

## **Notice of 2019 Annual General Meeting**

Alterra Limited (ASX:1AG) ("Alterra" or "the Company") hereby provides notice that it will be holding its Annual General Meeting on Thursday, 27 February 2020 at 12.00pm (WST).

The AGM will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia.

A copy of the Notice of Annual General Meeting, Proxy Form and Financial Report for the year ended 30 September 2019 is appended to this announcement.

**Anthony Fitzgerald**  
**Company Secretary**

**For further enquiries, please contact:**  
Oliver Barnes, Managing Director  
**P:** (+61) 08 9204 8400 **E:** [obarnes@alterra.com.au](mailto:obarnes@alterra.com.au)



ACN 129 035 221

## NOTICE OF ANNUAL GENERAL MEETING

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The Annual General Meeting of the Company will be held at  
HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on  
Thursday, 27 February 2020 at 12.00pm (WST).

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

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

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

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of Shareholders of Alterra Limited (**Company**) will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 27 February 2020 at 12.00pm (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 4.00pm on 25 February 2020 (WST).

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

## **AGENDA**

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### **1. Annual Report**

To consider the Annual Report of the Company and its controlled entities for the year ended 30 September 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### **2. Resolution 1 - Remuneration Report**

To consider and, if thought fit, to pass with or without amendment, as a **non-binding** ordinary resolution the following:

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

#### **Voting Prohibition**

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

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

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

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### **3. Resolution 2 - Election of Director - Mr John Palermo**

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

*"That for the purpose of clause 13.4 of the Constitution and for all other purposes, Mr John Palermo, a Director who was appointed on 12 June 2019, retires, and being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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#### 4. Resolution 3 - Re-election of Director - Mr Andrew McBain

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

*"That for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Andrew McBain, a Director, retires by rotation, and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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#### 5. Resolution 4 - Ratification of Prior Issue of Options to Mr John McGlue

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6,000,000 Options under Listing Rule 7.1 to Mr John McGlue (or his nominee) on the terms and conditions in the Explanatory Memorandum."*

##### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr John McGlue (or his nominee) who participated in the issue, or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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#### 6. Resolution 5 - Ratification of Prior Issue of Options to Mr John Poynton

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 2,000,000 Options under Listing Rule 7.1 to Mr John Poynton (or his nominee) on the terms and conditions in the Explanatory Memorandum."*

##### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr John Poynton (or his nominee) who participated in the issue, or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 7. Resolution 6 - Approval of Issue of Performance Rights to Mr Andrew McBain

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

*“That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 6 million Performance Rights to Mr Andrew McBain (or his nominee) on the terms and conditions in the Explanatory Memorandum.”*

### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Andrew McBain (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder or ordinary securities in the entity), or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Voting Prohibition

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

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

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

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## 8. Resolution 7 - Approval of 10% Placement Facility

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

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

### Voting Exclusion

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

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 9. Resolution 8 - Amendment to the Constitution

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

*'That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its Constitution by making the amendment contained in the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the close of the Meeting.'*

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## 10. Resolution 9 - Re-insertion of Proportional Takeover Bid Approval Provisions

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

*'That, pursuant to and in accordance with sections 648G(4) and 136(2) of the Corporations Act and for all other purposes, Shareholders approve the Company modifying its Constitution by re-inserting the proportional takeover bid approval provisions contained in Clause 35 of the Constitution for a period of three years from the date of approval of this Resolution.'*

BY ORDER OF THE BOARD



Mr Anthony Fitzgerald  
Company Secretary

Dated: 24 January 2020

## EXPLANATORY MEMORANDUM

### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Thursday, 27 February 2020 at 12.00pm (WST).

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

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

	SECTION / SCHEDULE HEADING	INFORMATION & MEMBER VOTING ELIGIBILITY
Section 2:	Action to be taken by Shareholders	Summarises action to be taken by Members wishing to understand and vote on Resolutions.
Section 3:	Annual Report	Summarises the approach to be taken in considering the Annual Report.
Section 4:	Resolution 1 - Remuneration Report	ALL MEMBERS other than the Key Management Personnel whose remuneration are included in the Remuneration Report, or a Member that is a Closely Related Party of Key Management Personnel.
Section 5:	Resolution 2 - Election of Director - Mr John Palermo	ALL MEMBERS
Section 6:	Resolution 3 - Re-election of Director - Mr Andrew McBain	ALL MEMBERS
Section 7:	Resolution 4 - Ratification of Prior Issue of Unquoted Options - Mr John McGlue	ALL MEMBERS other than Mr John McGlue
Section 8:	Resolution 5 - Ratification of Prior Issue of Unquoted Options - Mr John Poynton	ALL MEMBERS other than Mr John Poynton
Section 9:	Resolution 6 - Approval of Issue of Performance Rights - Mr Andrew McBain	ALL MEMBERS other than Mr Andrew McBain
Section 10:	Resolution 7 - Approval of 10% Placement Facility	ALL MEMBERS
Section 11:	Resolution 8 - Amendment to the Constitution	ALL MEMBERS
Section 12:	Resolution 9 - Re-insertion of Proportional Takeover Bid Approval Provisions	ALL MEMBERS
Schedule 1:	Definitions	Key terms defined

Schedule 2:	Terms and Conditions of Unquoted Options - Mr John McGlue	Key terms defined
Schedule 3:	Terms and Conditions of Unquoted Options - Mr John Poynton	Key terms defined
Schedule 4:	Terms and Conditions of Performance Rights - Mr Andrew McBain	Key terms defined
Schedule 5:	Partial Takeover Plebiscites	Key terms defined
Schedule 6:	Proxy Form	Proxy Form for Members to appoint proxy and issue voting instructions or authorise discretionary voting.

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

## 2. Action to be taken by Shareholders

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

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

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

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

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed);
- (b) if the proxy has two or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (c) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (ie as directed); and
- (d) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;



- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

In accordance with sections 250BD and 250R of the Corporations Act, votes on Resolutions 1 and 6 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such member.

However, a person described above may cast votes on Resolutions 1 and 6 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolutions 1 and 6 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

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### 3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 September 2019.

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

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

- (a) discuss the Annual Report which is available online at [www.alterra.com.au](http://www.alterra.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

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

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

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#### 4. Resolution 1 - Remuneration Report

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

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

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

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

The Company's Remuneration Report received a Strike at the 2017 and 2018 annual general meeting. As a result, a Spill Meeting was held after the 2018 annual general meeting for the re-election of Mr Trevor Stoney. The resolution to re-elect Mr Stoney at the Spill Meeting was carried.

If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2020 annual general meeting, that it may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

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

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#### 5. Resolution 2 - Election of Director - Mr John Palermo

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

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

Mr John Palermo, having been appointed on 12 June 2019, will retire in accordance with Clause 13.4 of the Constitution and being eligible, seeks election from Shareholders.

Mr Palermo is a Chartered Accountant with over 22 years' 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 a Board Member of Chartered Accountants Australia and New Zealand, Member of the Governance Institute of Australia, and 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.

The Board (excluding Mr John Palermo) recommends that Shareholders vote in favour of Resolution 2.

If elected, the Board considers Mr Palermo to be an independent Director.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

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## 6. Resolution 3 - Re-election of Director - Mr Andrew McBain

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under Clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to Clause 13.4 of the Constitution; and/or
  - (ii) a Managing Director,

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

The Company currently has four Directors (one of which is subject to election pursuant to Resolution 2) and accordingly one must retire.

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

Mr McBain is the founder and Executive Director of Alterra. Mr McBain is passionate about opportunities in Australian agribusiness and his career, which extends over 15 years, includes raising over \$100 million for various agricultural and mineral related projects. With a reputation for innovation and developing talented people, Mr McBain has experience in start-ups, ASX listings, capital raisings, investor relations and corporate compliance. His experience is complemented by competencies including business management, strategic thinking and business development. Mr McBain is a member of the AICD. He resigned as a Non-Executive Director from Rumble Resources (ASX: RTR) on 24 November 2016 and has no other directorships with any ASX listed companies in the last 3 years.

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

If elected, Mr McBain is not considered to be an independent Director, as Mr McBain is an Executive Director.

Resolution 3 is an ordinary resolution.

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

## 7. Resolution 4 - Ratification of Prior Issue of Options to Mr John McGlue

### 7.1 General

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.4 for the issue of 6,000,000 Options to Mr John McGlue (or his nominee) as consideration for consulting services to be provided as a member of the Company's Advisory Board (McGlue Options).

Subject to the terms and conditions in Schedule 2, the McGlue Options will vest as follows:

Exercise Price	Vesting Date	Expiry Date
\$0.04	<p>Tranche 1 of 2,000,000 options vest upon the Company achieving a market capitalisation of A\$10 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 2 of 2,000,000 options vest upon the Company achieving a market capitalisation of A\$20 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 3 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$30 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 4 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$40 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p>	9 December 2023

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the issue recognises the experience and consulting advice which Mr John McGlue provides to the Company.

In addition, the Board also believes that remunerating with Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Options to continue to attract and maintain highly experienced and qualified Advisory Board members in a competitive market.

For further details see the Company's announcement dated 31 December 2019.

## **7.2 Listing Rule 7.1**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

## **7.3 Listing Rule 7.4**

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rules 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1, as applicable.

The McGlue Options were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

The effect of Shareholders passing Resolution 4 by ratifying the issue of the McGlue Options will be to restore the Company's ability to issue further securities, to the extent of 6,000,000 Equity Securities, during the next 12 months.

## **7.4 Specific information required Listing Rule 7.5**

Pursuant to and in accordance with the requirements of Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Options:

- (a) a total of 6,000,000 McGlue Options were issued on 6 January 2020;
- (b) the Options have a nil issue price and were issued for nil cash consideration, as remuneration for advisory board services to the Company's Advisory Board;
- (c) the terms and conditions of the McGlue Options issued are set out in Schedule 2;
- (d) the Options were issued to Mr John McGlue, who is not a related party, or associate of a related party, of the Company;
- (e) no funds were raised from the issue of the McGlue Options as the McGlue Options were issued as consideration for the consulting services provided to the Company's Advisory Board; and
- (f) a voting exclusion statement is included in the Notice.

## **7.5 Additional information**

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

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

## **8. Resolution 5 - Ratification of Prior Issue of Options to Mr John Poynton**

### **8.1 General**

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.4 for the issue of 2,000,000 Options to Mr John Poynton (or his nominee) as consideration for consulting services to be provided as a member of the Company's Advisory Board (**Poynton Options**).

Subject to the terms and conditions in Schedule 3, the Poynton Options will vest as follows:

<b>Exercise Price</b>	<b>Vesting Date</b>	<b>Expiry Date</b>
\$0.04	<p>Tranche 1 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$30 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 2 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$40 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p>	9 December 2023

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the issue recognises the experience and consulting advice which Mr John Poynton provides to the Company.

In addition, the Board also believes that remunerating with Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Options to continue to attract and maintain highly experienced and qualified Advisory Board members in a competitive market.

### **8.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 7.2 above.

### **8.3 Listing Rule 7.4**

A summary of Listing Rule 7.4 is contained in Section 7.3 above.

The Poynton Options were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

The effect of Shareholders passing Resolution 5 by ratifying the issue of the Unquoted Options will be to restore the Company's ability to issue further securities, to the extent of 2,000,000 Equity Securities, during the next 12 months.

### **8.4 Specific information required Listing Rule 7.5**

Pursuant to and in accordance with the requirements of Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Options:

- (a) a total of 2,000,000 Poynton Options were issued on 22 January 2020;
- (b) the Poynton Options have a nil issue price and were issued for nil cash consideration, as remuneration for advisory board services to the Company's Advisory Board;

- (c) the terms and conditions of the Options issued are set out in Schedule 3;
- (d) the Options were issued to Mr John Poynton, who is not a related party, or associate of a related party, of the Company;
- (e) no funds were raised from the issue of the Poynton Options as the Poynton Options were issued as consideration for the consulting services provided to the Company's Advisory Board; and
- (f) a voting exclusion statement is included in the Notice.

## 8.5 Additional information

Resolution 5 is an ordinary resolution.

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

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

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## 9. Resolution 6 - Approval of Issue of Performance Rights to Mr Andrew McBain

### 9.1 General

The Board has agreed, subject to obtaining Shareholder approval, to issue a total of 6,000,000 Performance Rights to the Company's Executive Director, Mr Andrew McBain (or his nominees) as part of his remuneration as an Executive Director of the Company.

The Performance Rights provide a performance linked incentive component to Mr McBain's remuneration package, and align his interests with those of Shareholders. The Board considers that the number of Performance Rights to be granted to Mr McBain is commensurate with his value to the Company and is an appropriate method to provide cost effective remuneration.

The Performance Rights will have a nil issue price and subject to the terms and conditions in Schedule 4, the Performance Rights will vest on the completion of the following milestones:

- (a) **Class A Performance Rights:** 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;
- (b) **Class B Performance Rights:** 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; and
- (c) **Class C Performance Rights:** 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;
- (d) **Class D Performance Rights:** 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; and
- (e) **Class E Performance Rights:** 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.

It is important to note the Performance Rights will not vest and Shares will not be issued unless the specific conditions set-out above are achieved.

Resolution 6 seeks the approval of Shareholders pursuant to Listing Rule 10.11 for the issue of the Performance Rights to Mr McBain or his nominees.

Resolution 6 is an ordinary resolution.

The Board (excluding Mr McBain) recommends that Shareholders vote in favour of Resolution 6.

