | <b>175,361</b>  | -                     | <b>9,572</b>     | <b>(9,572)</b> | <b>(65,901)</b>           | <b>109,460</b>                     |

(i) Loans refer to secured monies loaned on 25 January 2017 and 14 November 2018 by Alterra to Andrew McBain, Trevor Stoney and Anthony Fitzgerald for the purpose of purchasing shares in the Company via the exercising of their options. Interest is payable at 6.75% per annum with monthly principal and interest repayments made over the 4-year term of the loans.

(ii) Andrew McBain resigned as a Director effective 6 October 2020. The loan balance was fully repaid on 14 October 2020.

(iii) Anthony Fitzgerald resigned as an Executive effective 31 March 2020, the loan balance has been fully repaid.

## DIRECTORS' REPORT (continued)

### Other Transactions with Key Management Personnel

The following table provides the total amount of transactions that were entered into with key management personnel 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 |
|---|--------------------------|--------------------------------|---------------------------------|---------------------------------|
|   | \$                       | \$                             | \$                              | \$                              |
| <b>12 months ended 30 September 2021</b>          |                          |                                |                                 |                                 |
| Gratia Australia Pty Ltd <sup>(ii)</sup>          | -                        | 108,951                        | -                               | -                               |
| Carbon Conscious Investments Ltd <sup>(iii)</sup> | -                        | -                              | 7,347                           | -                               |
| Stoney Agri <sup>(i)</sup>                        | 18,939                   | -                              | -                               | -                               |
| Happy Felix Manjimup Pty Ltd <sup>(v)</sup>       | -                        | 7,638                          | -                               | -                               |
| Balion Pty Ltd <sup>(vi)</sup>                    | -                        | 32,000                         | -                               | -                               |
| <b>12 months ended 30 September 2020</b>          |                          |                                |                                 |                                 |
| Stoney Agri <sup>(i)</sup>                        | 105,000                  | 62,617                         | -                               | -                               |
| Gratia Australia Pty Ltd <sup>(ii)</sup>          | -                        | 73,636                         | -                               | -                               |
| Carbon Conscious Investments Ltd <sup>(iii)</sup> | -                        | -                              | 100,000                         | -                               |
| Director and Executive loans <sup>(iv)</sup>      | -                        | -                              | 109,460                         | -                               |

- (i) 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's lease of Alterra's Dambadgee Springs property expired on 31 March 2020. Periodic lease payments continued into the current year for \$18,939. The payment in 2020 of \$62,617 relates to a payment for seeds and seeding perennial pastures.
- (ii) Gratia Australia Pty Ltd is a company controlled by a related party of John Palermo. Gratia Australia Pty Ltd provided accounting and company secretarial services to Alterra. The fees are regarded as commercial. Gratia services have subsequently ceased in October 2021.
- (iii) The loan receivable of \$100,000 in 2020 refers to an outstanding loan agreement between the Company and its associate Carbon Conscious Investment Limited and was fully repaid. The current year loan relates to costs incurred and recoverable from the service contract.
- (iv) Employee and Director loans refer to secured monies loaned on 14 November 2018 to Andrew McBain, Trevor Stoney and Anthony Fitzgerald and decided upon by an Alterra Board that comprised of Trevor Stoney, Neil McBain and Andrew McBain. The loans were used for purchasing shares in the Company via the exercising of options. All loans have been repaid at the reporting date.
- (v) Happy Felix Manjimup Pty Ltd is a company controlled by John Palermo. The Company leases on a month-to-month basis office space in Manjimup owned by Happy Felix Pty Ltd. The lease costs are commensurate with market rates and considered commercial.
- (vi) Balion Pty Ltd is a company controlled by Mark Clements. In addition to director services, Balion Pty Ltd provided corporate secretarial services for \$32,000 in the period. The fees are regarded as commercial.

### END OF REMUNERATION REPORT



## DIRECTORS' REPORT (continued)

### 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 were as follows:

|               | Number of Board meetings eligible to attend | Number of Remuneration & Nomination Committee meetings eligible to attend | Number of Audit & Risk Committee meetings eligible to attend |
|---------------|---|---|--|
| John McGlue   | 16  | 2   | 2  |
| Mark Clements | 9   | 1   | 1  |
| John Palermo  | 16  | 2   | 2  |
| Trevor Stoney | 6   | 1   | 1  |
| Oliver Barnes | -   | -   | -  |
| Andrew McBain | -   | -   | -  |

### 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 2021.

### 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 23 and forms part of this directors' report for the year ended 30 September 2021.

### Non-audit Services

No non-audit services were provided by the external auditors during the year ended 30 September 2021.

Signed in accordance with a resolution of the directors.



**John McGlue**  
Interim Executive Chairman

Perth, 21 December 2021

# 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 the Company 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 (4<sup>th</sup> Edition).

The Company's Corporate Governance Policies for the year ended 30 September 2021 was reviewed and approved by the Board on 16 February 2021.

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 2021 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](http://www.alterra.com.au).



## AUDITOR'S INDEPENDENCE DECLARATION

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

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

**Perth, Western Australia**  
**21 December 2021**

A handwritten signature in blue ink, appearing to read 'D I Buckley'.

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

**hlb.com.au**

**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

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|  | Note | CONSOLIDATED                         |                                      |
|--|------|--------------------------------------|--------------------------------------|
|  |      | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|  |      | \$                                   | \$                                   |
| Revenue  | 2    | 641,602                              | 736,087                              |
| Other income   | 3    | 926,172                              | 410,433                              |
| (Loss)/Gain on sale of investment property   | 3    | (446,014)                            | 275,565                              |
| Operating expenses   |      | (293,229)                            | (149,273)                            |
| Administrative expenses  |      | (751,202)                            | (560,311)                            |
| Asset development costs  |      | (40,677)                             | (234,089)                            |
| Marketing expenses   |      | (148,442)                            | (19,883)                             |
| Business development expenses  |      | (54,414)                             | (319,688)                            |
| Employee benefits expense  |      | (1,862,767)                          | (1,368,863)                          |
| Occupancy expense  |      | (54,359)                             | (44,409)                             |
| Financing expenses   |      | (21,539)                             | (72,736)                             |
| Depreciation and amortisation  |      | (87,155)                             | (74,383)                             |
| Share-based payments   |      | (28,832)                             | (84,997)                             |
| <b>(Loss) before income tax expense</b>  |      | <b>(2,220,856)</b>                   | <b>(1,506,547)</b>                   |
| Income tax expense   | 4    | -                                    | -                                    |
| <b>(Loss) attributable to members of the parent entity</b>                                 |      | <b>(2,220,856)</b>                   | <b>(1,506,547)</b>                   |
| <b>(Loss) attributable to members of the parent entity</b>                                 |      | <b>(2,220,856)</b>                   | <b>(1,506,547)</b>                   |
| <b>Other comprehensive income</b>  |      | -                                    | -                                    |
| <b>Other comprehensive income for the year after tax</b>                                   |      | -                                    | -                                    |
| <b>Total comprehensive (loss) attributable to members of the parent entity</b>             |      | <b>(2,220,856)</b>                   | <b>(1,506,547)</b>                   |
| Basic and diluted (loss) / earnings per share (cents per share)                            | 5    | (1.04)                               | (0.99)                               |
| Basic and diluted (loss) / earnings per share (cents per share) from continuing operations | 5    | (1.04)                               | (0.99)                               |

The accompanying notes form part of these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

