RLF AgTech

EMPOWERING FARMERS
NOURISHING PEOPLE
RESTORING EARTH

RLF AGTECH LTD

ANNUAL REPORT 30 JUNE 2023

ABN 43 622 055 216

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

Directors

Mr Donald McLay	Non-Executive Chairman
Mr Kenneth Hancock	Managing Director and CEO (Global)
Mr Gavin Ball	Executive Director
Dr Shen (Mike) Lu	Executive Director and CEO (Asia)
Ms Liza Carpene	Non-Executive Director
Mr Paul McKenzie	Non-Executive Director

Company Secretary

Mr Ben Donovan

Principal and Registered Office

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Website: www.rlfagtech.com

Share Registry

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Auditor

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Perth, Western Australia, 6000
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ASX Code

RLF - Ordinary Shares

CHAIRMAN'S LETTER

"RLF AgTech's potential to increase food security, reduce traditional fertiliser use, reverse soil degradation, improve plant and human and plant health, and capture massive quantities of carbon, all while increasing farm profitability and return, makes it a truly revolutionary Company poised for global relevance."

On behalf of the Board of Directors, it gives me great pleasure to present to you our Annual Report for the 2023 financial year (FY23), our second as a listed company.

The Managing Director discusses the operating details in his report on page 6. I would like to share the broader perspective and build on the two underlying strategies I outlined last year.

The first was maintaining growth momentum and establishing diversification. The COVID lockdown in China which lasted until early 2023 restricted our ability to attract, select and train quality recruits to grow the sales force at the planned rate to have impact in the FY23 financial year. On top of this, the rapidly falling prices for agricultural chemicals after the initial price rises associated with the early phase of the Russia-Ukraine conflict saw many customers deferring purchases in the hope of lower prices. In view of these headwinds, the management and sales teams did an excellent job in producing higher revenues over the period. Many of our competitors were not so fortunate. The sales team in China grew by 14% to 56 as at balance date and this will continue into FY24. Nevertheless, difficult trading conditions in the major market, and costs associated with expansion and geographic and market diversification realised a loss of $3.5m after tax.

Regional diversification has progressed well and was revenue generating. This was formalised with the establishment of a Representative Office in Vietnam and the appointment of a second distributor in that country. This office will also serve to introduce distribution opportunities in adjacent countries and support our Cambodian distribution agent. A sales and distribution agreement was also established in the Philippines with Taipan Brand Farms, a subsidiary of the Jardine Matheson Group. The common issue in most emerging markets is how to produce more with increasing suburban encroachment onto fertile agricultural land – an issue where RLF AgTech products provide solutions.

Domestic diversification by delivering a process for generating Australian Carbon Credits (ACCUs) by Australian farmers through the sequestration of carbon in the soil has also been established with the announcement of the Strategic Carbon Alliance with Commonwealth Bank of Australia (CBA) post balance date. CBA will fund on-farm establishment and product costs in return for pre-emptive rights over the ACCUs generated, initially covering a 5,000 hectare pilot growing grain on multiple sites.

The second strategy is to expand our knowledge and technical product superiority in the field of plant nutrition and soil carbon sequestration. This takes the form of further investment in technology and equipment, and deeper applied research. We talked about the new Veridium™ seed priming technology last year. This year we have filed a provisional patent using our advanced plant nutrition products and a new proprietary system called Accumulating Carbon in Soil System (ACSS) which is designed to drive the generation of cost-effective soil carbon credits.

The Clean Energy Regulator has recently approved the registration of a small 45 hectare pilot project at Hillston, New South Wales that is seeking to use the ACSS process to generate Australia's fastest ACCU by selecting an optimal set of farming conditions on irrigated land. In addition to enhancing the farmer's financial outcomes, the results will provide valuable information for government policy makers on agricultural incentives to accelerate the quest towards net zero.

There is no doubt that RLF AgTech has the potential to make a huge contribution to resolving the key issues currently surrounding food security, reducing traditional fertiliser use, reversing soil degradation and storing carbon. We are very excited about the future opportunities for the Company and the ability to fully monetarise that for the benefit of all stakeholders.

Thank you to my fellow directors, our Managing Director and CEO, Ken Hancock, and our growing management team. On behalf of the board and shareholders, I would like to thank all our employees for their ongoing commitment and dedication to the Company.

DONALD MCLAY
Non-Executive Chairman

MANAGING DIRECTOR'S LETTER

"The RLF team has worked from strength to strength during FY23 demonstrated by our year-on-year results of growth and increased revenue stream. In conjunction with our record performance, we also launched our strategic carbon business and initiated our 5,000ha Pilot Program in soil carbon. The perseverance of our team to execute the carbon business is a testament to our belief that soil carbon is a long-term solution for reduction in net emissions and carbon credit generation."