## 9.2 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Mr McBain is a related party of the Company by virtue of being a Director. As the proposed issue of Performance Rights is to a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors (other than Mr McBain who has taken no part in the Board's consideration of this matter) that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the issues as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Performance Rights to Mr McBain (or his nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

## 9.3 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Performance Rights to Mr McBain:

- (a) the Performance Rights will be issued to Mr McBain (or his nominees), as an Executive Director of the Company;
- (b) pursuant to Listing Rule 10.11.1, Mr McBain is a related party by virtue of being a Director;
- (c) the maximum number of Performance Rights to be issued to Mr McBain is 6,000,000;
- (d) the Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (e) the Performance Rights will have an issue price of nil, as they will be issued as part of Mr McBain's remuneration package and therefore no funds will be raised from the issue;
- (f) the terms and conditions of the Performance Rights are set out in Schedule 4;
- (g) the primary purpose of the grant of the Performance Rights to Mr McBain is to provide a performance linked incentive component in his remuneration package to motivate and reward his performance in his role as an Executive Director;
- (h) Mr McBain's current remuneration package is \$197,100 (including superannuation) and Mr McBain is also entitled to receive an annual Short Term Bonus based on achieving key performance indicators of up to 25% of his annual base salary as determined by the Board; and
- (i) a voting exclusion statement is included in the Notice.

## 9.4 Chapter 2E

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Performance Rights constitutes giving a financial benefit and Mr McBain is a related party of the Company by virtue of being a Director.



The Board (other than Mr McBain who has a material personal interest in Resolution 6) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Performance Rights due to the exceptions in section 211 of the Corporations Act as the agreement to grant the Performance Rights, reached as part of the remuneration package for Mr McBain, is considered reasonable remuneration in the circumstances.

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## 10. Resolution 7 - Approval of 10% Placement Facility

### 10.1 General

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Based on the ASX closing price on 20 January 2020, the Company has a market capitalisation of approximately \$5.99 million. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 10.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 7.

### 10.2 Listing Rule 7.1A

#### (a) Shareholder approval

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

#### (b) Equity Securities

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

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

#### (c) Formula for calculating 10% Placement Facility

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

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

**A** is the number of shares on issue at the commencement of the relevant period:

(A) plus the number of fully paid Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;

- (B) plus plus the number of fully paid Shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
  - (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4;
- (C) plus the number of fully paid Shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
  - (i) the agreement was entered into before the commencement of the relevant period; or
  - (ii) the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4;
- (D) plus the number of partly paid Shares that became fully paid in the relevant period;
- (E) plus the number of fully paid Shares issued in the relevant period with approval under Listing Rules 7.1 and 7.4; and
- (F) less the number of fully paid Shares cancelled in the relevant period.

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

*D* is 10%

*E* the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under rule 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of the Notice, the Company has on issue 149,777,688 Shares and has a capacity to issue:

- (i) 16,139,998 Equity Securities under Listing Rule 7.1; and
- (ii) Nil Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 10.2(c)).

(e) Minimum Issue Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

### 10.3 Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

### 10.4 Specific information required by Listing Rule 7.3A

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

- (a) The period for which the approval will be valid is set out above at Section 10.2(f).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

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

The table also shows:

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

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

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.02 50% decrease in Issue Price	\$0.04 <sup>1</sup> Issue Price	\$0.08 100% increase in Issue Price
Current Variable A 149,777,688 Shares	10% Voting Dilution	149,777,769 Shares	149,777,769 Shares	149,777,769 Shares
	Funds raised	\$299,555	\$599,111	\$1,198,222
50% increase in current Variable A 224,666,532 Shares	10% Voting Dilution	22,466,653 Shares	22,466,653 Shares	22,466,653 Shares
	Funds raised	\$449,333	\$898,666	\$1,797,332
100% increase in current Variable A 299,555,376 Shares	10% Voting Dilution	29,955,538 Shares	29,955,538 Shares	29,955,538 Shares
	Funds raised	\$599,111	\$1,198,222	\$2,396,443

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is \$0.040 being the closing price of the Shares on ASX on 20 January 2020.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. Shareholder approval of the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.
- (f) The Company may seek to issue the Equity Securities for cash consideration in which case the Company intends to use funds raised for the acquisition of new projects, assets and investments (including expenses associated with such an acquisition, such as due diligence and external advisers, amongst other expenses), continued expenditure on the Company's current assets and general working capital.

- (g) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (h) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
- (i) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (j) A voting exclusion statement is included in the Notice.
- (k) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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## **11. Resolution 8 - Amendment to the Constitution**

### **11.1 General**

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 seeks the approval of Shareholders to modify the Company's Constitution by inserting new definitions and replace Clause 2.12 as set out in Section 11.2 below.

A copy of the amended constitution is available for review by Shareholders at the office of the Company. A copy of the amended constitution can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 8.

### **11.2 Proposed amendment**

ASX has introduced a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX introduced a two-tier escrow regime where ASX can and will require certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to simply give a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions.

Accordingly, the Company is seeking Shareholder approval to amend the Constitution to meet the requirements of proposed amended Listing Rules 9 and 15.12 as follows:

Insert the following new defined terms in Clause 1.1:

*'Dispose has the meaning given to that term in the Listing Rules and Disposal has the corresponding meaning.'*

*'Restriction Deed means a restriction agreement or deed in a form prescribed by the Listing Rules or otherwise approved by a Stock Exchange.'*

Delete Clause 2.12 in its entirety and replace with the following:

*'While the Company is on the official list of ASX, the Company must recognise and comply with the Listing Rules with respect to Restricted Securities.'*

*The following provisions apply notwithstanding any other provision of this Constitution and without limiting the obligation to comply with the Listing Rules:*

- (a) *a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX;*
- (b) *if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
- (c) *the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the ASX;*
- (d) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX; and*
- (e) *if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues.'*

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## 12. Resolution 9 - Re-insertion of Proportional Takeover Bid Approval Provisions

### 12.1 General

The Company's Constitution contains proportional takeover bid approval provisions (PTBA Provisions) which enable the Company to refuse to register securities acquired under a proportional takeover bid unless a resolution is passed by Shareholders in general meeting approving the offer. Under the Corporations Act, proportional takeover provisions expire after three years from adoption or renewal and may then be renewed. The PTBA Provisions in the current Constitution expired on 27 January 2018 and have ceased to apply on that date.

Resolution 9 seeks the approval of Shareholders to modify the Constitution by re-inserting the PTBA Provisions for a further three years under sections 648G(4) and 136(2) of the Corporations Act. The proposed PTBA Provisions set out in Schedule 6 are identical to those previously contained at Clause 35 of the Constitution.

The Corporations Act requires the Company to provide Shareholders with an explanation of the PTBA Provisions as set out below.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 9.

## **12.2 Information required by section 648G of the Corporations Act**

### **(a) What is a proportional takeover bid?**

A proportional off-market takeover bid (PT Bid) is a takeover offer sent to all Shareholders but only for a specified portion of each Shareholder's Securities. Accordingly, if a Shareholder accepts in full the offer under a PT Bid, it will dispose of the specified portion of its securities in the Company and retain the balance of the Securities.

### **(b) Effect of renewal**

If re-inserted, under Clause 35 of the Constitution if a PT Bid is made to Shareholders of the Company, the board of the Company is required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover. That meeting must be held at least 15 days before the offer under the PT Bid closes.

The resolution is taken to have been passed if a majority of Securities voted at the meeting, excluding the Securities of the bidder and its associates, vote in favour of the resolution. If no resolution is voted on at least 15 days before the close of the PT Bid, the resolution is deemed to have been passed. Where the resolution approving the PT Bid is passed or deemed to have been passed, transfers of Securities resulting from accepting the PT Bid are registered provided they otherwise comply with the Corporations Act, the ASX Listing Rules, the ASX Operating Rules and the Company's Constitution. If the resolution is rejected, then under the Corporations Act the PT Bid is deemed to be withdrawn.

The Directors consider that Shareholders should have the opportunity to re-insert the PTBA Provisions. Without the PTBA Provisions applying, a PT Bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Securities to the bidder. Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Securities whilst leaving themselves as part of a minority interest in the Company.

Without the PTBA Provisions, if there was a PT Bid and Shareholders considered that control of the Company was likely to pass, Shareholders would be placed under pressure to accept the PT Bid even if they did not want control of the Company to pass to the bidder. Re-inserting the PTBA Provisions will make this situation less likely by permitting Shareholders to decide whether a PT Bid should be permitted to proceed.

### **(c) No knowledge of present acquisition proposals**

As at the date of this notice, no Director is aware of a proposal by any person to acquire or increase the extent of a substantial interest in the Company.

### **(d) Potential advantages and disadvantages**

The renewal of the PTBA Provisions will enable the Directors to formally ascertain the views of Shareholders about a PT Bid. Without these provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that re-insertion of the PTBA Provisions has no potential advantages or potential disadvantages for them, as they remain free to make a recommendation on whether a PT Bid should be accepted.

The Directors consider that re-inserting the PTBA Provisions benefits all Shareholders in that they will have an opportunity to consider a PT Bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders are able to prevent a PT Bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the PT Bid. Furthermore, knowing the view of Shareholders assists each individual Shareholder to assess the likely outcome of the PT Bid and whether to accept or reject that bid.

As to the possible disadvantages to Shareholders re-inserting the PTBA Provisions, potentially,

the proposal makes a PT Bid more difficult and PT Bids will therefore be discouraged. This may reduce the opportunities which Shareholders may have to sell all or some of their Securities at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's Share price. The PTBA Provisions may also be considered an additional restriction on the ability of individual Shareholders to deal freely on their Securities.

The Directors consider that there are no other advantages or disadvantages for Directors or Shareholders which arose during the period during which the PTBA Provisions were in effect, other than those discussed in this Section.

On balance, the directors consider that the possible advantages outweigh the possible disadvantages so that the re-insertion of the PTBA Provisions is in the interest of Shareholders.



## Schedule 1 - Definitions

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

\$ means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 10.1.

**10% Placement Period** has the meaning given in Section 10.2(f).

**Annual Report** means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 September 2019.

**ASIC** means the Australian Securities and Investments Commission.

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

**Advisory Board** means a panel of consultants engaged to provide advisory services to the Company.

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

**Board** means the board of Directors of the Company.

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

**Clause** means a clause of the Constitution.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Alterra Limited ACN 129 035 221.

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

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

**Director** means a director of the Company.

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

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

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

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

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

**Listing Rules** means the listing rules of ASX.

**McGlue Options** has the meaning given in Section 7.1.

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

**Notice** means this notice of annual general meeting.

**Option** means an option to acquire a Share.

**Performance Rights** means up to 6,000,000 performance rights to be issued to Mr Andrew McBain on the terms and conditions set out in Schedule 4, which are the subject of Resolutions 6.

**Poynton Options** has the meaning given in Section 8.1.

**Proxy Form** means the proxy form attached to the Notice.

**PT Bid** means a proportional takeover bid as defined in section 9 of the Corporations Act.

**PTBA Provisions** means the proportional takeover bid approval provisions set out in Schedule 5.

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

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Securities** means any Equity Securities of the Company (including Shares, Options and Performance Rights).

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

**Shareholder** means a shareholder of the Company.

**Short Term Bonus** means a bonus of 25% of Mr Andrew McBain's annual base salary awarded to Mr McBain upon achieving key performance indicators.

**Spill Meeting** has the meaning given in Section 4.

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

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

**VWAP** means volume weighted average price.

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

## Schedule 2 - Terms and Conditions of Options to Mr John McGlue

### 1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (Share) upon exercise of the Option.

### 2. Exercise Price, Vesting Date and Expiry Date

The Options have an exercise price and expiry date as follows:

Exercise Price	Vesting Date	Expiry Date
\$0.04	<p>Tranche 1 of 2,000,000 options vest upon the Company achieving a market capitalisation of A\$10 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 2 of 2,000,000 options vest upon the Company achieving a market capitalisation of A\$20 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 3 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$30 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 4 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$40 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p>	9 December 2023

### 3. Exercise Period

Subject to paragraph 4, the vested Options are exercisable at any time and from time to time on or prior to the Expiry Date.

### 4. Lapse

- (a) Subject to this paragraph 4, any Option not meeting a Vesting Condition in paragraph 2 will lapse on the Expiry Date, unless the Board of the Company determines otherwise in its absolute discretion.
- (b) Any vested Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Where the Advisory Board Agreement (**Agreement**) is terminated by the Consultant with notice, then, unless the Board of the Company determines otherwise in its absolute discretion:
  - (i) all unvested Options will lapse as at the date of termination; and

- (ii) if the term of the Agreement has not passed two years since its commencement date, all vested Options will lapse.

(d) Where the Agreement is terminated with notice by the Company, no Options will lapse.

(e) Where the Agreement is terminated for breach, all vested and unvested Options will lapse.

## **5. Notice of exercise**

The Options may be exercised by notice in writing to the Company's share registry in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable".

## **6. Quotation of the Options**

The Options will be unquoted.

## **7. Transfer**

The Options are not transferable, except with the prior written approval of the Board of the Company and in accordance with the *Corporations Act 2001 (Cth)*.

## **8. Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

## **9. Escrow of Shares issued on Exercise**

- (a) Shares issued on exercise of Tranche 1 Options will be escrowed until 31 December 2021.
- (b) Shares issued on exercise of Tranche 2 Options will be escrowed until 31 December 2021.
- (c) Shares issued on exercise of Tranche 3 Options will be escrowed until 31 December 2021.
- (d) Shares issued on exercise of Tranche 4 Options will be escrowed until 31 December 2021.

## **10. Timing of Issue of Shares and quotation of Shares on exercise**

Within 15 business days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act 2001 (Cth)) (if any) ceases to be excluded information,

the Company will:

- (c) issue the Shares pursuant to the exercise of the Options;
- (d) if required and subject to paragraph 11, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

## **11. Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act within 5 days after the issue of the Shares, Shares issued on exercise of the Options may not be traded until earlier of the date that is 12 months from the date of issue of the Share or the date the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the *Corporations Act 2001* (Cth). For the period of time whilst Shares issued on exercise of the Options are unable to be traded, a holding lock will be applied by the Company's share registry.