|                                      | Note | CONSOLIDATED      |                   |
|--------------------------------------|------|-------------------|-------------------|
|                                      |      | 30 September 2021 | 30 September 2020 |
|                                      |      | \$                | \$                |
| <b>Current Assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 8    | 4,346,827         | 3,283,222         |
| Trade and other receivables          | 9    | 272,347           | 291,323           |
| Other assets                         | 10   | 198,773           | 376,043           |
| Assets held for sale                 | 14   | -                 | 1,184,967         |
| <b>Total Current Assets</b>          |      | <b>4,817,947</b>  | <b>5,135,555</b>  |
| <b>Non-Current Assets</b>            |      |                   |                   |
| Intangible assets                    | 11   | 79,611            | 85,611            |
| Property, plant and equipment        | 12   | 3,918,445         | 742,120           |
| Investment property                  | 14   | -                 | 1,975,667         |
| Investment in associates             | 15   | 1,132,380         | 1,082,657         |
| Rights-of-use-assets                 | 16   | 12,921,768        | 5,505,382         |
| Other assets                         | 10   | 14,485            | 8,083             |
| <b>Total Non-Current Assets</b>      |      | <b>18,066,689</b> | <b>9,399,520</b>  |
| <b>Total Assets</b>                  |      | <b>22,884,636</b> | <b>14,535,075</b> |
| <b>Current Liabilities</b>           |      |                   |                   |
| Trade and other payables             | 17   | 621,905           | 666,319           |
| Interest-bearing liabilities         | 19   | -                 | 1,400,000         |
| Provisions                           |      | 18,737            | 50,294            |
| Lease liabilities                    | 18   | 91,757            | 78,376            |
| <b>Total Current Liabilities</b>     |      | <b>732,399</b>    | <b>2,194,989</b>  |
| <b>Non-Current Liabilities</b>       |      |                   |                   |
| Lease liabilities                    | 18   | 13,973,657        | 5,513,551         |
| <b>Total Non-Current Liabilities</b> |      | <b>13,973,657</b> | <b>5,513,551</b>  |
| <b>Total Liabilities</b>             |      | <b>14,706,056</b> | <b>7,708,540</b>  |
| <b>Net Assets</b>                    |      | <b>8,178,580</b>  | <b>6,826,535</b>  |
| <b>Equity</b>                        |      |                   |                   |
| Issued capital                       | 20   | 13,947,477        | 10,403,651        |
| Reserves                             | 20   | 1,476,093         | 1,447,018         |
| Accumulated losses                   |      | (7,244,990)       | (5,024,134)       |
| <b>Total Equity</b>                  |      | <b>8,178,580</b>  | <b>6,826,535</b>  |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|  |      | CONSOLIDATED                         |                                      |
|--|------|--------------------------------------|--------------------------------------|
|  |      | Inflows /(Outflows)                  | Inflows /(Outflows)                  |
|  |      | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|  | Note | \$                                   | \$                                   |
| <b>Cash flows from operating activities</b>      |      |                                      |                                      |
| Receipts from customers and government subsidies |      | 1,500,382                            | 833,236                              |
| Payments to suppliers and employees              |      | (3,188,178)                          | (2,136,682)                          |
| Interest received                                |      | 2,966                                | 50,092                               |
| Interest paid                                    |      | (20,915)                             | (150,000)                            |
| Net cash (used in) operating activities          | 25   | (1,705,745)                          | (1,403,354)                          |
| <b>Cash flows from investing activities</b>      |      |                                      |                                      |
| Purchase of property, plant and equipment        |      | (321,936)                            | (253,684)                            |
| Proceeds from the sale of plant and equipment    |      | 2,126                                | -                                    |
| Proceeds from sale of land                       |      | 2,713,761                            | 1,556,338                            |
| Expenditure on Development Assets                |      | (2,017,763)                          | -                                    |
| Purchase of intangibles                          |      | -                                    | (270,467)                            |
| Return of capital on investments                 |      | -                                    | 44,440                               |
| Dividends received                               |      | 128,340                              | 102,167                              |
| Net cash provided by investing activities        |      | 504,528                              | 1,178,794                            |
| <b>Cash flows from financing activities</b>      |      |                                      |                                      |
| Proceeds from the issue of shares                |      | 3,543,826                            | 1,687,216                            |
| Receipt of loans from related parties            |      | 171,863                              | 706,356                              |
| Bank loan drawdowns / (repayments)               |      | (1,400,000)                          | (350,000)                            |
| Repayment of finance leases                      |      | (50,867)                             | (213,070)                            |
| Net cash provided by financing activities        |      | 2,264,822                            | 1,830,502                            |
| Net increase in cash and cash equivalents        |      | 1,063,605                            | 1,605,942                            |
| Cash and cash equivalents at beginning of year   |      | 3,283,222                            | 1,677,280                            |
| <b>Cash and cash equivalents at end of year</b>  | 8    | 4,346,827                            | 3,283,222                            |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

|  | CONSOLIDATED      |                             |                    |                    |
|--|-------------------|-----------------------------|--------------------|--------------------|
|  | Issued capital    | Share-based payment reserve | Accumulated losses | Total              |
|  | \$                | \$                          | \$                 | \$                 |
| Balance at 1 October 2020                    | 10,403,651        | 1,447,018                   | (5,024,134)        | 6,826,535          |
| Loss attributable to members                 | -                 | -                           | (2,220,856)        | (2,220,856)        |
| <b>Total comprehensive loss for the year</b> | -                 | -                           | <b>(2,220,856)</b> | <b>(2,220,856)</b> |
| Share-based payments                         | -                 | 29,075                      | -                  | 29,075             |
| Shares issued during the year                | 3,622,171         | -                           | -                  | 3,622,171          |
| Capital raising costs                        | (78,345)          | -                           | -                  | (78,345)           |
| <b>Balance at 30 September 2021</b>          | <b>13,947,477</b> | <b>1,476,093</b>            | <b>(7,244,990)</b> | <b>8,178,580</b>   |
|  |                   |                             |                    |                    |
| Balance at 1 October 2019                    | 8,626,435         | 1,362,022                   | (3,517,587)        | 6,470,870          |
| Loss attributable to members                 | -                 | -                           | (1,506,547)        | (1,506,547)        |
| <b>Total comprehensive loss for the year</b> | -                 | -                           | <b>(1,506,547)</b> | <b>(1,506,547)</b> |
| Share-based payments                         | 90,000            | -                           | -                  | 90,000             |
| Shares issued during the year                | 1,722,216         | 84,996                      | -                  | 1,807,212          |
| Capital raising costs                        | (35,000)          | -                           | -                  | (35,000)           |
| <b>Balance at 30 September 2020</b>          | <b>10,403,651</b> | <b>1,447,018</b>            | <b>(5,024,134)</b> | <b>6,826,535</b>   |

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Alterra Limited and its controlled entities (the “Group”). For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The financial statements were authorised for issue on 21 December 2021 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 2021 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 22 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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 plants consisting of trees and seeds are measured on initial recognition at cost.

Cost comprises all production, acquisition and conversion costs. At the end of each period, bearer plant cost is evaluated based on the recoverable amount and current market pricing to determine whether any write down is appropriate. Recoverable amount is the higher of value in use and fair value less the cost of disposal. To the extent that any impairment arises, losses are recognised in the period they occur.

Bearer plants are depreciated once they are in the location and condition necessary to operate in the manner intended by management.

#### (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 less any impairment losses.

#### (f) Property, Plant and Equipment

Plant and equipment are 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
- Bearer plants - 3.7%

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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) 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

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Financial Instruments (continued)

##### *Subsequent measurement of financial assets*

Financial assets are measured at amortised cost as the assets meet the following conditions (and are not designated as FVTPL):

- they are held with the objective to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

##### *Impairment of financial assets*

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

12-month expected credit losses are recognised for financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk while 'lifetime expected credit losses' are recognised for financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### *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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Leases

##### Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

##### Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Functional and Presentation Currency (continued)

##### 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

- *Asset management fees* - Fees in relation to asset management are recognised over time as the Group satisfies the related performance obligation.
- *Interest revenue* is recognised as it accrues, taking into account the effective yield on the financial asset.
- *Lease income* - Lease income from investment properties is recognised on a straight-line basis over the lease term.

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

#### (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 ESOP was approved by shareholders at the Company's Annual General Meeting on 28 February 2018. The Company subsequently replaced its ESOP with a Long-Term Incentive Plan for employees approved at the last Annual General Meeting.

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 an appropriate option pricing model.

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 5).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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 cost of 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 is determined using a valuation model, using the assumptions detailed in Note 21.

##### (ii) Valuation of land

Management reviews the value of land on an annual basis. A combination of external valuation processes and internal valuation models are used to assess any potential impairment of this value.

##### (iii) Carpenters project under development

The Group has capitalised development costs in relation to its Carpenters Project as a capital works in progress asset not yet ready for use. These costs are assessed for indicators of impairment. They are considered to be property, plant and equipment in nature.

##### (iv) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration is based upon the nature of the Group's operations, including resourcing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### (x) Segment Reporting

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 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.

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 28 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 on an equity accounting method in the financial statements of Alterra Limited. Dividends received from associates are deducted from the carrying amount of these investments, rather than recognised in the parent entity's profit or loss.

##### (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.

##### *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.

##### *Impairment assessments*

Irrespective of impairment indicators, management tests intangible assets not yet ready for use or with indefinite useful lives for impairment annually by comparing the asset's carrying amount with its recoverable amount, either individually or as part of the relevant cash generating unit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (ab) Adoption of new and revised standards

##### *Standards and Interpretations applicable to 30 September 2021:*

In the year ended 30 September 2021, 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. 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 of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 30 September 2021. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

#### (ac) Going Concern

This financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group has incurred a loss for the year ending 30 September 2021 of \$2,220,856 (30 September 2020: loss on continuing activities of \$1,506,547) and net cash outflows from operating and investing activities of \$1,201,217 (30 September 2020: net cash outflows of \$224,560). At 30 September 2021, the group had \$4,346,827 of cash and cash equivalents.

As announced on 20 August 2021, the Company has a revised development plan for Carpenters whereby an initial 7Ha of Stage 2 is being planted with any future development of Carpenters dependent on a final investment decision subject to routine commercial considerations. The Company has sufficient cash reserves to continue on a going concern basis if development does not proceed in the near term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 2: REVENUE

|                       | CONSOLIDATED                         |                                      |
|-----------------------|--------------------------------------|--------------------------------------|
|                       | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|                       | \$                                   | \$                                   |
| <b>Revenue</b>        |                                      |                                      |
| Asset management fees | 423,610                              | 415,473                              |
| Lease income          | 44,071                               | 129,013                              |
| Interest received     | 2,966                                | 49,860                               |
| Other income          | 170,955                              | 141,741                              |
|                       | 641,602                              | 736,087                              |

The Group derives its revenue from the provision of services at a point in time and over time in the following major categories. All revenues are derived in Australia. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8, refer Note 7.