KEY HIGHLIGHTS

- Year-on-year growth with record revenues of $11.3 million, up 6% from FY22 despite the challenging COVID-19 transition and market conditions
- Expanded geographical footprint following the execution of distribution agreements in Vietnam and Philippines, targeting $12.1 million in sales for a period of 5 years
- Continued demand for RLF products with the highest YTD cash receipts of $12.5 million, up 22% from FY22
- Further development of RLF's research and development strategy with the filing of Veridium™ seed priming technology, and provisional patent filing of ACSS.
- Launch of the Strategic Carbon Initiative and the 5,000ha Pilot Program in soil carbon using our Accumulating Carbon in Soil System ("ACSS") for (ACCU) generation in Australia's commercial grain sector
- Securing an ACCU Forward Prepayment Agreement with CBA for $1 million and kick starting the Strategic Carbon Alliance.
- Expansion of the global Sales team by 35% from FY22 following the opening of our Vietnam representative office and further expansion in Cambodia.

Dear Shareholders,

As we look back on the past financial year, I am proud to present to you the strides RLF has taken, the challenges we have overcome, and the new milestones we have set. It has undoubtedly been a transformative year for us, and it's a privilege to share these highlights with you in this Annual Report.

First and foremost, our financial resilience and performance is testament to the trust our partners, customers, and shareholders have placed in us. We have achieved record revenues of $11.3 million, marking a consistent year-on-year growth increase of 6% from FY22. This has been achieved despite a challenging and ever-changing international market, as the major commodity fertiliser and agri-chemical markets came off the COVID-19 highs of agricultural commodity input prices. This saw China, our largest market revenue heavily impacted by COVID-19 where travel restrictions and lockdowns reduced overall economic activity and impacted the rate at which we were able to expand our sales and distribution base. In evidence of the downturn in the agri-chemical market, several major players within the sector saw revenues fall by $0.7 billion to $14.6 billion[1] in the last half of the financial year. Despite these unforeseen events, China is an essential global agricultural market, representing over 30% of the world's agricultural outputs and our commitment is steadfast on maintaining our focus on executing growth plans in China in more normalised market conditions.

Our RLF products continue to resonate with our customers. The demand is evident in the highest Year-to-Date cash receipts ever recorded — $12.5 million, up a significant 22% from FY22, and a strong indicator of expected forward revenue and demand. This is not only a reflection of our product quality but also a testament to our team's dedication and the trust fostered among our customers.

This year marked the commencement of our Strategic Carbon Initiative and the launch of the 5,000ha Pilot Program in soil carbon. With the deployment of our ACSS, we are now pioneering the generation of ACCUs within Australia's commercial grain sector. This initiative underscores our commitment to sustainable practices and our ambition to remain at the forefront of increasing our natural capital.

Recognising the importance of a strong and proactive sales force, we expanded our sales team by a considerable 35% from FY22. This move was further augmented by the opening of our representative office in Vietnam, a crucial step in establishing our presence in one of Asia's dynamic markets. We anticipate a noticeable flow through effect on top-line revenue and product demand as a result of deploying the expanded sales team within the identified emerging and high growth markets for the coming financial year.

Our geographical footprint also saw substantial growth with the execution of distribution agreements in Vietnam and the Philippines. These agreements, targeting $12.1 million in sales, span over five years and herald our increasing reach and influence in the Southeast Asian market.

"First and foremost, our financial resilience is testament to the trust our partners, customers, and shareholders have placed in us. We have achieved record revenues of $11.3 million, marking an impressive 6% increase from FY22. This has been achieved despite the ongoing challenges posed by the COVID-19 pandemic and a volatile market environment. Our commitment to adaptability, innovation, and persistence has been at the core of this growth.

Investment in R&D remains one of our cornerstones. This year, we advanced our research and development strategy, with notable achievements being the filing of our seed priming technology, Veridium™. Moreover, we've also placed a provisional patent filing for ACSS, indicating our dedication to safeguarding and fostering our innovations.

[1] Based on the following agri-chemical companies:
BASF (ETR:BASF) – fall in revenues of A$14 billion (EUR 8.7Bn Exchange rate EUR:AUD 0.60) from January 2023 to June 2023
- https://cn.agropages.com/News/NewsDetail---28970.htm

Dow Chemicals Corporation (NYSE:DOW) – fall in revenues of A$11.8 billion (USD 7.6Bn Exchange rate USD:AUD 0.65) from January 2023 to June 2023
- https://cn.agropages.com/News/NewsDetail---28961.htm

FMC Corporation (NYSE:FMC) – fall in revenues of A$0.7 billion (USD 0.4Bn Exchange rate USD:AUD 0.65) from January 2023 to June 2023:
- https://www.fmc.com/en/articles/fmc-corporation-delivers-solid-first-quarter-results-and-raises-full-year-adjusted-ebitda#:~:text=FMC%20Corporation%20(NYSE%3A%20FMC),percent%20versus%20first%20quarter%202022
- https://www.fmc.com/en/articles/fmc-corporation-announces-second-quarter-results-and-confirms-full-year-outlook

One of the notable highlights post financial year end was securing the ACCU Forward Prepayment Agreement with Commonwealth Bank of Australia(CBA) for $1 million. This not only boosts our financial positioning but also marks the initiation of the Strategic Carbon Alliance.