## **12. Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and you will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least the minimum time set by the Listing Rules. This will give you the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

## **13. Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

## **14. Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

## **15. Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

## **16. Change in control**

Any unvested Options will immediately vest in the event that:

- (a) a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such meeting;
- (b) a Takeover Bid (as defined in the Corporations Act):
  - (i) is announced;
  - (ii) has become unconditional; and
  - (iii) the person making the Takeover Bid has a Relevant Interest (as defined in the Corporations Act) in 50% or more of the Shares; or
- (c) any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means.

## Schedule 3 - Terms and Conditions of Options to Mr John Poynton

### 1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (Share) upon exercise of the Option.

### 2. Exercise Price, Vesting Date and Expiry Date

The Options have an exercise price and expiry date as follows:

Exercise Price	Vesting Date	Expiry Date
\$0.04	<p>Tranche 1 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$30 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p> <p>Tranche 2 of 1,000,000 options vest upon the Company achieving a market capitalisation of A\$40 million for a consecutive period of 30 days in which the Company's shares have traded on the ASX has been met. In the event of a Change in Control any unvested Options will immediately vest. Shares issued on exercise of Options will be escrowed until 31 December 2021.</p>	9 December 2023

### 3. Exercise Period

Subject to paragraph 4, the vested Options are exercisable at any time and from time to time on or prior to the Expiry Date.

### 4. Lapse

- (a) Subject to this paragraph 4, any Option not meeting a Vesting Condition in paragraph 2 will lapse on the Expiry Date, unless the Board of the Company determines otherwise in its absolute discretion.
- (b) Any vested Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Where the Advisory Board Agreement (**Agreement**) is terminated by the Consultant with notice, then, unless the Board of the Company determines otherwise in its absolute discretion:
  - (i) all unvested Options will lapse as at the date of termination; and
  - (ii) if the term of the Agreement has not passed two years since its commencement date, all vested Options will lapse.
- (d) Where the Agreement is terminated with notice by the Company, no Options will lapse.
- (e) Where Agreement is terminated for breach, all vested and unvested Options will lapse.

### 5. Notice of exercise

The Options may be exercised by notice in writing to the Company's share registry in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable".

## **6. Quotation of the Options**

The Options will be unquoted.

## **7. Transfer**

The Options are not transferable, except with the prior written approval of the Board of the Company and in accordance with the *Corporations Act 2001 (Cth)*.

## **8. Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

## **9. Escrow of Shares issued on Exercise**

(a) Shares issued on exercise of Tranche 1 Options will be escrowed until 31 December 2021.

(b) Shares issued on exercise of Tranche 2 Options will be escrowed until 31 December 2021.

## **10. Timing of Issue of Shares and quotation of Shares on exercise**

Within 15 business days after the later of the following:

(a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and

(b) when excluded information in respect to the Company (as defined in section 708A(7) of the *Corporations Act 2001 (Cth)*) (if any) ceases to be excluded information,

the Company will:

(c) issue the Shares pursuant to the exercise of the Options;

(d) if required and subject to paragraph 11, give ASX a notice that complies with section 708A(5)(e) of the *Corporations Act*; and

(e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

## **11. Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the *Corporations Act* within 5 days after the issue of the Shares, Shares issued on exercise of the Options may not be traded until earlier of the date that is 12 months from the date of issue of the Share or the date the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the *Corporations Act 2001 (Cth)*. For the period of time whilst Shares issued on exercise of the Options are unable to be traded, a holding lock will be applied by the Company's share registry.

## **12. Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and you will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least the minimum time set by the Listing Rules. This will give you the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

### **13. Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

### **14. Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

### **15. Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

### **16. Change in control**

Any unvested Options will immediately vest in the event that:

- (a) a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such meeting;
- (b) a Takeover Bid (as defined in the Corporations Act):
  - (i) is announced;
  - (ii) has become unconditional; and
  - (iii) the person making the Takeover Bid has a Relevant Interest (as defined in the Corporations Act) in 50% or more of the Shares; or
- (c) any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means.



## Schedule 4 - Terms and Conditions of Performance Rights - Mr Andrew McBain

The terms and conditions of Performance Rights are set out as follows:

1. (Performance Rights): The Company intends to grant Performance Rights as follows:

Performance Rights	Number
Class A Performance Rights	750,000
Class B Performance Rights	750,000
Class C Performance Rights	1,000,000
Class D Performance Rights	1,000,000
Class E Performance Rights	2,500,000

2. (Milestones): Subject to clause 4, The Performance Rights will have the following milestones attached to them:

- (a) **Class A Performance Rights:** 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);
- (b) **Class B Performance Rights:** 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
- (c) **Class C Performance Rights:** 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);
- (d) **Class D Performance Rights:** 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);
- (e) **Class E Performance Rights:** 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);

(each referred to as a Milestone).

3. (Notification to holder): The Company shall notify the holder in writing when the relevant Milestone have been satisfied.

4. (Vesting):

- (a) Subject to Mr Andrew McBain remaining in the role of Executive Director at the time of vesting, the Performance Rights will vest on the date the Milestone relating to that Performance Right has been satisfied.
- (b) If the 60-day VWAP for the Shares on the ASX is \$0.20 or higher during the period from issue to 30 September 2022 then Classes A, B, C and D will vest (subject to Mr Andrew McBain remaining in the role of Executive Director at the time of vesting).
- (c) If the Milestones for Classes A, B and C are not met but during the period to the 12 months ending on 30 September 2023 the Milestones for Classes A, B and C and D are met cumulatively then, subject to Mr Andrew McBain remaining in his role of Executive Director at the time of vesting, the Milestones for Classes A, B and C and D will be deemed to have been met.

5. **(Consideration):** The Performance Rights will be issued for no consideration.
6. **(Conversion):** Upon vesting, each Performance Right will, at the election of the holder and subject to the Corporations Act, convert into one fully paid ordinary share in the Company (**Share**).
7. **(Lapse):** Any Performance Right that has not vested by 31 October 2024 will automatically lapse.
8. **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
9. **(Listing of shares on ASX):** The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
10. **(Transfer of Performance Rights):** The Performance Rights are not transferable.
11. **(Participation in entitlements and bonus issues):** Subject always to the rights under items 12 and 13, holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
12. **(Adjustment for bonus issue):** If securities are issued pro-rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the bonus issue.
13. **(Reorganisation of capital):** In the event that the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the economic and other rights of the holder are not diminished or terminated.
14. **(Dividend and voting rights):** The Performance Rights do not confer on the holder an entitlement to vote or receive dividends.
15. **(Change in control):** Upon:
  - (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
    - (i) having received acceptances for not less than 50.1% of the Company's shares on issue; and
    - (ii) having been declared unconditional by the bidder; or
  - (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (c) the Company announces that a sale or transfer (in one transaction or a series of related transactions) of the whole or substantially the whole of the undertaking and business of the Company has been completed,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of a Milestone, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

## Schedule 5 - Partial Takeover Plebiscites

### 35.1 Resolution to Approve Proportional Off-Market Bid

- (a) Where offers have been made under a proportional off-market bid in respect of a class of securities of the Company ("bid class securities"), the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional off-market bid is prohibited unless and until a resolution (in this clause 35 referred to as a "prescribed resolution") to approve the proportional off-market bid is passed in accordance with the provisions of this Constitution.
- (b) A person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the proportional off-market bid was made, held bid class securities is entitled to vote on a prescribed resolution and, for the purposes of so voting, is entitled to one vote for each of the bid class securities.
- (c) A prescribed resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the prescribed resolution.
- (d) A prescribed resolution that has been voted on is to be taken to have been passed if the proportion that the number of votes in favour of the prescribed resolution bears to the total number of votes on the prescribed resolution is greater than one half, and otherwise is taken to have been rejected.

### 35.2 Meetings

- (a) The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with modifications as the circumstances require, in relation to a meeting that is convened pursuant to this clause 35.2 as if the last mentioned meeting was a general meeting of the Company.
- (b) Where takeover offers have been made under a proportional off-market bid, the Directors are to ensure that a prescribed resolution to approve the proportional off-market bid is voted on in accordance with this clause 35 before the 14th day before the last day of the bid period for the proportional off-market bid (the "resolution deadline").

### 35.3 Notice of Prescribed Resolution

Where a prescribed resolution to approve a proportional off-market bid is voted on in accordance with this clause 35 before the resolution deadline, the Company is, on or before the resolution deadline:

- (a) to give the bidder; and
- (b) if the Company is listed – each relevant financial market (as defined in the Corporations Act) in relation to the Company;

a notice in writing stating that a prescribed resolution to approve the proportional offmarket bid has been voted on and that the prescribed resolution has been passed, or has been rejected, as the case requires.

### 35.4 Takeover Resolution Deemed Passed

Where, at the end of the day before the resolution deadline, no prescribed resolution to approve the proportional off-market bid has been voted on in accordance with this clause 35, a resolution to approve the proportional off-market bid is to be, for the purposes of this clause 35, deemed to have been passed in accordance with this clause 35.

### 35.5 Takeover Resolution Rejected

Where a prescribed resolution to approve a proportional off-market bid under which offers have been made is voted on in accordance with this clause 35 before the resolution deadline, and is rejected, then:

- (a) despite section 652A of the Corporations Act:
  - (i) all offers under the proportional off-market bid that have not been accepted as at the end of the resolution deadline; and
  - (ii) all offers under the proportional off-market bid that have been accepted and from whose acceptance binding contracts have not resulted as at the end of the resolution deadline,are deemed to be withdrawn at the end of the resolution deadline;
- (b) as soon as practicable after the resolution deadline, the bidder must return to each person who has accepted any of the offers referred to in clause 35.5(a)(ii) any documents that were sent by the person to the bidder with the acceptance of the offer;
- (c) the bidder:
  - (i) is entitled to rescind; and
  - (ii) must rescind as soon as practicable after the resolution deadline,each binding takeover contract resulting from the acceptance of an offer made under the proportional off-market bid; and
- (d) a person who has accepted an offer made under the proportional off-market bid is entitled to rescind the takeover contract (if any) resulting from the acceptance.

### 35.6 Renewal

This clause 35 ceases to have effect on the third anniversary of the date of the adoption of the last renewal of this clause 35.

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

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## [HolderNumber]

Holder Number:  
[HolderNumber]

## Vote by Proxy: 1AG

Your proxy voting instruction must be received by **12.00pm (WST) on Tuesday, 25 February 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

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

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

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



### SUBMIT YOUR PROXY VOTE BY PAPER

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

#### YOUR NAME AND ADDRESS

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

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

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

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

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

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

#### APPOINTMENT OF SECOND PROXY

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

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

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

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

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

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

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

#### CORPORATE REPRESENTATIVES

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

#### ATTENDING THE MEETING

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

#### POWER OF ATTORNEY

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







# Annual Report

FOR THE YEAR ENDED 30 SEPTEMBER 2019





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## CORPORATE INFORMATION

### Directors

Mr OLIVER BARNES, Managing Director  
Mr TREVOR STONEY, Chairman & Non-Executive Director  
Mr ANDREW MCBAIN, Executive Director  
Mr JOHN PALERMO, Non-Executive Director

### Company Secretary

Mr ANTHONY FITZGERALD

### Principal & Registered Office

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

### Auditors

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

### Share Registry

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

### Solicitors

HWL EBSWORTH  
LEVEL 20, 240 ST GEORGES TERRACE  
PERTH WA 6000

### Bankers

BANKWEST  
300 MURRAY STREET  
PERTH WA 6000

### Securities Exchange

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



# Review of Operations

Dear Fellow Shareholders,

Alterra's mission is to drive value for our investors by unlocking unrealised value from agricultural land with secure economic water.

We seek to do so as an originator, developer and manager of agricultural assets that have growing institutional investor appeal.

Our target markets – for projects and investors – are among the fastest growth sectors in Australia and around the world. And capital is following those projects across borders, showing great enthusiasm for opportunities that leave a positive environmental, social and economic impact.

Alterra has spent the major part of 2019 developing and optimising its new business model to position our Company to take full advantage of an outstanding time-and-place opportunity.

We see a world increasingly impacted by climate events and believe strongly in the economic potential of delivering the next generation of resilient assets that can thrive in a fast-changing landscape.

The sector's underlying macro-economic drivers remain strong and we believe there are several emerging trends that will accelerate the pace of change.

We see opportunity in a world of:

- constrained finite resources such as land with secure water;
- a global shift towards plant-based diets for personal health and planetary reasons; and
- Increasing flows of institutional capital seeking long-term yielding assets at a time when 30% of all investment-grade securities bear sub-zero yields.

Foreign direct investment in the sector has grown from \$4bn to \$7bn in the last three years, with investment by Canadian investors growing 990% over the same period. Canadian pension funds, PSP Investments and Ontario Teachers' Pension Plan have been particularly active in the high-value permanent tree crop sector, having acquired avocado assets from Jasper Farms, Simpson Farms, Capel Farms, Stahmann Farm's pecan assets, Adveq's almond portfolio and bidding \$830 million for ASX-listed Webster Ltd.

The 2019 financial year saw completion of a number of strategic and transformational initiatives, including:

- launching a new growth strategy focused on identifying, developing and managing high-value permanent tree crops such as avocados, citrus and nuts;
- formation of an advisory board with the appointment of Mr John Poynton AO as its inaugural chairman;

- development of a robust proprietary investment framework to support and accelerate the identification, feasibility and execution of development opportunities;
- appointment of execution partners specialising in avocado development and high-value tree cropping systems;
- securing key genetics and data rights that places Alterra at the forefront of avocado development in the South West of Western Australia; and
- conducting a detailed review of land, water, production climate and opportunities in five key horticultural regions of Western Australia.