Other income represents performance guarantee income and recovery of costs incurred on behalf of Carbon Conscious.

|                       | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|-----------------------|--------------------------------------|--------------------------------------|
|                       | \$                                   | \$                                   |
| <b>Over time</b>      |                                      |                                      |
| Asset management fees | 423,610                              | 415,473                              |
| Lease income          | 44,071                               | 129,013                              |
| Interest received     | 2,966                                | 49,860                               |
| Other income          | 170,955                              | 141,741                              |
| <b>Total revenue</b>  | 641,602                              | 736,087                              |

Segment revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period.

### NOTE 3: OTHER INCOME & EXPENSE

|   | CONSOLIDATED                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|   | \$                                   | \$                                   |
| <b>Other Income</b>                                   |                                      |                                      |
| COVID-19 financial assistance                         | 12,076                               | 255,961                              |
| Research and Development Tax Incentive                | 693,969                              | -                                    |
| Share of profit of associates                         | 178,062                              | 152,094                              |
| Other income  | 42,065                               | 2,231                                |
|   | 926,172                              | 410,433                              |
| (Loss)/Gain on sale of investment - Dambadgee Springs | (446,014)                            | 275,712                              |

Other income represents miscellaneous income including settlement of cash rebates and recoveries on service contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 4: INCOME TAX

|  | CONSOLIDATED                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|  | \$                                   | \$                                   |
| <b>Current Tax liability</b>   |                                      |                                      |
| Current year   | -                                    | -                                    |
| Effect of this year's timing differences                                   | -                                    | -                                    |
| <b>Total current tax</b>   | -                                    | -                                    |
|  |                                      |                                      |
| Income tax expense recognised in profit or loss                            | -                                    | -                                    |
| <b>Total income tax expense recognised in profit or loss</b>               | -                                    | -                                    |
|  |                                      |                                      |
| <b>Numerical reconciliation between tax-expense and pre-tax net growth</b> |                                      |                                      |
| Accounting (loss) before tax from continuing operations                    | (2,220,856)                          | (1,506,547)                          |
| Profit before tax from discontinued operations                             | -                                    | -                                    |
| Accounting (loss) before income tax  | (2,220,856)                          | (1,506,547)                          |
| Income tax using the domestic tax rate of 26% (2020: 27.5%)                | (577,423)                            | (414,300)                            |
| Non-assessable income  | (180,426)                            | (27,500)                             |
| Other assessable income  | -                                    | 13,543                               |
| Current year tax losses not recognised                                     | 757,849                              | 403,975                              |
| Non-deductible expenses  | -                                    | 26,207                               |
| Deductible equity raising costs  | -                                    | (1,925)                              |
|  | -                                    | -                                    |
| Income tax expense reported in the statement of comprehensive income       | -                                    | -                                    |
| Income tax expense for discontinued operations                             | -                                    | -                                    |
|  | -                                    | -                                    |

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.

The unrecognised deferred tax asset on unused tax losses has not been disclosed by the Group as a formal assessment of whether the unused tax losses are able to be carried forward in accordance with income tax legislation has not been conducted and therefore the quantum of tax losses is uncertain.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 5: EARNINGS PER SHARE

|  | CONSOLIDATED                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|  | Cents per share                      | Cents per share                      |
| Basic and diluted (loss) / earnings per share  | (1.04)                               | (0.99)                               |
| Basic and diluted (loss) per share (Continuing Operations)   | (1.04)                               | (0.99)                               |
| The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share is as follows: |                                      |                                      |
|  | \$                                   | \$                                   |
| (Loss) / Profit for the year   | (2,220,856)                          | (1,506,547)                          |
| (Loss) for the year (Continued Operations)   | (2,220,856)                          | (1,506,547)                          |
|  |                                      |                                      |
|  | No.                                  | No.                                  |
| Weighted average number of Ordinary Shares outstanding during the year used in calculating basic EPS                           | 213,927,177                          | 151,534,456                          |
| Shares deemed to be issued for no consideration in respect of:   |                                      |                                      |
| Options  | -                                    | -                                    |
| Weighted average number of Ordinary Shares (diluted) outstanding during the year used in calculating diluted EPS               | 213,927,177                          | 151,534,456                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 6: DISCONTINUED OPERATIONS

On 1 January 2019, the Group demerged the Carbon Business in Carbon Conscious Investments Ltd (CCIL). The Group retains a 15% interest in Carbon Conscious Investments Ltd (refer Note 15).

### NOTE 7: SEGMENT REPORTING

The segment reporting reflects the current operations as follows:

- Asset Management – relates to the management of operating assets including the contract to manage the demerged Carbon Business;
- Asset Development – relates to assets owned or being developed by the Company;
- Business Development – relates to the development of potential assets
- Corporate – relates to corporate activities.

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.

### Major Customers

The Group had one customer to whom it provided 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 2021. This customer generated 98.26% (30 September 2020: 95.1%) of the Group's revenue for the period.

| 12 months ended 30 September 2021                               | Asset management | Asset development | Business development | Corporate   | Consolidated |
|---|------------------|-------------------|----------------------|-------------|--------------|
|   | \$               | \$                | \$                   | \$          | \$           |
| <b>Revenue</b>  |                  |                   |                      |             |              |
| Fees to external customers                                      | 467,681          | -                 | -                    | -           | 467,681      |
| Government incentives   | -                | -                 | -                    | 170,955     | 170,955      |
| Interest revenue  | -                | -                 | -                    | 2,966       | 2,966        |
| <b>Total segment revenue</b>                                    | 467,681          | -                 | -                    | 173,921     | 641,602      |
| <b>Other income</b>   |                  |                   |                      |             |              |
| Government incentives   | -                | -                 | -                    | 706,405     | 706,405      |
| Other revenues from external customers                          | -                | -                 | -                    | 220,127     | 220,127      |
| <b>Total other segment income</b>                               | -                | -                 | -                    | 926,172     | 926,172      |
| <b>Expenses</b>   |                  |                   |                      |             |              |
| Loss on sale of assets  | -                | -                 | -                    | 446,014     | 446,014      |
| Direct Costs  | 134,501          | -                 | -                    | 158,728     | 293,229      |
| Interest expense  | -                | -                 | -                    | 21,539      | 21,539       |
| Depreciation and amortisation                                   | -                | -                 | -                    | 86,286      | 86,286       |
| Other costs   | 21,372           | -                 | -                    | 2,920,190   | 2,941,562    |
| <b>Total segment expenses</b>                                   | 155,873          | -                 | -                    | 3,632,757   | 3,788,630    |
| <b>Net profit / (loss) before tax</b>                           | 311,808          | -                 | -                    | (2,532,664) | (2,220,856)  |
| Income tax expense  | -                | -                 | -                    | -           | -            |
| <b>Net profit / (loss) after tax from continuing operations</b> | 311,808          | -                 | -                    | (2,532,664) | (2,220,856)  |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 7: SEGMENT REPORTING (continued)

| 12 months ended 30 September 2021       | Asset<br>management | Asset<br>development | Business<br>development | Corporate        | Consolidated     |
|---|---------------------|----------------------|-------------------------|------------------|------------------|
|   | \$                  | \$                   | \$                      | \$               | \$               |
| <b>Segment assets</b>                   |                     |                      |                         |                  |                  |
| Current assets                          | -                   | 216,916              | -                       | 4,601,031        | 4,817,947        |
| Non-current assets                      | -                   | 16,375,483           | -                       | 1,691,206        | 18,066,689       |
| Total segment assets                    | -                   | 16,592,399           | -                       | 6,292,237        | 22,884,636       |
| <b>Segment liabilities</b>              |                     |                      |                         |                  |                  |
| Current liabilities                     | -                   | 102,626              | -                       | 629,773          | 732,399          |
| Non-current liabilities                 | -                   | 13,845,193           | -                       | 128,464          | 13,973,657       |
| Total segment liabilities               | -                   | 13,947,819           | -                       | 758,237          | 14,706,056       |
| <b>Net segment assets</b>               | -                   | <b>2,644,580</b>     | -                       | <b>5,534,000</b> | <b>8,178,580</b> |
| Non-current asset additions             | -                   | 10,398,577           | -                       | 246,082          | 10,644,659       |
| <b>Cash flow information</b>            |                     |                      |                         |                  |                  |
| Net cash flow from operating activities | 405,977             | -                    | -                       | (2,111,722)      | (1,705,745)      |
| Net cash flow from investing activities | -                   | (2,017,763)          | -                       | 2,522,291        | 504,528          |
| Net cash flow from financing activities | -                   | 558,536              | -                       | 1,706,286        | 2,264,822        |
| Intersegment transfers                  | (2,855,220)         | 2,024,113            | -                       | 831,107          | -                |
| Net increase (decrease) in cash         | (2,449,243)         | 564,886              | -                       | 2,947,962        | 1,063,605        |
| Cash at beginning of year               | 2,552,064           | (503,683)            | -                       | 1,234,841        | 3,283,222        |
| <b>Cash at end of year</b>              | <b>102,821</b>      | <b>61,203</b>        | <b>-</b>                | <b>4,182,803</b> | <b>4,346,827</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 7: SEGMENT REPORTING (continued)