Alterra now has a pipeline of several near-term opportunities and is accelerating the execution of its business model. We are currently assessing a development pipeline exceeding 1,000 hectares across key horticultural regions in Western Australia. We'll be announcing our first projects in 2020 and thereafter scaling our development activities.

The platform supporting our current growth activities is founded on our legacy assets in broadacre farming and carbon.

We secured a new income stream for our investment property Dambadgee Springs in Western Australia. This additional income stream complements the asset's existing agricultural incomes and increases the property's market appeal. Having concluded an initial phase of property improvements, Alterra will now consider selling this asset in order to redeploy capital to our core activities.

Our legacy carbon business Carbon Conscious continues to be a source of income post demerger, with Alterra contracted to manage the carbon business on behalf of Carbon Conscious in addition to collecting distributions from Alterra's remaining 15% equity interest. This is an annuity revenue stream that provides important cashflow to Alterra.

We would like to thank our fellow Board members, our small team of staff and our industry partners for embracing our vision and for working through a year of change with drive and determination.

In particular, we would like to acknowledge the invaluable contribution of Neil McBain who sadly passed away during the year. He is remembered as a much-respected Alterra board member and is greatly missed by his Alterra colleagues.

Finally, we thank you, our shareholders, for supporting Alterra as we transition into a growth company with an unwavering commitment to generating and maximising shareholder value.



**Trevor Stoney**  
Chairman



**Oliver Barnes**  
Managing Director

# Directors' Report

Your directors submit the annual financial report of the Company and the entities it controlled (hereafter referred to as "The Group") for the year ended 30 September 2019. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

## Directors

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

OLIVER BARNES (Managing Director) (From 19 March 2019). (Previously Executive Director from 11 January 2019 to 18 March 2019)

ANDREW MCBAIN (Executive Director) (From 19 March 2019) (Previously Managing Director from 8 March 2018 to 18 March 2019)

TREVOR STONEY (Chairman & Non-Executive Director)

JOHN PALERMO (Non-Executive Director) (From 12 June 2019)

NEIL MCBAIN (Non-Executive Director) (Resigned on 11 January 2019)

## Information on Directors

### OLIVER BARNES (Managing Director)

Mr Barnes has been the Managing Director of Alterra since March 2019, having joined the company in January 2019 as an Executive Director. Mr Barnes has experience in greenfield project development and institutional agriculture investment. He was the Chief Commercial Officer of privately-owned WA Sandalwood Plantations and was responsible for managing relationships with institutional asset owners, implementing enterprise resource planning systems and involved in productivity gains across 13,000 hectares of sandalwood located in the central wheatbelt of Western Australia. He was also part of the team that established Dutjahn Sandalwood Oils, the first Australian organisation to receive the United Nations Equator Prize. On immigrating to Australia in 2013, Mr Barnes became commercial manager of ASX and TSX listed Avenir (formerly Minemakers) and was part of the commercial team that was involved in its restructure. Between 2008 and 2013, he was based in the Middle East where he advised family offices on agricultural investment in emerging markets, set up Miro Forestry plantation forestry businesses, and facilitated over US\$70m of investment into the African agricultural sector. He has had no other directorships of ASX listed companies in the last 3 years.

### TREVOR STONEY (Chairman & Non-Executive Director)

Mr Stoney brings cumulative knowledge, acumen and relationships from more than 55 years in agribusiness. Mr Stoney has owned and managed numerous large-scale mixed farming enterprises across the Western Australian and Victorian agricultural zones. Mr Stoney has active interests and investments in agriculture and is regarded as one of the most astute agricultural land investors in Western Australia. He has had no other directorships of ASX listed companies in the last 3 years.

### ANDREW MCBAIN (Executive Director)

Mr McBain is the founder and Executive Director of Alterra. Mr McBain is passionate about opportunities in Australian agribusiness and his career, which extends over 15 years, includes raising over \$100 million for various agricultural and mineral related projects. Previously, Mr McBain was a founding director of ASX listed mineral exploration companies Scimitar Resources Ltd and Rumble Resources Ltd (including

Managing Director) as well as founder and Managing Director of AACL, a grain production, finance and marketing business that was sold to a major international grain trading company. With a reputation for innovation and developing talented people, Mr McBain has experience in start-ups, ASX listings, capital raisings, investor relations and corporate compliance. His experience is complemented by competencies including business management, strategic thinking and business development. Mr McBain is a member of the AICD. He resigned as a Non-Executive Director from Rumble Resources (ASX: RTR) on 24 November 2016 and has had no other directorships of ASX listed companies in the last 3 years.

### JOHN PALERMO (Non-Executive Director)

Mr Palermo is a Chartered Accountant with over 22 years' 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 a Board Member of Chartered Accountants Australia and New Zealand, Member of the Governance Institute of Australia, and 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 has had no other directorships of ASX listed companies in the last 3 years.

### NEIL MCBAIN (Non-Executive Director, Resigned on 11 January 2019)

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

## Information on Company Secretary

### ANTHONY FITZGERALD (Chief Commercial Officer & Company Secretary)

Mr Fitzgerald has over 35 years' experience in the operational and financial management of agribusinesses including large scale animal production, land conservation projects, farmer networks and grain marketing pools. From 2013 to 2018 Mr Fitzgerald lead the teams that managed compliance with the Carbon Farming Initiative Act to generate Australian Carbon Credit Units, drove a commercial focus into managing

the 30 properties (21 million trees on 18,000 Hectares), and developed the science and intellectual property that supported the Carbon Business. On the demerger of the Carbon Business Mr Fitzgerald became Executive Director of CCIL and at Alterra maintains executive management and company secretary responsibilities. He holds: a Bachelor of Agribusiness (1st Hons); an AFMA Post-Grad Diploma in Financial Services and is a member graduate of the AICD.

## Interests in the Shares and Options of the Company

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

Directors	Number of fully paid ordinary shares	Number of options
Trevor Stoney	24,917,361	-
Andrew McBain	11,767,188	-
Oliver Barnes	257,000	-
John Palermo	200,000	-

Details of unissued ordinary shares under options are as follows:

Number of options	Exercise price	Expiry date
-	-	-

## 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 a lack of good faith.

## Principal Activities

Alterra is a developer & manager of investment-grade agricultural assets focused on unlocking transformational investments that drive sustainable growth and leave a positive social, environmental and economic legacy. The Company is focused on 'land use change' opportunities in Western Australia, developing underutilised land and water into the next generation of agricultural assets capable of supplying premium whole foods such as avocados, citrus and nut crops.

## Dividends

No dividends have been paid or declared for the year ended 30 September 2019. The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2019.

## Review of Operations

During the 30 September 2019 year the Group successfully demerged its Carbon Business and retained under contract the asset management services relating to the Carbon Business. In addition to asset management services, Group activities included ongoing identification, origination, due diligence and feasibility of land and water assets that are expected to lead to transactions for the development of new high value tree crop projects.

## Operating Results for the Year

The profit of the Group for the year ended 30 September 2019 after providing for income tax amounted to \$931,424 (30 September 2018: profit of \$342,112).

## Financial Position

The net assets of the Group have decreased by \$4,702,616 from \$11,173,486 at 30 September 2018 to \$6,470,870 at 30 September 2019. The demerger of the Carbon Business during the year is the main contributor to the reduction in net assets.

## Significant Changes in the State of Affairs

The following significant changes in the state of affairs occurred during the year ended 30 September 2019.

- Up till 31 December 2018 the Company continued to own and manage the Carbon Business which included 18,000 hectares of agro-forestry projects established to generate Australian Carbon Credit Units (ACCUs) and Voluntary Carbon Offsets (VCOs) for customers. After receiving overwhelming shareholder support at the General Meeting held on 20 December 2018, the Company completed the demerger of its Carbon Business into a new entity – Carbon Conscious Investments Limited (CCIL). As part of the demerger, Alterra shareholders received 1 CCIL share for each Alterra share held as at the record date, with Alterra retaining a 15% equity interest in CCIL.
- Post demerger, Alterra retained the asset management services contract for the Carbon Business to provide the necessary skills and expertise to manage the Carbon Business on behalf of CCIL.
- In January 2019 long serving Non-executive Director Mr Neil McBain retired and the Company engaged Mr Oliver Barnes as an Executive Director, with the intention of Mr Barnes transitioning to Managing Director after a handover period. Oliver Barnes was confirmed as Managing Director on 19 March.
- The Company communicated the "Alterra: Positioning for Growth" presentation in February, in which it confirmed that Alterra will be focusing on land use change opportunities in agriculture, with a focus on high value permanent tree crops and water in Western Australia.
- To enhance the Alterra growth strategy, leading Western Australian corporate banker and businessman Mr John Poynton AO was engaged as Chair of the Alterra Advisory Board on 5 April and plant canopy expert Mr Tyson Bennett was appointed as a Technical Partner on 30 April.
- John Palermo was appointed as a Non-executive director of Alterra on 13 June 2019. Mr Palermo is a Chartered Accountant with over 22 years of experience in public practise and corporate accounting, with areas of expertise in corporate transaction execution, strategic business management and business structuring.

## Significant Events after Balance Date

The following significant events occurred after 30 September 2019:

- (a) 6 November 2019 – as per ASX announcement 382, the Company announced that it has entered into an exclusive "Genetics License Agreement" and "Data Access Agreement" with French's Group 89 Pty Ltd (French's). The Genetics License Agreement and Data Access Agreement (Agreements) build on Alterra's existing relationship with French's and their provision of local partner services to Alterra (see ASX Announcement 381) as the Company advances near-term opportunities within the avocado sector.
- (b) 6 November 2019 – as per ASX announcement 383, the Company announced that it has issued securities to the following parties:
  - 1,000,000 fully paid ordinary shares to French's Group 89 Pty Ltd <The Trustee for The Largs Bay Trust>

- 2,000,000 performance rights to French's Group 89 Pty Ltd <The Trustee for The Largs Bay Trust>
- 2,000,000 performance rights to GGTB Pty Ltd <The Trustee for the GTG Trust>

The Company has complied with the relevant provisions of the Corporations Act in relation to the above securities issue.

- (c) 3 December 2019 – as per ASX announcement 386, the Company announced that it has entered into a Property Rights Agreement for its investment property "Dambadgee Springs" in Western Australia. The agreement provides Alterra with annual payments, which over a 25-year period, have an absolute aggregate value of approximately \$2.5 million. The additional contracted income complements agricultural land use activities and potentially enhances the realisable value of this investment.
- (d) 12 December 2019 – the Company held a General Meeting for shareholders on 12 December 2019 to ratify various securities issued by the Company and to seek shareholder approval for the issue of 11,000,000 performance rights on various terms to Managing Director Oliver Barnes. All resolutions were passed at the meeting and the performance rights were issued to Oliver Barnes on 16 December 2019.

## Climate Change Risk

The Company has been engaged in activities associated with climate change risks since it was founded in 2008 and its management team has a deep understanding of the climate change risks within its operating and investment environments. Considering and acting on climate change risk is embedded in our purpose "to unlock transformational investments in agriculture that drive sustainable growth and leave a positive social, environmental and economic legacy".

Being a Company that has accepted the science of anthropological climate change, and having observed the outcomes of the same within our projects and agriculture more generally for some time, in 2019 the Company built on its governance of climate change risk by incorporating strategy and risk management level considerations into its management systems.

This culture and framework gives effect to a rigorous system of opportunity consideration, project proposal and operations management for all assets considered and managed by the Company as it identifies and develops investment-grade agricultural assets. Accordingly, the Company is currently developing the project level metrics against which it intends to commence reporting in calendar year 2020 and the Climate Change Risk Policy that will be included in its Corporate Governance Statement is well advanced and includes the categories summarised below:

## Transitioning to a Lower-Carbon Economy

- Political
- Legal
- Technology
- Reputational
- Market Changes Driven by Adaption / Mitigation

### Physical Impacts of Climate Change

- Resource Efficiency
- Energy Resources / Sources
- Products and Services
- Markets
- Resilience

The Company enjoys a reputation as a responsible forward looking land and water resource manager and intends to safeguard and leverage that position. Related 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 Company 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.

### Legal Litigation

The Group is not subject to any significant legal litigation.

### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and other key management personnel of Alterra Limited (the "Company"). The term 'executives' is used in this remuneration report to refer to the following key management personnel. The named person held their current position for the year ended 30 September 2019:

Anthony Fitzgerald (Commercial Manager and Company Secretary)

### Remuneration Philosophy

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

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

### Remuneration Committee

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

### Remuneration Structure

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

### Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the initial meeting of members held on 2 January 2008 when shareholders approved an aggregate maximum remuneration of \$300,000 per year. The current total remuneration for non-executive directors is \$97,893 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external stakeholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees. The remuneration of non-executive directors for the year ended 30 September 2019 is detailed in Table 1.

### Executives and Executive Director Remuneration

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

#### Fixed Remuneration

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

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

#### Variable Remuneration

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

During the year ended 30 September 2019 both Messrs Andrew McBain and Anthony Fitzgerald (who were not paid bonuses for the 2018 year) were each paid a bonus of \$43,750 that in addition to other KPIs related to the achievements of structuring, implementing and executing the successful demerger of the Carbon Business as at 31 December 2018.