| 12 months ended 30 September 2020                               | Asset management | Asset development | Business development | Corporate          | Consolidated       |
|---|------------------|-------------------|----------------------|--------------------|--------------------|
|   | \$               | \$                | \$                   | \$                 | \$                 |
| <b>Revenue</b>  |                  |                   |                      |                    |                    |
| Sales to external customers                                     | 625,267          | -                 | -                    | -                  | 625,267            |
| Other revenues from external customers                          | 277,798          | -                 | -                    | 469,160            | 746,958            |
| Interest revenue  | -                | -                 | -                    | 49,860             | 49,860             |
| <b>Total segment revenue</b>                                    | <b>903,065</b>   | <b>-</b>          | <b>-</b>             | <b>519,020</b>     | <b>1,422,085</b>   |
|   |                  |                   |                      |                    |                    |
| <b>Expenses</b>   |                  |                   |                      |                    |                    |
| Interest expense  | -                | -                 | -                    | 68,233             | 68,233             |
| Depreciation and amortisation                                   | 2,694            | -                 | 4,451                | 68,762             | 75,907             |
| Other costs   | 161,298          | 283,555           | 422,694              | 1,916,945          | 2,784,492          |
| <b>Total segment expenses</b>                                   | <b>163,992</b>   | <b>283,555</b>    | <b>427,145</b>       | <b>2,053,940</b>   | <b>2,928,632</b>   |
| <b>Net profit / (loss) before tax</b>                           | <b>739,073</b>   | <b>(283,555)</b>  | <b>(427,145)</b>     | <b>(1,534,920)</b> | <b>(1,506,547)</b> |
| Income tax expense  | -                | -                 | -                    | -                  | -                  |
| <b>Net profit / (loss) after tax from continuing operations</b> | <b>739,073</b>   | <b>(283,555)</b>  | <b>(427,145)</b>     | <b>(1,534,920)</b> | <b>(1,506,547)</b> |
|   |                  |                   |                      |                    |                    |
| <b>Segment assets</b>   |                  |                   |                      |                    |                    |
| Current assets  | 1,195,467        | 97,367            | -                    | 3,842,721          | 5,135,555          |
| Non-current assets  | 1,977,490        | 5,976,906         | -                    | 1,445,124          | 9,399,520          |
| <b>Total segment assets</b>                                     | <b>3,172,957</b> | <b>6,074,273</b>  | <b>-</b>             | <b>5,287,845</b>   | <b>14,535,075</b>  |
|   |                  |                   |                      |                    |                    |
| <b>Segment liabilities</b>                                      |                  |                   |                      |                    |                    |
| Current liabilities   | 39,120           | 184,020           | -                    | 1,971,849          | 2,194,989          |
| Non-current liabilities   | -                | 5,260,526         | -                    | 253,025            | 5,513,551          |
| <b>Total segment liabilities</b>                                | <b>39,120</b>    | <b>5,444,546</b>  | <b>-</b>             | <b>2,224,874</b>   | <b>7,708,540</b>   |
| <b>Net segment assets</b>                                       | <b>3,133,837</b> | <b>627,727</b>    | <b>-</b>             | <b>3,062,971</b>   | <b>6,824,535</b>   |
|   |                  |                   |                      |                    |                    |
| <b>Cash flow information</b>                                    |                  |                   |                      |                    |                    |
| Net cash flow from operating activities                         | 741,766          | (147,719)         | (422,693)            | (1,574,708)        | (1,403,354)        |
| Net cash flow from investing activities                         | 1,556,338        | (270,467)         | -                    | (107,077)          | 1,178,794          |
| Net cash flow from financing activities                         | -                | -                 | -                    | 1,830,502          | 1,830,502          |
| <b>Net increase in cash</b>                                     | <b>2,298,104</b> | <b>(418,186)</b>  | <b>(422,693)</b>     | <b>148,717</b>     | <b>1,605,942</b>   |
| Cash transferred to corporate                                   | -                | -                 | -                    | -                  | -                  |
| Cash at beginning of year                                       | 253,960          | (85,497)          | -                    | 1,508,817          | 1,677,280          |
| <b>Cash at end of year</b>                                      | <b>2,552,064</b> | <b>(503,683)</b>  | <b>(422,693)</b>     | <b>1,657,534</b>   | <b>3,283,222</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 8: CASH AND CASH EQUIVALENTS

|                          | CONSOLIDATED      |                   |
|--------------------------|-------------------|-------------------|
|                          | 30 September 2021 | 30 September 2020 |
|                          | \$                | \$                |
| Cash at bank and on hand | 4,346,827         | 3,283,222         |

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

### NOTE 9: TRADE AND OTHER RECEIVABLES

|                       | CONSOLIDATED      |                   |
|-----------------------|-------------------|-------------------|
|                       | 30 September 2021 | 30 September 2020 |
|                       | \$                | \$                |
| <b>Current</b>        |                   |                   |
| Trade receivables (i) | 181,554           | 180,762           |
| Accrued income        | 5,454             | 38,500            |
| GST receivable        | 85,339            | 72,061            |
|                       | 272,347           | 291,323           |

(i) Trade receivables are non-interest bearing and are generally on 7 to 30-day terms. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amounts directly. No impairment loss has been recognised by the Company in the current year (30 September 2020: nil). There is no expected credit loss in relation to the trade and other receivables at balance date.

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

|              |         |         |
|--------------|---------|---------|
| 0 – 30 days  | 181,554 | 180,762 |
| 31 – 60 days | -       | -       |
| Total        | 181,554 | 180,762 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 10: OTHER ASSETS

|                                  | CONSOLIDATED      |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 30 September 2021 | 30 September 2020 |
| <b>Current</b>                   | \$                | \$                |
| Unsecured loans to third parties | 110,477           | 180,228           |
| Loans to employees               | -                 | 109,460           |
| Prepayments                      | 88,296            | 75,855            |
| Land sale debtors                | -                 | 10,500            |
|                                  | 198,773           | 376,043           |
| <b>Non - Current</b>             |                   |                   |
| Other                            | 14,485            | 8,083             |
|                                  | 14,485            | 8,083             |

Unsecured loans to third parties relate to costs incurred and expected to be recovered under the terms of the Carpenters project lease agreement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 11: INTANGIBLE ASSETS

|   | CONSOLIDATED                    |
|---|---------------------------------|
|   | Avocado genetics and data asset |
|   | \$                              |
| <b>Cost</b>   |                                 |
| Balance at 1 October 2019                             | -                               |
| Original cost   | 90,000                          |
| Impairment of intangible                              | -                               |
| <b>Balance at 30 September 2020</b>                   | <b>90,000</b>                   |
| Balance at 1 October 2020                             | 90,000                          |
| Original cost   | -                               |
| Impairment of intangible                              | -                               |
| <b>Balance at 30 September 2021</b>                   | <b>90,000</b>                   |
| <b>Accumulated amortisation and impairment losses</b> |                                 |
| Balance at 1 October 2019                             | -                               |
| Amortisation for the period                           | 4,389                           |
| Impairment of intangible                              | -                               |
| <b>Balance at 30 September 2020</b>                   | <b>4,389</b>                    |
| Balance at 1 October 2020                             | 4,389                           |
| Amortisation for the period                           | 6,000                           |
| Impairment of intangible                              | -                               |
| <b>Balance at 30 September 2021</b>                   | <b>10,389</b>                   |
| <b>Carrying amounts</b>                               |                                 |
| At 30 September 2020                                  | <b>85,611</b>                   |
| At 30 September 2021                                  | <b>79,611</b>                   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 12: PROPERTY, PLANT AND EQUIPMENT

|   |      | Capitalised Work<br>in Progress<br>(Property) | Plant & equipment | Motor<br>vehicles | Total     |
|---|------|---|-------------------|-------------------|-----------|
|   | Note | \$  | \$                | \$                | \$        |
| <b>12 months ended 30 September 2021</b>          |      |   |                   |                   |           |
| Cost  |      | 312,707                                       | 526,554           | 87,505            | 926,766   |
| Accumulated depreciation                          |      | -   | (146,889)         | (37,757)          | (184,646) |
| As at 1 Oct 2020, net of accumulated depreciation |      | 312,707                                       | 379,665           | 49,748            | 742,120   |
| Additions   |      | 2,158,656                                     | 1,047,131         | 71,474            | 3,277,261 |
| Disposals   |      | -   | (5,537)           | (36,321)          | (41,858)  |
| Depreciation charge for the year                  |      | -   | (49,228)          | (9,850)           | (59,078)  |
| At 30 Sept 2021 net of accumulated depreciation   | 13   | 2,471,363                                     | 1,372,031         | 75,051            | 3,918,445 |
|   |      |   |                   |                   |           |
| <b>12 months ended 30 September 2020</b>          |      |   |                   |                   |           |
| Cost  |      | -   | 190,150           | 49,799            | 239,949   |
| Accumulated depreciation                          |      | -   | (133,612)         | (33,443)          | (167,055) |
| As at 1 Oct 2019, net of accumulated depreciation |      | -   | 56,538            | 16,356            | 72,894    |
| Additions   |      | 312,707                                       | 352,926           | 37,705            | 703,338   |
| Disposals   |      | -   | (7,155)           | -                 | (7,155)   |
| Depreciation charge for the year                  |      | -   | (22,644)          | (4,313)           | (26,957)  |
| At 30 Sept 2020 net of accumulated depreciation   |      | 312,707                                       | 379,665           | 49,748            | 742,120   |
|   |      |   |                   |                   |           |
| <b>At 30 September 2021</b>                       |      |   |                   |                   |           |
| Cost  |      | 2,471,363                                     | 1,568,148         | 122,658           | 4,162,169 |
| Accumulated depreciation                          |      | -   | (196,117)         | (47,607)          | (243,724) |
| Net carrying amount                               |      | 2,471,363                                     | 1,372,031         | 75,051            | 3,918,445 |
|   |      |   |                   |                   |           |
| <b>At 30 September 2020</b>                       |      |   |                   |                   |           |
| Cost  |      | 312,707                                       | 526,554           | 87,505            | 926,766   |
| Accumulated depreciation                          |      | -   | (146,889)         | (37,757)          | (184,646) |
| Net carrying amount                               |      | 312,707                                       | 379,665           | 49,748            | 742,120   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 13: CARPENTERS PROJECT UNDER DEVELOPMENT

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 September 2021 | 30 September 2020 |
|  | \$                | \$                |
|  |                   |                   |
| Carpenters Beedelup Pty Ltd – Capitalised work in progress | 2,471,363         | 312,707           |
|  | 2,474,363         | 312,707           |

The capitalised work in progress (property) of \$2,471,363 (2020: \$312,707) relate solely to expenditures incurred by Alterra's fully owned subsidiary, Carpenters Beedelup Pty Ltd, on the development of the Company's Carpenters project in Beedelup. These expenditures include various tangible and intangible items required to be invested to support Stage 1 and Stage 2 development and planting of avocado trees. Seedling costs during the period were \$268,091. Costs continue to be capitalised in respect of the development of the site as the crop is considered early stage and cannot yet be fair valued.

The project has been assessed for indicators of impairment. Based on this assessment, no impairment is required.

### NOTE 14: INVESTMENT PROPERTY

|                      | CONSOLIDATED      |                   |
|----------------------|-------------------|-------------------|
|                      | 30 September 2021 | 30 September 2020 |
|                      | \$                | \$                |
| Assets held for sale | -                 | 1,184,967         |
|                      | -                 | 1,184,967         |

|                     | CONSOLIDATED      |                   |
|---------------------|-------------------|-------------------|
|                     | 30 September 2021 | 30 September 2020 |
|                     | \$                | \$                |
| Investment property | -                 | 1,975,667         |
|                     | -                 | 1,975,667         |

The investment property and asset held for sale relates to the Dambadgee Springs property purchased in 2017 and was recorded at cost. In January 2021 the sale of this property completed. The total proceeds from the sale amounted to \$4.4 million over several tranches. A loss of \$446,014 was recognised on the last tranche of the sale.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|                          | CONSOLIDATED      |                   |
|--------------------------|-------------------|-------------------|
|                          | 30 September 2021 | 30 September 2020 |
|                          | \$                | \$                |
| Investments in associate | 1,132,380         | 1,082,657         |
|                          | 1,132,380         | 1,082,657         |

#### Investment Associate

Details of the Group's material associate at the end of the reporting period is as follows:

|                                  | Principal activity  | Country of incorporation | Ownership interest |      | Equity accounted value |           |
|----------------------------------|---|--------------------------|--------------------|------|------------------------|-----------|
|                                  |   |                          | 2021               | 2020 | 2021                   | 2020      |
|                                  |   |                          | %                  | %    | \$                     | \$        |
| Carbon Conscious Investments Ltd | Management of agro-forestry estates for carbon sequestration on behalf of clients | Australia                | 15                 | 15   | 1,132,380              | 1,082,657 |

The Group has determined that it has significant influence over Carbon Conscious Investments Ltd as it holds 15% of the voting power in combination with being contracted to provide management services for the carbon business; and Alterra Limited having a contractual obligation to provide a performance guarantee to a Carbon Conscious Investment Ltd customer.

#### Summarised financial information

##### Statement of comprehensive income

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 |
|   | \$                | \$                |
| Revenue                                   | 3,941,566         | 3,333,097         |
| Profit for the period                     | 1,204,677         | 899,532           |
| Other comprehensive income for the period | -                 | 114,429           |
| Total comprehensive income                | 1,204,677         | 1,013,961         |
|   |                   |                   |
| Dividends received during the period      | 128,340           | 129,839           |

##### Statement of financial position

|                         | CONSOLIDATED      |                   |
|-------------------------|-------------------|-------------------|
|                         | 30 September 2021 | 30 September 2020 |
|                         | \$                | \$                |
| Current assets          | 2,109,489         | 1,908,074         |
| Non-current assets      | 2,834,574         | 3,416,428         |
| Total assets            | 4,944,063         | 5,324,502         |
| Current liabilities     | 215,341           | 660,751           |
| Non-current liabilities | 547,178           | 667,728           |
| Total liabilities       | 762,519           | 1,328,479         |
| Net assets              | 4,181,544         | 3,996,023         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Reconciliation of summarised financial information to the carrying amount of the interest in associate

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 |
|   | \$                | \$                |
| Net assets of the associate                               | 4,181,544         | 3,996,023         |
| Proportion of the Group's ownership interest in associate | 627,232           | 599,403           |
| Notional goodwill   | 505,148           | 483,254           |
| Carrying value of the Group's interest in associate       | 1,132,380         | 1,082,657         |

### NOTE 16: RIGHT OF USE ASSETS

|   | CONSOLIDATED      |                   |
|---|-------------------|-------------------|
|   | 30 September 2021 | 30 September 2020 |
|   | \$                | \$                |
| Land and buildings – right of use         | 252,515           | 252,515           |
| Less: accumulated depreciation            | (89,123)          | (44,561)          |
| Land – Carpenters Beedelup – right of use | 13,429,770        | 5,433,262         |
| Less: accumulated depreciation            | (671,394)         | (135,834)         |
|   | 12,921,768        | 5,505,382         |

The Group leases land and buildings for its offices under a lease between three to five years. The Group also has a lease for land at Beedelup for a period of 30 years with two additional 10-year options to extend. The terms of the Carpenters lease include provision for additional lease payments as further land is developed and/or utilised. Accordingly, as Stage 2 has commenced, the Right of Use asset has increased significantly during the period. Additions to the Right of use asset during the year were \$7,996,508.

### NOTE 17: TRADE AND OTHER PAYABLES

|                                      | CONSOLIDATED      |                   |
|--------------------------------------|-------------------|-------------------|
|                                      | 30 September 2021 | 30 September 2020 |
| <b>Current</b>                       | \$                | \$                |
| Trade payables                       | 342,308           | 364,235           |
| Employee benefits accrual            | 20,266            | 136,661           |
| Unearned prepaid management fees     | 64,353            | 92,088            |
| Sundry payables and accrued expenses | 194,978           | 73,335            |
|                                      | 621,905           | 666,319           |

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 24.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 18: LEASE LIABILITIES

|                    | CONSOLIDATED      |                   |
|--------------------|-------------------|-------------------|
|                    | 30 September 2021 | 30 September 2020 |
|                    | \$                | \$                |
| <b>Current</b>     |                   |                   |
| Lease liability    | 91,757            | 78,376            |
|                    | 91,757            | 78,376            |
| <b>Non-Current</b> |                   |                   |
| Lease liability    | 13,973,657        | 5,513,551         |
|                    | 13,973,657        | 5,513,551         |

The terms of the Carpenters lease include provision for additional lease payments as further land is developed and/or utilised. Accordingly, as Stage 2 has commenced, the Right of Use lease liability has increased significantly during the period. See Note 16.

## NOTE 19: INTEREST BEARING LIABILITIES

|  | CONSOLIDATED      |                   |
|--|-------------------|-------------------|
|  | 30 September 2021 | 30 September 2020 |
|  | \$                | \$                |
| <b>Current</b>   |                   |                   |
| <i>Secured</i>   |                   |                   |
| Bank loan  | -                 | 1,400,000         |
|  | -                 | 1,400,000         |
| <b>Total current and non-current secured liabilities:</b>          |                   |                   |
| Bank loan  | -                 | 1,400,000         |
|  | -                 | 1,400,000         |
| <b>Carrying amounts of non-current assets pledged as security:</b> |                   |                   |
| Fixed and floating charge over assets (i)                          | -                 | 3,160,634         |
|  |                   |                   |
| <b>Bank Loan</b>   |                   |                   |
| Facility   | -                 | 1,400,000         |
| Drawn  | -                 | 1,400,000         |