## Performance on Shareholder Wealth

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

	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
EPS (cents)	0.63	0.24	(1.39)	0.22	0.08
Dividends (cents per share)	-	-	-	-	-
Net profit / loss (\$'000)	931,424	342,112	(1,970,619)	302,206	91,210
Share price	0.038	0.032	0.028	0.031	0.024

## Employment Contracts

**Mr Oliver Barnes** works for the Company as Managing Director and his key responsibilities include overarching management of the Company including the development of its growth strategy and identifying, developing and executing opportunities that will result in the Company delivering on its growth strategy.

Mr Barnes has a contract of employment dated 8 January 2019 with no fixed term and includes a base annual salary of \$230,000 plus superannuation with a performance bonus capped at 25% of base to be determined by the Company taking into consideration the key performance indicators as the Company may set from time to time, and any other matter that it deems appropriate in the Company's sole and absolute discretion.

Mr Barnes is a participant in the Employee Share Option Plan and on 16 December 2019 was issued 11,000,000 Performance Rights that are subject to achieving various performance hurdles and may result in the issuance of up to 11,000,000 ordinary shares in the Company.

**Mr Andrew McBain** works for the Company as an Executive Director. Key responsibilities include being Group Operating Officer and Acting Chief Financial Officer and being a Director of the Company's 6 subsidiaries.

Mr McBain has a contract of employment dated 20 July 2012 last updated 8 March 2018 with no fixed term and includes a base annual salary of \$185,000 plus superannuation with a performance bonus capped at 25% of base to be determined by the Company taking into consideration the key performance indicators as the Company may set from time to time, and any other matter that it deems appropriate in the Company's sole and absolute discretion. Mr McBain is a participant in the Employee Share Option Plan.

**Mr Anthony Fitzgerald** works for the Company in an executive capacity as the Chief Commercial Officer & Company Secretary. Other key responsibilities include being a Director and the Company Secretary of the Company's 6 subsidiaries.

Mr Fitzgerald has a contract of employment dated 13 February 2013 last amended 8 March 2018 with a fixed term and a base annual salary of \$185,000 plus superannuation with a performance bonus capped at 25% of base to be determined by the Company taking into consideration the key performance indicators as the Company may set from time to time, and any other matter that it deems appropriate in the Company's sole and absolute discretion. Mr Fitzgerald is a participant in the Employee Share Option Plan.

## September 2019 Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the year ended 30 September 2019

	Primary benefits		Post-employment		Equity		Other	Total	%
	Salary & fees	Cash Bonuses	Non-monetary benefits	Superannuation	Prescribed benefits	Options			Performance related
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>									
Andrew McBain	178,750	43,750	-	16,981	-	-	-	239,481	18%
Trevor Stoney	75,000	-	-	7,125	-	-	-	82,125	0%
Neil McBain (i)	14,087	-	-	1,338	-	-	-	15,425	0%
Oliver Barnes	146,397	-	-	13,908	-	-	-	160,305	0%
John Palermo	14,400	-	-	1,368	-	-	-	15,768	0%
<b>Total</b>	<b>428,634</b>	<b>43,750</b>	<b>-</b>	<b>40,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>513,104</b>	<b>9%</b>
<b>Executives</b>									
Anthony Fitzgerald	178,750	43,750	-	16,981	-	-	-	239,481	18%
<b>Total</b>	<b>607,384</b>	<b>87,500</b>	<b>-</b>	<b>57,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>752,585</b>	<b>12%</b>

(i) Neil McBain resigned from the Board as a director effective 11 January 2019



## Options Granted as Part of Remuneration September 2019

Refer to the table below for director options granted, exercised or lapsed during the year.

For details on the valuation of the options, including models and assumptions used, please refer to Note 18 to the financial report. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

## Shares Issued to Key Management Personnel for the year ended 30 September 2019

No shares were issued to Directors and Executives as part of the short-term incentive scheme during the year ended 30 September 2019.

## Option Holdings of Key Management Personnel for the year ended 30 September 2019

12 months ended 30 September 2019	Balance at beginning of reporting period	Granted as remuneration	Options exercised	Net change Other(ii)	Balance at end of reporting period	Vested as at end of reporting period	
						Exercisable	Not Exercisable
<b>Directors</b>							
Andrew McBain	4,000,000	-	(2,000,000)	(2,000,000)	-	-	-
Trevor Stoney	1,000,000	-	(1,000,000)	-	-	-	-
Oliver Barnes	-	-	-	-	-	-	-
John Palermo	-	-	-	-	-	-	-
Neil McBain(i)	1,000,000	-	(1,000,000)	-	-	-	-
<b>Executives</b>							
Anthony Fitzgerald	2,000,000	-	-	(2,000,000)	-	-	-
<b>Total</b>	<b>8,000,000</b>	<b>-</b>	<b>(4,000,000)</b>	<b>(4,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>

(i) Neil McBain resigned from the Board as a director effective 11 January 2019.

(ii) Unlisted Options lapsed unexercised on 1 March 2019.

## Shareholdings of Key Management Personnel for the year ended 30 September 2019

12 months ended 30 September 2019	Balance at beginning of reporting period	Granted as remuneration	On exercise of options	Net change Other (ii)	Balance at end of reporting period
	\$	\$	\$	\$	\$
<b>Directors</b>					
Andrew McBain	10,367,188	-	2,000,000	(600,000)	11,767,188
Trevor Stoney	23,917,361	-	1,000,000	-	24,917,361
Oliver Barnes	15,000	-	-	242,000	257,000
John Palermo	-	-	-	200,000	200,000
Neil McBain(i)	8,600,000	-	1,000,000	-	9,600,000
<b>Executives</b>					
Anthony Fitzgerald	4,950,000	-	-	2,110,873	7,060,873
<b>Total</b>	<b>47,849,549</b>	<b>-</b>	<b>4,000,000</b>	<b>1,952,873</b>	<b>53,802,422</b>

(i) Neil McBain resigned from the Board as a director effective 11 January 2019.

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

## Loans to Key Management Personnel for the year ended 30 September 2019

12 months ended 30 September 2019	Balance at beginning of reporting period(i)	Amount loaned in year	Interest charged	Interest paid	Principal repayments made	Balance at end of reporting period
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Andrew McBain	49,677	35,000	3,998	(3,998)	(34,500)	50,178
Trevor Stoney	50,266	35,000	5,215	(5,215)	(11,254)	74,012
<b>Executives</b>						
Anthony Fitzgerald	44,158	35,000	3,929	(3,929)	(27,987)	51,171
<b>Total</b>	<b>144,102</b>	<b>105,000</b>	<b>13,142</b>	<b>(13,142)</b>	<b>(73,741)</b>	<b>175,361</b>

(i) Loans refer secured monies loaned on 25 January 2017 and 14 November 2018 by Alterra to its key management personnel for the purpose of purchasing shares in the Company via the exercising of options. The loans are on commercial terms and conditions. Interest is payable at 6.75% per annum with monthly principal and interest repayments made over the 4-year term of the loans.

## September 2018 Remuneration of Key Management Personnel

	Primary benefits		Post-employment		Equity		Other	Total	%
	Salary & fees	Cash Bonuses	Non-monetary benefits	Superannuation	Prescribed benefits	Options			Performance related
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>									
Andrew McBain	177,646	-	-	16,625	-	55,988	-	250,259	-
Neil McBain	50,000	-	-	4,750	-	19,474	-	74,224	-
Trevor Stoney	75,000	-	-	7,125	-	19,474	-	101,599	-
<b>Total</b>	<b>302,646</b>			<b>28,500</b>		<b>94,936</b>		<b>426,082</b>	<b>-</b>
<b>Executives</b>									
Anthony Fitzgerald	175,000	-	-	16,625	-	17,040	-	208,665	-
<b>Total</b>	<b>477,646</b>			<b>45,125</b>		<b>111,976</b>		<b>634,747</b>	<b>-</b>

## Options Granted as Part of Remuneration September 2018

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

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

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

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

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

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

(ii) Unlisted Options lapsed unexercised on 31 January 2018.



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

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

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

12 months ended 30 September 2018	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	53,800	-	3,434	(3,434)	(4,123)	49,677
Trevor Stoney	60,606	-	3,770	(3,770)	(10,340)	50,266
<b>Executives</b>						
Anthony Fitzgerald	51,784	-	3,259	(3,259)	(7,626)	44,158
<b>Total</b>	<b>166,190</b>	<b>-</b>	<b>10,463</b>	<b>(10,463)</b>	<b>(22,089)</b>	<b>144,101</b>

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

## Other Transactions with Key Management Personnel

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

Related party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	\$	\$	\$	\$
<b>12 months ended 30 September 2019</b>				
Stoney Pastoral Co Pty Ltd	-	-	-	-
Stoney Agri	210,000	-	-	-
The Yathroo Property Trust	-	-	-	-
<b>12 months ended 30 September 2018</b>				
Stoney Pastoral Co Pty Ltd	84,659	-	93,126	-
Stoney Agri	236,810	71,056	-	-
The Yathroo Property Trust	12,822	-	-	-

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 operates Yathroo farm immediately adjacent to Alterra's 1,600Ha "Dambadgee Springs" farm and the Company leased Dambadgee Springs to Stoney Agri in April 2017 for a term of 3 years. The terms of the lease: allows Stoney Agri to grow dryland crops and graze stock; encumber Stoney Agri with fire mitigation and other landholder responsibilities; allows Alterra full access to the property for the purposes of due diligence and research. The lease consideration (\$210,000) paid by Stoney Agri to Alterra is regarded as commercial.

## END OF REMUNERATION REPORT

## Directors' Report

### Directors' Meetings

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

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Andrew McBain	8	8
Trevor Stoney	8	8
Oliver Barnes	5	5
John Palermo	3	3
Neil McBain	3	3

### 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 2019.

### 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 15 and forms part of this directors' report for the year ended 30 September 2019.

### Non-audit Services

No non-audit services were provided by the external auditors during the year ended 30 September 2019.

Signed in accordance with a resolution of the directors.



**Oliver Barnes**  
**Managing Director**  
**Alterra Limited**

Perth, 19 December 2019

# Corporate Governance Statement

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

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

The Company's Corporate Governance Statement for the year ended 30 September 2019 was reviewed and approved by the Board on 15 August 2019. 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 2019 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 2019, 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**  
**19 December 2019**



**M R Ohm**  
**Partner**

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	CONSOLIDATED	
		12 months ended 30 September 2019	12 months ended 30 September 2018
		\$	\$
Revenue	2	848,065	344,467
Operating expenses		(237,863)	(119,396)
Administrative expenses		(410,320)	(277,244)
Asset development costs		(105,000)	-
Marketing expenses		(28,978)	(27,232)
Business development expenses		(154,379)	(82,779)
Corporate expenses		(184,728)	(94,828)
Employee benefits expense		(887,411)	(809,311)
Occupancy expense		(68,891)	(60,374)
Financing expenses		(79,580)	(88,378)
Depreciation and amortisation expense		(138,025)	(9,537)
Share-based payment expenses		(42,612)	(129,015)
Impairment expense		(118,884)	-
<b>Profit / (loss) before income tax benefit</b>		<b>(1,608,606)</b>	<b>(1,353,627)</b>
Income tax (expense) / benefit	3	(185,738)	-
<b>Profit / (loss) attributable to members of the parent entity</b>		<b>(1,794,344)</b>	<b>(1,353,627)</b>
<b>Profit after tax from discontinued operations</b>	5	<b>2,725,768</b>	<b>1,695,739</b>
<b>Profit attributable to members of the parent entity</b>		<b>931,424</b>	<b>342,112</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
(Loss) / gain on revaluation of listed investments		-	(30,567)
Exchange difference on translating foreign controlled entities		-	(272,746)
Other comprehensive (loss) / income for the period after tax		-	(303,313)
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>931,424</b>	<b>38,799</b>
Basic and diluted earnings per share (cents per share)	4	0.63	0.24
Basic and diluted (loss)/earnings per share (cents per share) from continued operations	4	(1.22)	(0.94)
Basic and diluted earnings per share (cents per share) from discontinued operations	4	1.85	1.18

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2019

	Note	CONSOLIDATED	
		30 September 2019	30 September 2018
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	7	1,677,280	2,396,170
Trade and other receivables	8	146,032	717,260
Investments	9	-	103,257
Other assets	11	144,691	178,886
<b>Total Current Assets</b>		<b>1,968,003</b>	<b>3,395,573</b>
<b>Non-Current Assets</b>			
Intangible assets	12	-	4,752,205
Property, plant and equipment	13	72,894	67,608
Investment property	14	4,441,406	4,441,406
Investment in associates	15	1,077,172	-
Bearer plants	10	-	203,431
Other assets	11	996,045	158,556
Deferred tax asset	3	-	256,270
<b>Total Non-Current Assets</b>		<b>6,587,517</b>	<b>9,879,476</b>
<b>Total Assets</b>		<b>8,555,520</b>	<b>13,275,049</b>
<b>Current Liabilities</b>			
Trade and other payables	16	288,913	191,816
Provision for income tax	3	-	124,596
<b>Total Current Liabilities</b>		<b>288,913</b>	<b>316,412</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	17	1,750,000	1,750,000
Provisions	16	45,737	35,151
<b>Total Non-Current Liabilities</b>		<b>1,795,737</b>	<b>1,785,151</b>
<b>Total Liabilities</b>		<b>2,084,650</b>	<b>2,101,563</b>
<b>Net Assets</b>		<b>6,470,870</b>	<b>11,173,486</b>
<b>Equity</b>			
Issued capital	18	8,626,435	14,254,212
Reserves	18	1,362,022	1,368,285
Accumulated losses		(3,517,587)	(4,449,011)
<b>Total Equity</b>		<b>6,470,870</b>	<b>11,173,486</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2019

		CONSOLIDATED	
		Inflows/(Outflows)	Inflows/(Outflows)
	Note	12 months ended 30 September 2019	12 months ended 30 September 2018
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,937,048	3,013,891
Payments to suppliers and employees		(2,034,962)	(1,739,458)
Income tax refunded		(54,064)	154,581
Interest received		93,650	27,136
Interest paid		(75,598)	(80,813)
Net cash (used in)/ provided by operating activities	24	(133,926)	1,375,337
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(24,425)	(35,477)
Proceeds from the sale of property, plant and equipment		-	68,328
Sale of land		59,600	166,100
Proceeds from sale of available-for-sale investments		-	37,520
Return of capital on investments		40,485	-
Payment of bond on lease		(7,138)	-
Dividends received		37,772	-
Net cash provided by investing activities		106,294	236,471
<b>Cash flows from financing activities</b>			
Receipt of loans from related parties		308,742	22,089
Repayment of finance leases		-	(81,082)
Payment of loans to associates		(1,000,000)	-
Net cash (used in) financing activities		(691,258)	(58,993)
Net (decrease)/increase in cash and cash equivalents		(718,890)	1,552,815
Cash and cash equivalents at beginning of year		2,396,170	843,355
<b>Cash and cash equivalents at end of year</b>	7	1,677,280	2,396,170

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	CONSOLIDATED					
	Issued capital	Share-based payment reserve	Revaluation Reserve	Foreign currency translation reserve	Retained earnings / (accumulated losses)	Total
	\$	\$		\$	\$	\$
Balance at 1 October 2017	14,254,212	1,190,394	79,442	272,746	(4,791,123)	11,005,671
Profit attributable to members	-	-	-	-	342,112	342,112
Loss on revaluation of listed investments	-	-	(30,567)	-	-	(30,567)
Foreign currency translation differences	-	-	-	(272,746)	-	(272,746)
Total comprehensive income for the year	-	-	(30,567)	(272,746)	341,112	38,799
Share based payments	-	129,016	-	-	-	129,016
<b>Balance at 30 September 2018</b>	<b>14,254,212</b>	<b>1,319,410</b>	<b>48,875</b>	<b>-</b>	<b>(4,449,011)</b>	<b>11,173,486</b>
Balance at 1 October 2018	14,254,212	1,319,410	48,875	-	(4,449,011)	11,173,486
Profit attributable to members	-	-	-	-	931,424	931,424
Total comprehensive income for the year	-	-	-	-	931,424	931,424
Share based payments	-	42,612	-	-	-	42,612
Shares issued during the year	187,108	-	-	-	-	187,108
Demerger of subsidiary	(5,814,885)	-	(48,875)	-	-	(5,863,760)
<b>Balance at 30 September 2019</b>	<b>8,626,435</b>	<b>1,362,022</b>	<b>-</b>	<b>-</b>	<b>(3,517,587)</b>	<b>6,470,870</b>

The accompanying notes form part of these financial statements.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2019

## 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 19 December 2019 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 2019 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 20 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.

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

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

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

#### (d) Bearer Plants

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

##### *Tree Plantations*

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

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

#### (e) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost.

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

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

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

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

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

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

#### (i) Impairment

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

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

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

For 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**

*Applicable to 30 September 2019*

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.

*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'. This replaced AASB 139's 'incurred loss 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.

*Applicable to 30 September 2018*

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate.

When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

**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.

**Available-for-sale investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

**(i) Leases**

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

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

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

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

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

**(j) Trade and Other Receivables**

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

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

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

**(k) Impairment of Assets**

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

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

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

**(l) Functional and Presentation Currency**

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

*Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

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

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

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

*Group companies*

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

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

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

**(m) Borrowing Costs**

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

**(n) Revenue Recognition**

*Applicable to 30 September 2019*

- Sale of Carbon credits – Revenue is recognised at the time of billing, as at that point in time the Group considers it has met its contract obligations and the relevant benefits associated with the carbon sale have been transferred to the customer.
- Land license / management fees – Land license and management fees are recognised on a straight-line basis over the term of the contract as this reflects when the benefits are received from the customer.
- 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.

*Applicable to 30 September 2018*

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

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

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

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



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

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

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

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

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

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

**(ii) Cash settled transactions**

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

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

**(t) Issued Capital**

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

**(u) Earnings per Share**

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

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

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

**(v) Comparatives**

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

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

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

**(i) Share-based payment transactions**

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

**(ii) Valuation of land**

The Group 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.

**(x) Segment Reporting**

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

**(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 26 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.

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

*Internally generated intangible assets – research and development expenditure*

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

**(bb) Adoption of new and revised standards**

*Standards and Interpretations applicable to 30 September 2019:*

In the year ended 30 September 2019, 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 periods beginning on or after 1 October 2018.

As a result of this review, the Group has initially applied AASB 9 and AASB 15 from 1 October 2018.

Due to the transition methods chosen by the Company in applying AASB 9 and AASB 15, comparative information throughout the financial statements has not been restated to reflect the requirements of the new standards.

**AASB 9 Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.



## Notes to the Consolidated Financial Statements

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale financial assets are now carried at fair value through profit or loss (FVTPL).

The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 October 2018 and has elected not to restate comparative information. Accordingly, the information presented for 30 September 2018 has not been restated.

The adoption of this standard did not impact the financial position or performance of the Group.

#### ***AASB 15 Revenue from Contracts with Customers***

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has applied AASB 15 Revenue from Contracts with Customers for the first time in the current period. AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 October 2018. Accordingly, the information presented for 30 September 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application. There is no material impact on the adoption of AASB 15.

#### ***Standards and Interpretations in issue not yet adopted***

##### ***AASB 16 'Leases'***

The new standard removes the distinction between operation and finance leases, recognising all lease assets and liabilities in the statement of financial position, with limited exceptions for short-term leases and low value assets. The Group does not plan to adopt this standard early. The directors of the Company do not anticipate that the application of AASB 16 will have a material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 2: Revenue**

CONSOLIDATED		
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<b>Revenue</b>		
Asset Management fees	397,028	-
Wheat sales	-	107,331
Lease income	210,000	210,000
Interest received	93,650	27,136
Other income	147,387	-
<b>Total</b>	<b>848,065</b>	<b>344,467</b>

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8, refer note 6.

	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<b>Over time</b>		
Asset Management fees	397,028	-
Wheat sales	-	107,331
Lease income	210,000	210,000
Interest received	93,650	27,136
Other income	147,387	-
<b>Total revenue</b>	<b>848,065</b>	<b>344,467</b>

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

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 3: Income Tax**

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<b>Current Tax (refund) / liability</b>		
Current Year	(77,185)	80,570
Reversal of prior year timing differences	-	(301,167)
Assessed loss not recognised in prior year	-	88,923
Effect of this years timing differences	262,923	256,270
<b>Total current tax (refund)</b>	<b>185,738</b>	<b>124,596</b>
Origination and reversal of temporary differences	-	(301,167)
<b>Total deferred tax expenses</b>	<b>-</b>	<b>(301,167)</b>
Income tax expense / recognised in profit or loss	185,738	123,662
<b>Total income tax expense / recognised in profit or loss</b>	<b>185,738</b>	<b>123,662</b>
<b>Numerical reconciliation between tax-expense and pre-tax net growth</b>		
Accounting profit/(loss) before tax from continuing operations	(1,608,606)	(1,353,627)
Profit before tax from a discontinued operation	2,725,768	1,819,401
<b>Accounting profit / before income tax</b>	<b>1,117,162</b>	<b>465,774</b>
Income tax using the domestic tax rate of 27.5% (2018: 27.5%)	307,220	128,088
Non-assessable income	(633,366)	(74,803)
Non-deductible expenses	14,940	27,285
Under / (over) provided in prior periods	125,468	43,092
	-	123,662
Income tax expense reported in the statement of comprehensive income	185,738	-
Income tax expense/ for discontinued operations	-	123,662
	<b>185,738</b>	<b>123,662</b>

	CONSOLIDATED				
	Balance 30/09/2018	Recognised in Income	Effect of change in income tax rate	Recognised in Equity	Balance 30/09/2019
	\$	\$	\$	\$	\$
<b>Movement in deferred tax balances during the year</b>					
Tax losses - Australia	978,307	(978,307)	-	-	-
Other timing difference	(722,037)	722,037	-	-	-
Net Deferred tax asset / (liability)	256,270	(256,270)	-	-	-

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

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 4: Earnings Per Share Tax**

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	Cents per share	Cents per share
Basic and diluted earnings per share	0.63	0.24
Basic and diluted earnings/ (loss) per share (Continued Operations)	(1.22)	(0.94)
Basic and diluted earnings per share (Discontinued Operations)	1.85	1.18
The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share is as follows:		
Profit for the year	931,424	342,112
Profit / (loss) for the year (Continued Operations)	(1,794,344)	(1,353,627)
Profit for the year (Discontinued Operations)	2,725,768	1,695,739
	No.	No.
Weighted average number of Ordinary Shares outstanding during the year used in calculating basic EPS	147,364,963	143,599,988
Shares deemed to be issued for no consideration in respect of:		
Options	-	370,000
Weighted average number of Ordinary Shares (diluted) outstanding during the year used in calculating diluted EPS	147,364,963	143,969,988

The Company has options outstanding that are potential Ordinary Shares. They are not considered to be dilutive in nature as options only have a dilutive effect when the average market price of Ordinary Shares during the period exceeds the exercise price of the options.

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 5: Discontinued Operations**

On 31 December 2018, the Group demerged the Carbon Business in Carbon Conscious Investments Ltd. The Group retains a 15% interest in Carbon Conscious Investments Ltd.

Results for the Carbon Business and its subsidiaries have been classified as discontinued operations for the period.

2018 results include the winding up of Carbon Conscious New Zealand Ltd and its subsidiaries and Carbon Conscious Investments Ltd.

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<b>Revenue</b>	715,312	2,629,251
Gain on foreign exchange	-	272,747
<b>Expenses</b>	(201,192)	(1,082,597)
Profit before tax from discontinued operations	514,120	1,819,401
Income tax expense	-	(123,662)
<b>Profit after tax from discontinued operations</b>	<b>514,120</b>	<b>1,695,739</b>
Profit on sale before income tax	2,211,648	-
Income tax expense	-	-
Profit on sale after income tax	2,211,648	-
<b>Total profit after tax from discontinued operations</b>	<b>2,725,768</b>	<b>1,695,739</b>
<b>Discontinued operation assets</b>		
Current assets	25,500	950
Non-current assets	32,000	4,955,636
<b>Total segment assets</b>	<b>57,500</b>	<b>4,956,586</b>
<b>Discontinued operation liabilities</b>	-	-
Current liabilities	-	-
Non-current liabilities	-	-
<b>Total segment liabilities</b>	-	-
<b>Net discontinued operation assets</b>	<b>57,500</b>	<b>4,956,586</b>
<b>Cash flows from discontinued operations</b>		
Net cash flows used in operating activities	655,616	1,780,772
Net cash flows from investing activities	59,600	45,738
Net cash flows from discontinued operations	715,216	1,826,510
Cash at beginning of year	1,827,242	8,745
Cash transferred to continuing operations	(2,542,458)	(8,013)
Cash at end of year	-	1,827,242

### Note 6: Segment Reporting

During the year ended 30 September 2019 Alterra demerged its Carbon Business via an in-specie distribution of shares to Alterra shareholders in a new entity (Carbon Conscious Investments Ltd). Alterra's core business of developing land use change opportunities in agriculture continued, however the focus turned to high value permanent tree crops versus intensive dairy. As such the segment reporting has been updated to better reflect the current operations as follows:

- Carbon Business – relates to the pre-demerger carbon operations for clients;
- Asset Management – relates to the management of operating assets including the contract to manage the demerged Carbon Business;
- Dairy / Asset Development – relates to assets owned or being developed by the Company;
- Corporate – remains the same.

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

### Discontinued Operations

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

### Major customers

Prior to the demerger of the Carbon Business on 31 December 2018, the Group had one customer (within the Carbon Business) 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 2019.

This customer generated 77.12% (30 September 2018: 75.44%) of the Group's revenue for the period. Post demerger of the Carbon Business 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 2019. This customer generated 49.37% (30 September 2018: 0%) of the Group's revenue for the period.