(i) Following the sale of the Dambadgee Springs property in January 2021, the \$1.4m debt was repaid and discharged.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 20: ISSUED CAPITAL AND RESERVES

|  | CONSOLIDATED                                 |  |  |  |
|--|--|--|--|--|
|  |  |  | 30 September 2021                            | 30 September 2020                            |
|  |  |  | \$   | \$   |
| <b>Issued capital</b>  |  |  |  |  |
| 277,776,274 (30 September 2020: 185,222,009)<br>fully paid Ordinary Shares |  |  | 13,947,477                                   | 10,403,651                                   |
|  | <b>12 months ended<br/>30 September 2021</b> | <b>12 months ended<br/>30 September 2021</b> | <b>12 months ended<br/>30 September 2020</b> | <b>12 months ended<br/>30 September 2020</b> |
| Movement in Ordinary Shares on issue                                       | <b>No.</b>                                   | <b>\$</b>                                    | <b>No.</b>                                   | <b>\$</b>                                    |
| At beginning of the financial year   | 185,222,009                                  | 10,403,651                                   | 148,777,688                                  | 8,626,435                                    |
| Placement of shares  | 90,554,265                                   | 3,622,171                                    | 34,444,321                                   | 1,722,216                                    |
| Shares issued to acquire avocado genetics data                             | -  | -  | 2,000,000                                    | 90,000                                       |
| Conversion of performance rights   | 2,000,000                                    | -  | -  | -  |
| Less capital raising costs   | -  | (78,345)                                     | -  | (35,000)                                     |
| At 30 September  | 277,776,274                                  | 13,947,477                                   | 185,222,009                                  | 10,403,651                                   |

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.

| <b>Reserves</b>                    | <b>12 months ended<br/>30 September 2021</b> | <b>12 months ended<br/>30 September 2020</b> |
|------------------------------------|--|--|
| <i>Share-based payment reserve</i> |  |  |
| At beginning of financial year     | 1,447,018                                    | 1,362,022                                    |
| Share based payments – reversed    | (38,542)                                     | -  |
| Share based payments - expensed    | 67,617                                       | 84,996                                       |
| At end of financial year           | 1,476,093                                    | 1,447,018                                    |
| <b>Total</b>                       | <b>1,476,093</b>                             | <b>1,447,018</b>                             |

#### Share based payment reserve

This reserve is used to record the value of equity benefits provided to directors and key 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 21.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 21: 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<br>30 September<br>2021 |            | 12 months ended<br>30 September<br>2020 |
|--|------------|---|------------|---|
|  | No.        | Weighted<br>average exercise<br>price   | No.        | Weighted<br>average exercise<br>price   |
| Outstanding at the beginning of the reporting period | 12,000,000 | \$0.040                                 | 4,000,000  | \$0.040                                 |
| Granted during the reporting period                  | 6,000,000  | \$0.040                                 | 8,000,000  | \$0.040                                 |
| Exercised during the reporting period                | -          | -                                       | -          | -                                       |
| Expired during the reporting period                  | -          | -                                       | -          | -                                       |
| Cancelled during the reporting period                | -          | -                                       | -          | -                                       |
| Outstanding at the end of the reporting period       | 18,000,000 | \$0.040                                 | 12,000,000 | \$0.040                                 |
| Exercisable at the end of the reporting              | 18,000,000 | \$0.040                                 | 12,000,000 | \$0.040                                 |

The weighted average remaining contractual life for the share options outstanding as at 30 September 2021 is 1.9 years (30 September 2020: 2.9 years).

The outstanding balance as at 30 September 2021 is represented by:

- 4,000,000 options over Ordinary Shares with an exercise price of \$0.04 each, exercisable until 5 April 2023.
- 14,000,000 options over Ordinary Shares with an exercise price of \$0.04 each, exercisable until 9 December 2023.

The fair value of the equity-settled share options granted is estimated as at the date of grant using an 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 for the year ended 30 September 2020 based on a black scholes option pricing model:

|  | 12 months ended<br>30 September 2020 |           |
|--|--------------------------------------|-----------|
|  | Tranche 1                            | Tranche 2 |
| Volatility (%)                                     | 60.13                                | 60.13     |
| Risk-free interest rate (%)                        | 0.81                                 | 0.81      |
| Expected life of option (years)                    | 3.93                                 | 3.93      |
| Exercise price (cents)                             | 4.00                                 | 4.00      |
| Weighted average share price at grant date (cents) | 0.02                                 | 0.03      |
| Discount for lack of marketability (%)             | 6.5                                  | 14        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 21: SHARE BASED PAYMENTS (continued)

The following table lists the inputs to the model used for the year ended 30 September 2021 based on a Hoadley Parisian Barrier model:

|                               | 12 months ended<br>30 September 2021 |             |             |             |
|-------------------------------|--------------------------------------|-------------|-------------|-------------|
|                               | Tranche 1                            | Tranche 2   | Tranche 3   | Tranche 4   |
| Market Capitalisation Barrier | \$10m                                | \$20m       | \$30m       | \$40m       |
| Shares outstanding            | 185,222,010                          | 185,222,010 | 185,222,010 | 185,222,010 |
| Implied Barrier Price         | \$0.054                              | \$0.108     | \$0.162     | \$0.216     |
| Parisian Barrier Price        | \$0.074                              | \$0.148     | \$0.222     | \$0.296     |

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 \$0.04 (30 September 2020: \$0.04).

The weighted average fair value of options granted during the year was \$0.04 (30 September 2020: \$0.04).

The following illustrates the number and valuation of the Performance Rights on issue at balance dates (issued in prior years), including the following milestones attached to them:

- **Performance Rights:** 2,000,000 to vest upon execution of a binding term sheet for the development or purchase of a minimum of 200 hectares of crops at the Carpenters Project (**Vesting condition**).
- **Class A Performance Rights:** 2,250,000 to vest on the date that the 30-day VWAP for the Shares on the ASX is \$0.08 or higher during the period to the 12 months ending on 30 September 2020 (**Milestone 1**);
- **Class B Performance Rights:** 2,250,000 to vest on the date that the 30-day VWAP for the Shares on the ASX is \$0.12 or higher during the period to the 12 months ending on 30 September 2021 (**Milestone 2**); and
- **Class C Performance Rights:** 3,000,000 to vest on the date that the 30-day VWAP for the Shares on the ASX is \$0.16 or higher during the period to the 12 months ending on 30 September 2022 (**Milestone 3**);
- **Class D Performance Rights:** 3,000,000 to vest on the date that the 30-day VWAP for the Shares on the ASX is \$0.20 or higher during the period to the 12 months ending on 30 September 2023 (**Milestone 4**);
- **Class E Performance Rights:** 6,500,000 to vest on the date that the 30-day VWAP for the Shares on the ASX is \$0.30 or higher during the period to the 12 months ending on 30 September 2024 (**Milestone 5**);
- **Class F Performance Rights:** 2,000,000 to vest upon execution of a binding term sheet for the development or purchase of a minimum of 50 hectares (**Condition 1 relating to 1,000,000 performance rights**) and 200 hectares (**Condition 2 relating to 1,000,000 performance rights**) of crops at the Carpenters Project.

Note, if milestones 1, 2 and 3 are not met, but during the period to the 12 months ending on 30 September 2023 the milestones 1,2,3 and 4 are met cumulatively, then subject to continued employment with the Company, the milestones for Classes A, B, C and D will be deemed to have been met.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 22: CONTROLLED ENTITIES

| Subsidiaries of Alterra Limited   |                          |                                   |                                |
|-----------------------------------|--------------------------|-----------------------------------|--------------------------------|
| Name                              | Country of incorporation | Ownership interest                |                                |
|                                   |                          | 12 months ended 30 September 2021 | 12 months ended September 2020 |
| Broadacre Land Holdings Pty Ltd** | Australia                | 100%                              | 100%                           |
| Carbon Fund Australia Pty Ltd     | Australia                | 100%                              | 100%                           |
| Carpenters Beedelup Pty Ltd       | Australia                | 100%                              | 100%                           |
| Food Fibre Carbon Pty Ltd*        | Australia                | -                                 | 100%                           |
| WA2 Milk Pty Ltd*                 | Australia                | -                                 | 100%                           |
| Yathroo Dairy Assets Pty Ltd**    | Australia                | 100%                              | 100%                           |

\*These dormant entities were voluntary wound up during the year.

\*\*Applications for voluntary deregistration of these dormant entities were made during the year.

| Trusts Controlled by Alterra Limited |                          |                                   |                                |
|--------------------------------------|--------------------------|-----------------------------------|--------------------------------|
| Name                                 | Country of incorporation | Ownership interest                |                                |
|                                      |                          | 12 months ended 30 September 2021 | 12 months ended September 2020 |
| Alterra Investment Fund              | Australia                | -                                 | 100%                           |
| Yathroo Dairy Assets Fund            | Australia                | -                                 | 100%                           |

These dormant funds were wound up on 3 September 2021.

### NOTE 23: AUDITOR'S REMUNERATION

The auditor of Alterra Limited is HLB Mann Judd.

|  | CONSOLIDATED                      |                                   |
|--|-----------------------------------|-----------------------------------|
|  | 12 months ended 30 September 2021 | 12 months ended 30 September 2020 |
|  | \$                                | \$                                |
| 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 | 56,375                            | 38,500                            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 24: 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 2020.