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

12 months ended 30 September 2019	Carbon Business	Asset Management	Dairy/Asset Development	Corporate	Consolidated
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Sales to external customers	-	370,140	210,000	45,000	625,140
Other revenues from external customers	-	-	-	129,275	129,275
Interest revenue	-	-	-	93,650	93,650
<b>Total segment revenue</b>	-	<b>370,140</b>	<b>210,000</b>	<b>267,925</b>	<b>848,065</b>
<b>Expenses</b>					
Cost of sales	-	116,180	2,625	-	118,805
Interest expense	-	-	74,215	1,383	75,598
Depreciation and amortisation	-	-	120,625	17,400	138,025
Other costs	-	-	324,653	1,799,590	2,124,243
<b>Total segment expenses</b>	-	<b>116,180</b>	<b>522,118</b>	<b>1,818,373</b>	<b>2,456,671</b>
<b>Net profit / (loss) before tax</b>	-	<b>253,960</b>	<b>(312,118)</b>	<b>(1,550,448)</b>	<b>(1,608,606)</b>
Income tax expense	-	-	-	(185,738)	(185,738)
<b>Net profit / (loss) after tax from continuing operations</b>	-	<b>253,960</b>	<b>(312,118)</b>	<b>(1,736,186)</b>	<b>(1,794,344)</b>
<b>Segment assets</b>					
Current assets	25,500	100,000	7,686	1,834,817	1,968,003
Non-current assets	32,000	-	4,454,789	2,100,728	6,587,517
<b>Total segment assets</b>	<b>57,500</b>	<b>100,000</b>	<b>4,462,475</b>	<b>3,935,545</b>	<b>8,555,520</b>
<b>Segment liabilities</b>					
Current liabilities	-	-	-	288,913	288,913
Non-current liabilities	-	-	1,750,000	45,737	1,795,737
<b>Total segment liabilities</b>	-	-	<b>1,750,000</b>	<b>334,650</b>	<b>2,084,650</b>
<b>Net segment assets</b>	<b>57,500</b>	<b>100,000</b>	<b>2,712,475</b>	<b>3,600,895</b>	<b>6,470,870</b>
<b>Cash flow information</b>					
Net cash flow from operating activities	655,616	253,960	(72,609)	(970,893)	(133,926)
Net cash flow from investing activities	59,600	-	-	46,694	106,294
Net cash flow from financing activities	-	-	-	(691,258)	(691,258)
Net increase in cash	715,216	253,960	(72,609)	(1,615,457)	(718,889)
Cash transferred to corporate	(2,542,458)	-	-	2,542,458	-
Cash at beginning of year	1,827,242	-	(12,888)	581,816	2,396,170
<b>Cash at end of year</b>	-	<b>253,960</b>	<b>(85,497)</b>	<b>1,508,817</b>	<b>1,677,280</b>

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

12 months ended 30 September 2018	Carbon Business	Dairy/Asset Development	Corporate	Consolidated
	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	-	210,000	-	210,000
Other revenues from external customers	-	107,331	-	107,331
Interest revenue	-	5,810	21,326	27,136
<b>Total segment revenue</b>	-	<b>323,141</b>	<b>21,326</b>	<b>344,467</b>
<b>Expenses</b>				
Cost of sales	-	119,953	-	119,953
Interest expense	-	80,933	7,445	88,378
Depreciation and amortisation	-	9,537	-	9,537
Other costs	-	-	1,480,226	1,480,226
<b>Total segment expenses</b>	-	<b>210,423</b>	<b>1,487,671</b>	<b>1,698,094</b>
<b>Net profit / (loss) before tax</b>	-	<b>112,718</b>	<b>(1,466,345)</b>	<b>(1,353,627)</b>
Income tax expense	-	-	-	-
<b>Net profit / (loss) after tax from continuing operations</b>	-	<b>112,718</b>	<b>(1,466,345)</b>	<b>(1,353,627)</b>
<b>Segment assets</b>				
Current assets	950	13,002	3,381,621	3,395,573
Non-current assets	4,955,636	4,644,837	279,003	9,879,476
<b>Total segment assets</b>	<b>4,956,586</b>	<b>4,657,839</b>	<b>3,660,624</b>	<b>13,275,049</b>
<b>Segment liabilities</b>				
Current liabilities	-	-	316,412	316,412
Non-current liabilities	-	1,750,000	35,151	1,785,151
<b>Total segment liabilities</b>	-	<b>1,750,000</b>	<b>351,563</b>	<b>2,101,563</b>
<b>Net segment assets</b>	<b>4,956,586</b>	<b>2,907,839</b>	<b>3,309,061</b>	<b>11,173,486</b>
<b>Cash flow information</b>				
Net cash flow from operating activities	1,781,504	28,575	(434,742)	1,375,337
Net cash flow from investing activities	45,738	(41,463)	232,196	236,471
Net cash flow from financing activities	-	-	(58,993)	(58,993)
Net increase in cash	1,827,242	(12,888)	(261,539)	1,552,815
Cash at beginning of year	-	-	843,356	843,356
<b>Cash at end of year</b>	<b>1,827,242</b>	<b>(12,888)</b>	<b>581,817</b>	<b>2,396,171</b>



Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 7: Cash and Cash Equivalents**

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Cash at bank and on hand	1,677,280	2,396,170

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

**Note 8: Trade and Other Receivables**

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
<b>Current</b>		
Trade receivables (i)	4,070	154,071
Accrued income	116,593	563,189
GST receivable	25,369	-
<b>Total</b>	<b>146,032</b>	<b>717,260</b>

(i) Trade receivables are non-interest bearing and are generally on 7 to 30-day terms. Impairment of trade receivables is continually reviews 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 2018: 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	4,070	56,002
31 – 60 days	-	98,069
<b>Total</b>	<b>4,070</b>	<b>154,071</b>

**Note 9: Investments**

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Investment in unlisted companies at cost	-	558
Investment in listed shares (Level 1)	-	102,699
<b>Total</b>	<b>-</b>	<b>103,257</b>

**Note 10: Bearer Plants**

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
<b>Non-Current</b>		
Plantations at cost	-	1,450,947
Less: Write down	-	(1,265,146)
<b>Net</b>	<b>-</b>	<b>185,801</b>
Seed stock at cost	-	17,630
Less: Write down	-	-
<b>Net</b>	<b>-</b>	<b>17,630</b>
<b>Total</b>	<b>-</b>	<b>203,431</b>

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 11: Other Assets**

	CONSOLIDATED	
	30 September 2019	30 September 2018
<b>Current</b>	\$	\$
Loans to companies	-	-
Loans to employees	18,454	28,045
Prepayments	100,737	76,241
Land sale debtors	25,500	74,600
<b>Total</b>	<b>144,691</b>	<b>178,886</b>
<b>Non - Current</b>		
Loans to employees	156,907	116,056
Land sale debtors	32,000	42,500
Loan receivable	800,000	-
Other	7,138	-
<b>Total</b>	<b>996,045</b>	<b>158,556</b>

**Note 12: Intangible Assets**

	CONSOLIDATED		
	Total	Forestry Rights	Dairy Model Development
	\$	\$	\$
<b>Cost</b>			
Balance at 1 October 2017	14,534,506	14,177,854	356,652
Reclassification on sale of freehold land title	-	-	-
Additional development costs	-	-	-
<b>Balance at 30 September 2018</b>	<b>14,534,506</b>	<b>14,177,854</b>	<b>356,652</b>
Balance at 1 October 2018	14,534,506	14,177,854	356,652
Demerger of subsidiary	(14,177,854)	(14,177,854)	-
Impairment of intangible	(356,652)	-	(356,652)
<b>Balance at 30 September 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 October 2017	9,097,428	9,097,428	-
Amortisation for the period	684,873	565,989	118,884
<b>Balance at 30 September 2018</b>	<b>9,782,301</b>	<b>9,663,417</b>	<b>118,884</b>
Balance at 1 October 2018	9,782,301	9,663,417	118,884
Amortisation for the period	260,382	141,498	118,884
Demerger of subsidiary	(9,804,915)	(9,804,915)	-
Impairment of intangible	(237,768)	-	(237,768)
<b>Balance at 30 September 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amounts</b>			
At 30 September 2018	<b>4,752,205</b>	<b>4,514,437</b>	<b>237,768</b>
At 30 September 2019	-	-	-

Notes to the Consolidated Financial Statements  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

**Note 13: Property, Plant and Equipment**

	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$
<b>12 months ended 30 September 2019</b>			
Cost	165,723	49,799	215,522
Accumulated depreciation	(119,403)	(28,511)	(147,914)
As at 1 Oct 2018, net of accumulated depreciation	46,320	21,288	67,608
Additions	26,898	-	26,898
Disposals	(2,472)	-	(2,472)
Depreciation charge for the year	(14,208)	(4,932)	(19,140)
<b>At 30 Sept 2019 net of accumulated depreciation</b>	<b>56,538</b>	<b>16,356</b>	<b>72,894</b>
<b>12 months ended 30 September 2018</b>			
Cost	225,424	133,992	359,416
Accumulated depreciation	(166,584)	(45,252)	(211,836)
As at 1 Oct 2017, net of accumulated depreciation	58,840	88,740	147,580
Additions	36,081	-	36,081
Disposals	(32,320)	(49,500)	(81,820)
Depreciation charge for the year	(28,053)	(6,180)	(34,233)
<b>At 30 Sept 2018 net of accumulated depreciation</b>	<b>34,548</b>	<b>33,060</b>	<b>67,608</b>
<b>At 30 September 2019</b>			
Cost	190,150	49,799	239,949
Accumulated depreciation	(133,612)	(33,443)	(167,055)
<b>Net carrying amount</b>	<b>56,538</b>	<b>16,356</b>	<b>72,894</b>
<b>At 30 September 2018</b>			
Cost	229,185	84,492	313,677
Accumulated depreciation	(194,637)	(51,432)	(246,069)
<b>Net carrying amount</b>	<b>34,548</b>	<b>33,060</b>	<b>67,608</b>

**Note 14: Investment Property**

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Investment Property	4,441,406	4,441,406

The investment property relates to the Dambadgee Springs property purchased in 2017, and is recorded at cost.

## Note 15: Investments Accounted for Using the Equity Method

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Investments in associate	1,077,172	-

### 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	
			2019	2018	2019	2018
			%	%	\$	\$
Carbon Conscious Investments Ltd	Management of agro-forestry estates for carbon sequestration on behalf of clients	Australia	15	-	1,077,172	-

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; Alterra Limited having a contractual obligation to provide a performance guarantee to Carbon Conscious Investment Ltd customers; Alterra Limited having an outstanding loan agreement in place for \$800,000; and two directors of Carbon Conscious Investments Ltd being key management personnel of Alterra Limited.

### Summarised financial information

#### Statement of comprehensive income

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Revenue	1,949,767	-
Profit for the period	660,815	-
Other comprehensive income for the period	-	-
Total comprehensive income	660,815	-
Dividends received during the period	37,772	-

#### Statement of financial position

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Current assets	1,997,431	-
Non-current assets	3,948,450	-
<b>Total assets</b>	<b>5,945,881</b>	<b>-</b>
Current liabilities	462,415	-
Non-current liabilities	1,525,447	-
<b>Total liabilities</b>	<b>1,987,862</b>	<b>-</b>
<b>Net assets</b>	<b>3,958,019</b>	<b>-</b>

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

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
Net assets of the associate	3,958,019	-
Proportion of the Group's ownership interest in associate	593,703	-
Notional goodwill	483,469	-
<b>Carrying value of the Group's interest in associate</b>	<b>1,077,172</b>	<b>-</b>

### Note 16: Trade and Other payables

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
<b>Current</b>		
Trade payables	181,424	47,708
Employee benefits accrual	79,582	60,934
GST Payable	-	69,174
Sundry payables and accrued expenses	27,907	14,000
<b>Total</b>	<b>288,913</b>	<b>191,816</b>

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

### Note 17: Interest Bearing Liabilities

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
<b>Non-Current</b>		
<i>Secured</i>		
Bank loan	1,750,000	1,750,000
<b>Total current and non-current secured liabilities:</b>		
Bank loan	1,750,000	1,750,000
<b>Carrying amounts of non-current assets pledged as security:</b>		
Fixed and floating charge over assets	4,441,406	4,525,905
<b>Bank Loan</b>		
Facility	1,750,000	1,750,000
Drawn	1,750,000	1,750,000

Subsidiary Yathroo Dairy Assets Pty Ltd ATF Yathroo Dairy Assets Fund has a mortgage with BankWest secured against the Dambadgee Springs property.

## Note 18: Issued Capital and Reserves

	CONSOLIDATED			
			30 September 2019	30 September 2018
			\$	\$
<b>Issued capital</b>				
148,777,688 (30 September 2018: 143,599,988) fully paid Ordinary Shares			8,626,435	14,254,212
	12 months ended 30 September 2019	12 months ended 30 September 2019	12 months ended 30 September 2018	12 months ended 30 September 2018
Movement in Ordinary Shares on issue	No.	\$	No.	\$
At beginning of the financial year	143,599,988	14,254,212	143,599,988	14,254,212
Issued	5,177,700	187,108	-	-
Demerger	-	(5,814,885)	-	-
At 30 September	148,777,688	8,626,435	143,599,988	14,254,212

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

Reserves	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<i>Share based payment reserve</i>		
At beginning of financial year	1,319,410	1,190,394
Share based payments	42,612	129,016
At end of financial year	1,362,022	1,319,410
<i>Revaluation reserve</i>		
At beginning of financial year	48,875	79,442
Transfer on demerger of subsidiary	(48,875)	-
Revaluation of available for sale financial assets		(30,567)
At end of financial year	-	48,875
<i>Foreign currency translation reserve</i>		
At beginning of financial year	-	272,746
Foreign currency translation differences	-	(272,746)
At end of financial year	-	-
<b>Total</b>	<b>1,362,022</b>	<b>1,368,285</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 19.

### Foreign currency translation reserve

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

### Revaluation reserve

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

### Note 19: Share Based Payments

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

	12 months ended 30 September 2019		12 months ended 30 September 2018	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at the beginning of the reporting period	10,000,000	\$0.100	12,000,000	\$0.110
Granted during the reporting period	4,000,000	\$0.040	4,000,000	\$0.035
Exercised during the reporting period	(4,000,000)	\$0.035	-	-
Expired during the reporting period	(6,000,000)	\$0.150	(6,000,000)	\$0.060
Cancelled during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	4,000,000	\$0.040	10,000,000	\$0.100
Exercisable at the end of the reporting	4,000,000	\$0.040	10,000,000	\$0.100

The weighted average remaining contractual life for the share options outstanding as at 30 September 2018 is 3.5 years (30 September 2018: 2.25 years).

The outstanding balance as at 30 September 2019 is represented by:

- 4,000,000 options over Ordinary Shares with an exercise price of \$0.04 each, exercisable until 5 April 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:

	12 months ended 30 September 2019		12 months ended 30 September 2018	
	Tranche 1	Tranche 2	3.5c shares	15c shares
Volatility (%)	60.13	60.13	100	100
Risk-free interest rate (%)	0.81	0.81	2	2
Expected life of option (years)	3.50	3.50	0.44	1.14
Exercise price (cents)	4.00	4.00	3.5	15
Weighted average share price at grant date (cents)	0.038	0.038	0.042	0.052
Discount for lack of marketability (%)	31	13	30	30

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

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

The range of exercise prices for options outstanding at the end of the year was \$0.04 (30 September 2018: range \$0.035 - \$0.15).

The weighted average fair value of options granted during the year was \$0.012 (30 September 2018: \$0.02).

## Note 20: Controlled Entities

Subsidiaries of Alterra Limited			
Name	Country of incorporation	Ownership interest	
		12 months ended 30 September 2019	12 months ended 30 September 2018
Carbon Fund Australia Pty Ltd	Australia	100%	100%
WA2 Milk Pty Ltd	Australia	100%	100%
Carbon Conscious Pty Ltd(1)	Australia	-	100%
Broadacre Land Holdings Pty Ltd	Australia	100%	100%
Yathroo Dairy Assets Pty Ltd	Australia	100%	100%
Food Fibre Carbon Pty Ltd	Australia	100%	100%

(i) Carbon Conscious Pty Ltd was de-merged from Alterra Ltd as a wholly-owned subsidiary on 31 December 2018.

Trusts Controlled by Alterra Limited			
Name	Country of incorporation	Ownership interest	
		12 months ended 30 September 2019	12 months ended 30 September 2018
Alterra Investment Fund	Australia	100%	100%
Yathroo Dairy Assets Fund	Australia	100%	100%

## Note 21: Auditor's Remuneration

The auditor of Alterra Limited is HLB Mann Judd.

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
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	38,000	36,500

## Note 22: 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 2018.

### (ii) Categories of Financial Instruments

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<i>Financial assets</i>		
Trade and other receivables	203,532	717,260
Investments	1,077,172	103,257
Loans receivable	975,359	-
Cash and cash equivalents	1,677,280	2,396,170
Total financial assets	3,933,343	3,216,687
<i>Financial liabilities</i>		
Trade and other payables	288,913	191,816
Other financial liabilities	1,750,000	1,750,000
Total financial liabilities	2,038,913	1,941,816
<b>Net financial assets</b>	<b>1,849,430</b>	<b>1,274,871</b>

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



## Notes to the Consolidated Financial Statements

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### (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.

#### (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.

	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 2019</b>						
Non-interest bearing	-	288,913	-	-	-	-
Bank loan	4.24%	-	16,077	31,979	1,750,000	-
		288,913			1,750,000	-
<b>12 months ended 30 September 2018</b>						
Non-interest bearing	-	191,816	-	-	-	-
Bank loan	4.44%	-	19,176	39,417	1,750,000	-
		191,816	19,176	39,417	1,750,000	-

#### (vii) Fair Value of Financial Instruments

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

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

#### (viii) Interest Rate Sensitivity Analysis

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

## Notes to the Consolidated Financial Statements

### FOR THE YEAR ENDED 30 SEPTEMBER 2019

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 \$8,386 (30 September 2018: decrease by \$3,231) or increase by \$8,386 (30 September 2018: decrease by \$3,231). This is attributable to the Group's exposure to interest rates on its variable rate instruments.
- Total equity would have no change (30 September 2018: increase by \$120) (30 September 2018: increase by \$120) attributable to the Company's exposure to interest rates on its variable rate instruments.

#### Note 23: Cash Flow Information

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

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
Profit for the year	931,424	342,112
Profit on demerger	(2,211,648)	-
Share in profit of associates	(129,273)	-
Profit/(Loss) on sale of fixed assets	-	(13,391)
Employee leave benefits	-	19,337
Depreciation and amortisation expense	279,522	719,107
Share-based payments	42,612	129,015
Impairment	118,884	-
Finance costs	-	3,466
Taxation expense	185,738	123,662
Decrease in investments	1,358	-
Decrease in receivables	502,044	56,871
(Increase) in prepayments	(24,496)	-
(Increase) in other assets	(6,956)	-
Increase / (decrease) in trade and other payables	166,279	(4,842)
Increase in provisions	10,586	-
Net cash (used in)/provided by operating activities	(133,926)	1,375,337

Reconciliation of liabilities	CONSOLIDATED	
	Bank Loan	Total
	\$	\$
Balance at 1 October 2018	1,750,000	1,750,000
Balance at 30 September 2019	1,750,000	1,750,000

#### Note 24: 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 2019.

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

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
Short-term employment benefits	694,884	477,646
Post-employment benefits	57,701	45,125
Share-based payments	-	111,976
	752,585	634,747

## Note 25: Commitments

### (a) Operating Commitments

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

	CONSOLIDATED	
	12 months ended 30 September 2019	12 months ended 30 September 2018
	\$	\$
<b>Payable:</b>		
Within one year	49,151	20,385
After one year but not more than five years	72,593	1,820
Total minimum lease repayments	121,744	22,205

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

### (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 2018: \$Nil).

## Note 26: Parent Entity Disclosures

	CONSOLIDATED	
	30 September 2019	30 September 2018
	\$	\$
<b>Financial position</b>		
Assets		
Current assets	4,572,780	6,142,155
Non-current assets	2,109,396	5,388,424
<b>Total assets</b>	<b>6,682,176</b>	<b>11,530,579</b>
Liabilities		
Current liabilities	288,913	316,413
Non-current liabilities	45,737	35,151
<b>Total liabilities</b>	<b>334,650</b>	<b>351,564</b>
Equity		
Issued capital	8,626,435	14,254,212
Accumulated losses	(3,640,931)	(4,443,482)
Reserves	1,362,022	1,368,285
<b>Total equity</b>	<b>6,347,526</b>	<b>11,179,015</b>
<b>Financial performance</b>		
Profit / (loss) for the year	800,293	(72,629)
<b>Total comprehensive income/(loss)</b>	<b>800,293</b>	<b>(72,629)</b>

Refer to Note 24 for commitments of the parent entity which are the same as the Group.

## Note 27: 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 2019</b>				
Stoney Pastoral Co Pty Ltd	-	-	-	-
Stoney Agri	210,000	-	-	-
The Yathroo Property Trust	-	-	-	-
Carbon Conscious Investments Ltd			800,000	
Director and Executive loans			175,361	
<b>12 months ended 30 September 2018</b>				
Stoney Pastoral Co Pty Ltd	84,659	-	93,126	-
Stoney Agri	236,810	71,056		-
The Yathroo Property Trust	12,822		-	-

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 operates Yathroo farm immediately adjacent to Alterra's 1,600Ha Dambadgee Springs farm and the Company leased Dambadgee Springs to Stoney Agri on April 2017 for a term of 3 years. The terms of the lease: allows Stoney Agri to grow dryland crops and graze stock; encumber Stoney Agri with fire mitigation and other landholder responsibilities; allows Alterra full access to the property for the purposes of due diligence and research. The lease consideration (\$210,000) paid by Stoney Agri to Alterra is regarded as commercial.

## Note 28: Contingent Liabilities

The Company has no contingent liabilities as at 30 September 2019 (30 September 2018: \$Nil).

## Note 29: Events After Balance Date

The following significant events occurred after the year ended 30 September 2019:

- (a) **6 November 2019** – as per ASX announcement 382, the Company announced that it has entered into an exclusive "Genetics License Agreement" and "Data Access Agreement" with French's Group 89 Pty Ltd (French's). The Genetics License Agreement and Data Access Agreement (Agreements) build on Alterra's existing relationship with French's and their provision of local partner services to Alterra (see ASX Announcement 381) as the Company advances near-term opportunities within the avocado sector.
- (b) **6 November 2019** – as per ASX announcement 383, the Company announced that it has issued securities to the following parties:
- 1,000,000 fully paid ordinary shares to French's Group 89 Pty Ltd <The Trustee for The Largs Bay Trust>
  - 2,000,000 performance rights to French's Group 89 Pty Ltd <The Trustee for The Largs Bay Trust>
  - 2,000,000 performance rights to GGTB Pty Ltd <The Trustee for the GTG Trust>

The Company has complied with the relevant provisions of the Corporations Act in relation to the above securities issue.

- (c) **3 December 2019** – as per ASX announcement 386, the Company announced that it has entered into a Property Rights Agreement for its investment property Dambadgee Springs in Western Australia. The agreement provides Alterra with annual payments, which over a 25-year period, have an absolute aggregate value of approximately \$2.5 million. The additional contracted income complements agricultural land use activities and potentially enhances the realisable value of this investment.
- (d) **12 December 2019** – the Company held a General Meeting for shareholders on 12 December 2019 to ratify various securities issued by the Company and to seek shareholder approval for the issue of 11,000,000 performance rights on various terms to Managing Director Oliver Barnes. All resolutions were passed at the meeting and the performance rights were issued to Oliver Barnes on 16 December 2019.

# 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 2019 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 2019.

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



**Oliver Barnes**  
**Managing Director**  
**Alterra Limited**

Dated this 19th day of December 2019

**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 2019, 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 2019 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.

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Key Audit Matter	How our audit addressed the key audit matter
<b>Demerger of carbon business</b> Note 5 of the financial report	
<p>During the year Alterra transferred its carbon assets into a new subsidiary being Carbon Conscious Investments Ltd (CCIL) and then undertook a demerger transaction through an in-specie distribution of shares to shareholders.</p> <p>We considered this to be a key audit matter as it was one of the key transactions that took place during the course of the financial year.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>- We have considered management's treatment of this transaction and ensured that it has been accounted for correctly;</li> <li>- We reviewed the valuation of the carbon business obtained by management;</li> <li>- We reviewed the accounting entries to record the demerger and the determination of the gain on disposal;</li> <li>- We ensured that the demerger had led to the results of the carbon business being appropriately treated as a discontinued operation under AASB 5 as it constituted a separate segment of the Group.</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 2019, 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 2019.

In our opinion, the Remuneration Report of Alterra Limited for the year ended 30 September 2019 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

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

*HLB Mann Judd*

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

**Perth, Western Australia**  
**19 December 2019**



**M R Ohm**  
**Partner**

# ASX Additional Information

## Shareholding

The distribution of members and their holdings of equity securities in the Company as at 13 December 2019 were as follows:

	Class of Equity Securities
Number Held as at 13 December 2019	Fully Paid Ordinary Shares
1 - 1,000	6,783
1,001 - 5,000	334,328
5,001 - 10,000	815,841
10,001 - 100,000	13,557,539
100,001 and over	135,063,197
Total	149,777,688

Holders of less than a marketable parcel:

- 1 - 1,984,297 fully paid shares - 290
- > 1,984,297 fully paid shares - 406

## Substantial Shareholders

The Company has the following substantial shareholders listed in the Company's register as at 13 December 2019:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
<b>Trevor Stoney:</b>		
Stoney Holdings Pty Ltd <Stoney Super Fund A/C>	23,917,361	
Stoney Pastoral Co Pty Ltd <Maybenup Subscription A/C>	1,000,000	16.64
<b>Aroona Management Pty Ltd &lt;McBain Family A/C&gt;</b>	9,600,000	6.41
<b>Andrew McBain:</b>		
Broadacre Finance Pty Ltd <The Rule 303 Super Fund A/C>	6,521,114	
Mac 110 Nominees Pty Ltd <The Rule 303 A/C>	4,857,824	
Tracey Kelly	388,250	7.86
<b>Sandon Capital:</b>		
One Managed Inv't Funds Ltd <Sandon Capital Inv Ltd A/C>	17,450,471	
National Nominees Limited	11,508,215	19.33

## 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.

# 20 Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 13 December 2019 are as follows:

Rank	Name of Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	STONEY HOLDINGS PTY LTD <STONEY SUPER FUND A/C>	23,917,361	15.97%
2	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	17,450,471	11.65%
3	NATIONAL NOMINEES LIMITED	11,508,215	7.68%
4	AROONA MANAGEMENT PTY LTD <MCBAIN FAMILY A/C>	9,600,000	6.41%
5	BROADACRE FINANCE PTY LTD <THE RULE 303 SUPER FUND A/C>	6,521,114	4.35%
6	MAC 110 NOMINEES PTY LTD <THE RULE 303 A/C>	4,857,824	3.24%
7	MR HARVEY STERN	3,975,444	2.65%
8	MR ANTHONY IRWIN FITZGERALD	3,950,000	2.64%
9	MRS GAIL FITZGERALD	3,110,873	2.08%
10	TELL CORPORATION PTY LTD	2,450,331	1.64%
11	MR ANDREW JOHN TEN SELDAM <TEN SELDAM FAMILY A/C>	2,179,289	1.46%
12	MRS NICOLE MARTIN	1,830,160	1.22%
13	MULLOWAY PTY LTD <JOHN HARTLEY POYNTON FM A/C>	1,709,345	1.14%
14	NIGHTFALL PTY LTD <NIGHTFALL SUPERFUND A/C>	1,650,000	1.10%
15 <sup>(i)</sup>	GREEN WORLD INVESTMENTS PTY LTD	1,500,000	1.00%
15 <sup>(i)</sup>	MR PETER MACARTHUR MORRISON & MRS ANNETTE KAYE MORRISON <THE MORRISON SUPER FUND>	1,500,000	1.00%
16	SALGOOD PTY LTD	1,419,000	0.95%
17	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	1,400,000	0.93%
18	MR ANTHONY DEAN LAZENBY	1,250,000	0.83%
19	BUDLEAF PTY LTD <BUDLEAF SUPER FUND A/C>	1,200,000	0.80%
20	ACTION ENGINEERING PTY LTD <BENNETT FAMILY A/C>	1,177,700	0.79%
	<b>Total</b>	<b>104,157,127</b>	<b>69.54%</b>

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