### (ii) Categories of Financial Instruments

|                             | CONSOLIDATED                      |                                   |
|-----------------------------|-----------------------------------|-----------------------------------|
|                             | 12 months ended 30 September 2021 | 12 months ended 30 September 2020 |
|                             | \$                                | \$                                |
| Financial assets            |                                   |                                   |
| Trade and other receivables | 187,007                           | 219,262                           |
| Investments                 | 1,132,380                         | 1,082,657                         |
| Loans receivable            | 110,477                           | 289,688                           |
| Cash and cash equivalents   | 4,346,827                         | 3,283,222                         |
| Total financial assets      | 5,776,691                         | 4,874,829                         |
| Financial liabilities       |                                   |                                   |
| Trade and other payables    | 621,905                           | 666,319                           |
| Other financial liabilities | 14,065,414                        | 6,991,927                         |
| Total financial liabilities | 14,687,319                        | 7,658,246                         |
| Net financial liabilities   | (8,910,628)                       | (2,783,417)                       |

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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 24: FINANCIAL INSTRUMENTS (continued)

#### (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.

#### (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. This does not include the maturity analysis of the undiscounted lease liability.

|  | Weighted average effective interest rate % | Less than 1 month | 1 – 3 Months | 3 months – 1 year | 1 – 5 years | 5+ years   |
|--|--|-------------------|--------------|-------------------|-------------|------------|
| <b>12 months ended 30 September 2021</b> |  | \$                | \$           | \$                | \$          | \$         |
| Non-interest bearing                     |  | 621,905           | -            | -                 | -           | -          |
| Lease liabilities                        | 2.96%                                      | 4,052             | 8,103        | 34,464            | 1,786,849   | 20,298,900 |
|  |  | 625,957           | 8,103        | 34,464            | 1,786,849   | 20,298,900 |
| <b>12 months ended 30 September 2020</b> |  | \$                | \$           | \$                | \$          | \$         |
| Non-interest bearing                     | -  | 666,319           | -            | -                 | -           | -          |
| Lease liabilities                        | 2.96%                                      | 3,569             | 7,138        | 36,464            | 1,853,267   | 5,400,000  |
| Bank loan                                | 3.45%                                      | -                 | 12,181       | 1,424,229         | -           | -          |
|  |  | 669,888           | 19,319       | 1,458,693         | 1,853,267   | 5,400,000  |

#### (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.
- The fair value of financial assets and financial liabilities not recognised at fair value on a recurring basis approximates their carrying amounts at balance date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 24: FINANCIAL INSTRUMENTS (continued)

#### (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 \$21,734 (30 September 2020: decrease by \$16,416) or increase by \$2,966 (30 September 2020: increase by \$16,416). This is attributable to the Group's exposure to interest rates on its variable rate instruments.
- Total equity would have no change (30 September 2020: no change) attributable to the Company's exposure to interest rates on its variable rate instruments.

### NOTE 25: CASH FLOW INFORMATION

#### Reconciliation of Loss for the year to net cash flows from operating activities

|   | CONSOLIDATED                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|   | \$                                   | \$                                   |
| Loss for the year                               | (2,220,856)                          | (1,506,547)                          |
| Share in (profit) of associates                 | (178,062)                            | (152,094)                            |
| Profit on sale of fixed assets                  | -                                    | 3,055                                |
| Employee leave benefits                         | -                                    | 15,727                               |
| Depreciation and amortisation expense           | 87,155                               | 211,741                              |
| Share-based payments                            | 29,073                               | 84,996                               |
| Loss /(gain) on sale of investment property     | 446,014                              | (275,565)                            |
| (Increase) / decrease in receivables            | 18,976                               | (155,780)                            |
| Decrease / (increase) in prepayments            | (12,440)                             | 24,882                               |
| Decrease in other assets                        | 200,366                              | 20,094                               |
| Decrease/(increase) in trade and other payables | (44,413)                             | 321,581                              |
| (Decrease) / increase in provisions             | (31,558)                             | 4,556                                |
| Net cash (used in) operating activities         | (1,705,745)                          | (1,403,354)                          |

#### Reconciliation of liabilities to financing cashflows

|                        | Finance leases | Borrowings  |
|------------------------|----------------|-------------|
| Opening balance        | 5,591,927      | 1,400,000   |
| Bank loan repayments   | -              | (1,400,000) |
| Finance lease payments | (50,867)       | -           |
| Lease remeasurement    | 8,524,354      | -           |
| Closing balance        | 14,065,414     | -           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 26: 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 2021.

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

|                                | CONSOLIDATED                         |                                      |
|--------------------------------|--------------------------------------|--------------------------------------|
|                                | 12 months ended<br>30 September 2021 | 12 months ended<br>30 September 2020 |
|                                | \$                                   | \$                                   |
| Short-term employment benefits | 670,314                              | 720,765                              |
| Post-employment benefits       | 65,541                               | 63,406                               |
| Share-based payments           | (2,544)                              | 37,116                               |
| Other                          | 32,000                               | 26,666                               |
|                                | 765,311                              | 847,953                              |

### NOTE 27: COMMITMENTS

#### (a) Operating Commitments

Commitments for minimum lease payments are now recognised as a right of use asset and lease liability, see Note 16 and Note 18.

#### (b) 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 2020: \$Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

## NOTE 28: PARENT ENTITY DISCLOSURES

|                                   | CONSOLIDATED       |                    |
|-----------------------------------|--------------------|--------------------|
|                                   | 30 September 2021  | 30 September 2020  |
| <b>Financial position</b>         | \$                 | \$                 |
| Assets                            |                    |                    |
| Current assets                    | 7,246,172          | 6,939,129          |
| Non-current assets                | 1,691,206          | 1,496,587          |
| <b>Total assets</b>               | <b>8,937,378</b>   | <b>8,435,716</b>   |
|                                   |                    |                    |
| Liabilities                       |                    |                    |
| Current liabilities               | 629,774            | 536,171            |
| Non-current liabilities           | 128,464            | 1,602,102          |
| <b>Total liabilities</b>          | <b>758,238</b>     | <b>2,138,273</b>   |
|                                   |                    |                    |
| Equity                            |                    |                    |
| Issued capital                    | 13,947,477         | 10,403,651         |
| Accumulated losses                | (7,244,186)        | (5,553,226)        |
| Reserves                          | 1,475,849          | 1,447,018          |
| <b>Total equity</b>               | <b>8,179,140</b>   | <b>6,297,443</b>   |
|                                   |                    |                    |
| <b>Financial performance</b>      |                    |                    |
| (Loss) for the year               | (1,690,960)        | (1,912,295)        |
| <b>Total comprehensive (loss)</b> | <b>(1,690,960)</b> | <b>(1,912,295)</b> |

Refer to Note 27 for commitments of the parent entity which are the same as the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

### NOTE 29: 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 |
|---|--------------------------|--------------------------------|---------------------------------|---------------------------------|
|   | \$                       | \$                             | \$                              | \$                              |
| <b>12 months ended 30 September 2021</b>          |                          |                                |                                 |                                 |
| Gratia Australia Pty Ltd <sup>(ii)</sup>          | -                        | 108,951                        | -                               | -                               |
| Carbon Conscious Investments Ltd <sup>(iii)</sup> | -                        | -                              | 7,347                           | -                               |
| Happy Felix Manjimup Pty Ltd <sup>(v)</sup>       | -                        | 7,638                          | -                               | -                               |
| Balion Pty Ltd <sup>(vi)</sup>                    | -                        | 32,000                         | -                               | -                               |
| <b>12 months ended 30 September 2020</b>          |                          |                                |                                 |                                 |
| Stoney Agri <sup>(i)</sup>                        | 105,000                  | 62,617                         | -                               | -                               |
| Gratia Australia Pty Ltd <sup>(ii)</sup>          | -                        | 73,636                         | -                               | -                               |
| Carbon Conscious Investments Ltd <sup>(iii)</sup> | -                        | -                              | 100,000                         | -                               |
| Director and Executive loans <sup>(iv)</sup>      | -                        | -                              | 109,460                         | -                               |

- (i) 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's lease of Alterra's Dambadgee Springs property expired on 31 March 2020. The payment in 2020 of \$62,617 relates to a payment for seeds and seeding perennial pastures.
- (ii) Gratia Australia Pty Ltd is a company controlled by a related party of John Palermo. Gratia Australia Pty Ltd provided accounting and company secretarial services to Alterra. The fees are regarded as commercial. Gratia services have subsequently ceased in October 2021.
- (iii) The loan receivable of \$100,000 in 2020 refers to an outstanding loan agreement between Alterra and its associate Carbon Conscious Investment Limited and was fully repaid. The current year loan relates to costs incurred and recoverable from the service contract.
- (iv) Employee and Director loans refer to secured monies loaned on 14 November 2018 to Andrew McBain, Trevor Stoney and Anthony Fitzgerald and decided upon by an Alterra board that comprised of Trevor Stoney, Neil McBain and Andrew McBain. The loans were used for purchasing shares in the Company via the exercising of options. All loans have been repaid at the reporting date.
- (v) Happy Felix Manjimup Pty Ltd is a company controlled by John Palermo. The Company leases on a month-to-month basis office space in Manjimup owned by Happy Felix Pty Ltd. The lease costs are commensurate with market rates and considered commercial.
- (vi) Balion Pty Ltd is a company controlled by Mark Clements. In addition to director services, Balion Pty Ltd provided corporate secretarial services for \$32,000 in the period. The fees are regarded as commercial.

### NOTE 30: CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 September 2021 (30 September 2020: \$Nil).

### NOTE 31: EVENTS AFTER BALANCE DATE

The following significant events occurred after the year ended 30 September 2021:

- a) On 4 November 2021, CCIL advised shareholders it had received a partial offer for up to 19.9% of its shares at 2.5c per share. CCIL's Directors advised that other than an email with the unsolicited offer no approach or contact has been made by the party to CCIL. CCIL also advised shareholders not to accept the partial offer because it was also in advanced negotiations with respect to a takeover proposal for all its shares which, if consummated, was expected to be a superior proposal to the unsolicited offer. As at the date of this report, the Alterra Board has been advised by CCIL that they have withdrawn from the takeover proposal process.
- b) On 5 November 2021 the Company announced the appointment of highly credentialled avocado grower, Ben Norrish as Head of Horticulture and to oversee the development of the Company's Carpenters Project. Mr Norrish will join Alterra in the second quarter of 2022. He is currently the General Manager of Jasper Farms (AustOn Group, OTTP), Western Australia's largest avocado producer, and has extensive expertise and experience in large-scale avocado orchard development and operations in Western Australia's Southwest.

## 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 2021 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 2021.

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



**John McGlue**  
**Interim Executive Chairman**  
**Alterra Limited**

Dated this 21<sup>st</sup> day of December 2021



## 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 2021, 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 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

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

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

#### *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. We have determined the matters described below to be the key audit matters to be communicated in our report.

**[hlb.com.au](http://hlb.com.au)**

**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

**T:** +61 (0)8 9227 7500 **E:** [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

# INDEPENDENT AUDITOR'S REPORT (continued)



| Key Audit Matter  | How our audit addressed the key audit matter   |
|---|--|
| <b>Share-based Payments</b><br>Note 21 in the financial statements  |  |
| <p>The Group has entered into various share-based payment arrangements with both key management personnel and external parties.</p> <p>We have considered this to be a key audit matter as we consider it a significant risk under auditing standards and it requires significant management judgement involving estimates that have a degree of estimation uncertainty.</p>  | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We have considered the treatment of the share-based payment arrangements entered into by the Group to ensure the treatment is consistent with the requirements of AASB 2.</li> <li>- We have reviewed the treatment of vesting conditions in relation to the amounts recorded for share-based payments during the year.</li> <li>- We examined the external valuation assumptions and the competency of the expert.</li> <li>- We examined the disclosures made in the financial report.</li> </ul>   |
| <b>Accounting for Leases</b><br>Notes 16 and 18 in the financial statements   |  |
| <p>The Group has continued to recognise right-of-use assets and lease liabilities in relation to its lease arrangements over the office premises and Carpenters plantation site. The majority of the right-of-use asset and lease liability recorded relates to the long-term Carpenters lease.</p> <p>Accounting for leases is a key audit matter as the balances recorded are material and there are significant judgements involved in determining the appropriate lease payments necessary to be used in the calculation of the liability and right of use asset.</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We reviewed existing lease contracts and ensured that any changes around judgements of future lease payments based of meeting performance criteria have been appropriately captured;</li> <li>- We reviewed contracts entered during the year ended 30 September 2021 and where leases were identified, ensured that they were brought to account;</li> <li>- We have assessed the reasonableness of the assumptions included in the lease calculations;</li> <li>- We have reviewed management's calculations of the lease liability and right to use asset and ensured that they have been calculated accurately; and</li> <li>- We examined the disclosures made in the financial report.</li> </ul> |

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 September 2021, but does not include the financial report and our auditor's report thereon.

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





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

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

### *Responsibilities of the directors for the financial report*

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

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

### *Auditor's responsibilities for the audit of the financial report*

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

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

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



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

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

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

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

#### *Opinion on the Remuneration Report*

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

In our opinion, the Remuneration Report of Alterra Limited for the year ended 30 September 2021 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

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

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

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

**Perth, Western Australia**  
**21 December 2021**

A handwritten signature in blue ink that reads 'D I Buckley'.

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

## ASX ADDITIONAL INFORMATION

### Shareholding

The distribution of members and their holdings of equity securities in the Company as at 14 December 2021 were as follows:

|                                    | Class of Equity Securities |
|------------------------------------|----------------------------|
| Number Held as at 14 December 2021 | Fully Paid Ordinary Shares |
| 1 - 1,000                          | 6,446                      |
| 1,001 - 5,000                      | 284,242                    |
| 5,001 - 10,000                     | 689,861                    |
| 10,001 - 100,000                   | 13,374,307                 |
| 100,001 and over                   | 263,421,418                |
| <b>Total</b>                       | <b>277,776,274</b>         |

As at 14 December 2021 there were 285 holders of less than a marketable parcel.

### Substantial Shareholders

The names of those shareholders that have lodged substantial shareholding notices with ASX as at 14 December 2021:

| Name                      | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|---------------------------|---|-----------------------------------|
| Pengari Holdings Pty Ltd  | 48,050,802                                | 17.42%                            |
| Emanuel Exports Pty Ltd   | 36,948,870                                | 13.40%                            |
| One Fund Services Limited | 23,866,947                                | 8.66%                             |

### 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.

### Options

The number of options on issue as at 14 December 2021:

|          |   | Number of options | Number of holders |
|----------|---|-------------------|-------------------|
| 1AGUOPT1 | UNL OPT EXP 05/04/23 @ \$0.04 Tranche 1 | 2,000,000         | 1                 |
| 1AGUOPT2 | UNL OPT EXP 05/04/23 @ \$0.04 Tranche 2 | 2,000,000         | 1                 |
| 1AGUOPT3 | UNL OPT EXP 09/12/23 @ \$0.04 Tranche 1 | 4,000,000         | 2                 |
| 1AGUOPT4 | UNL OPT EXP 09/12/23 @ \$0.04 Tranche 2 | 4,000,000         | 2                 |
| 1AGUOPT5 | UNL OPT EXP 09/12/23 @ \$0.04 Tranche 3 | 3,000,000         | 3                 |
| 1AGUOPT6 | UNL OPT EXP 09/12/23 @ \$0.04 Tranche 4 | 3,000,000         | 3                 |
| 1AGPERR1 | Performance Rights                      | 2,000,000         | 2                 |
| 1AGPERRA | Performance Rights - Class A            | 2,250,000         | 2                 |
| 1AGPERRB | Performance Rights - Class B            | 2,250,000         | 2                 |
| 1AGPERRC | Performance Rights - Class C            | 3,000,000         | 2                 |
| 1AGPERRD | Performance Rights - Class D            | 3,000,000         | 2                 |
| 1AGPERRE | Performance Rights - Class E            | 6,500,000         | 2                 |
| 1AGPERRF | Performance Rights - Class F            | 2,000,000         | 1                 |

### On-Market Buy Back

There was no on-market buy back.

## TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest ordinary fully paid shareholders as at 14 December 2021 are as follows:

| Rank | Name of Shareholder  | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|------|--|---|-----------------------------------|
| 1    | Pengari Holdings Pty Ltd   | 48,050,802                                | 17.30%                            |
| 2    | One Managed Invst Funds Ltd <Sandon Capital Inv Ltd A/C>             | 36,190,622                                | 13.03%                            |
| 3    | Emanuel Exports Pty Ltd  | 27,828,870                                | 10.02%                            |
| 4    | One Fund Services <Sandon Capital Activist A/C>                      | 23,866,947                                | 8.59%                             |
| 5    | Treasure Island Hire Boat Company Pty Ltd <Staff Super Fund Account> | 10,000,000                                | 3.60%                             |
| 6    | Daws & Son Pty Ltd   | 9,120,000                                 | 3.28%                             |
| 7    | Jarhamche Pty Ltd  | 6,927,406                                 | 2.49%                             |
| 8    | Stoney Holdings Pty Ltd <Stoney Super Fund A/C>                      | 6,137,383                                 | 2.21%                             |
| 9    | Vanelz Pty Ltd <Freedom Super Fund A/C>                              | 6,000,000                                 | 2.16%                             |
| 10   | Mr Anthony Irwin Fitzgerald  | 3,950,000                                 | 1.42%                             |
| 11   | Action Engineering Pty Ltd <Bennett Family A/C>                      | 3,903,029                                 | 1.41%                             |
| 12   | Mr John Charles Plummer  | 3,400,000                                 | 1.22%                             |
| 13   | Mrs Gail Fitzgerald  | 3,110,873                                 | 1.12%                             |
| 14   | Bracton Consulting Services Pty Ltd <A&T Clayton Super Fund A/C>     | 2,500,000                                 | 0.90%                             |
| 15   | ILB 1943 Pty Ltd <Bennett Super Fund A/C>                            | 2,194,548                                 | 0.79%                             |
| 16   | Kapiri Holdings Pty Ltd  | 1,800,000                                 | 0.65%                             |
| 17   | Mulloy Pty Ltd <John Hartley Poynton FM A/C>                         | 1,709,345                                 | 0.62%                             |
| 18   | Steward Investments WA Pty Ltd <Steward Family A/C>                  | 1,684,330                                 | 0.61%                             |
| 19   | Stuartcumins Pty Ltd <Cumins Family Superfund A/C>                   | 1,650,000                                 | 0.59%                             |
| 20   | BNP Paribas Noms Pty Ltd <Global Markets DRP>                        | 1,638,388                                 | 0.59%                             |
|      | <b>Total</b>   | <b>201,662,543</b>                        | <b>72.60%</b>                     |

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