In conclusion, the journey of FY23 has been one of resilience, growth, and innovation. Each achievement, whether big or small, reflects the collective efforts of our team, the trust of our customers, and the support of you, our shareholders.

As we step into the next financial year, we remain steadfast in our commitment to excellence, sustainable growth, and creating compelling value for all our stakeholders.

With thanks,

KENNETH HANCOCK
Managing Director and Chief Executive Officer (Global)

DIRECTORS' REPORT

The Directors present their report for RLF AgTech Ltd ("RLF", "RLF AgTech" or "the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2023.

DIRECTORS

The names of the Directors in office at any time during or since the end of the financial year are:

Mr Donald McLay
Non-Executive Chairman

Mr Kenneth Hancock
Managing Director and CEO (Global)

Mr Gavin Ball
Executive Director

Dr Shen (Mike) Lu
Executive Director and CEO (Asia)

Ms Liza Carpene
Non-Executive Director

Mr Paul McKenzie
Non-Executive Director

REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Operating Result

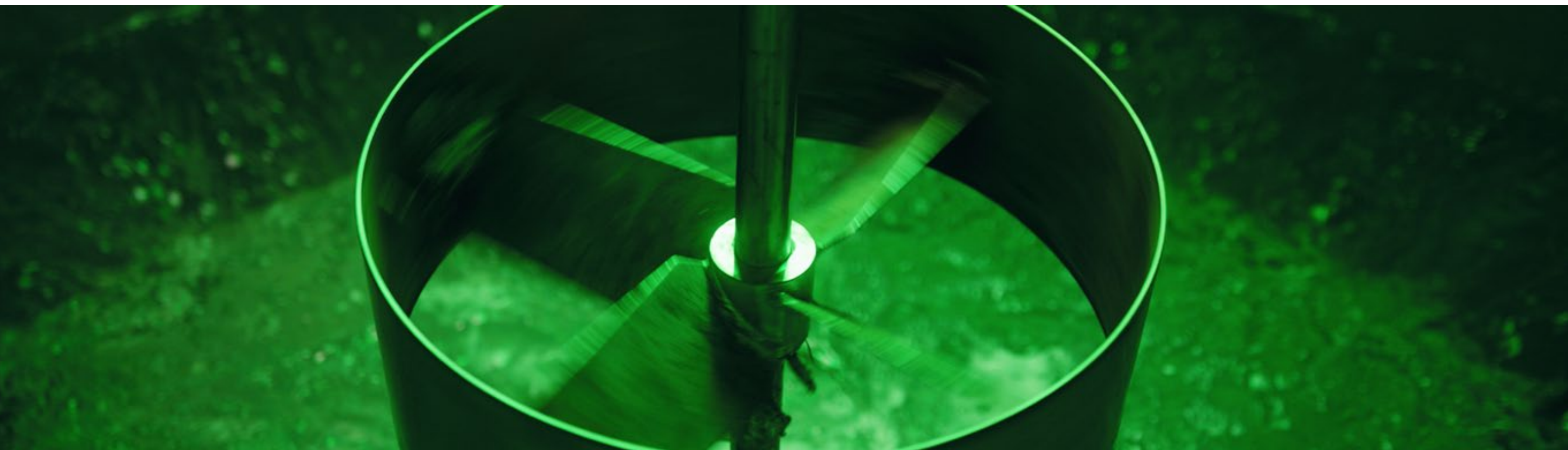
The loss from continuing operations for the financial year ended 30 June 2023 after providing for income tax amounted to $3.5 million (FY22: Loss $2.7 million). Expansion, operational non-cash and one-off costs accounted for $2.0m of the loss.

Operational Key Highlights

- Record cash receipts of $12.5 million being an increase of 22% on FY22 cash receipts.
- Record revenues of $11.3 million for the financial year, being an increase of 6% on FY22 revenues.
- Strengthened gross profit margin to 53% (FY22: 51%).
- Continued increased investment in the China operations with a rise in customer-facing staff of 14% reflecting commitment towards training and marketing of products and distribution.
- Navigated the unparalleled COVID restrictions in China that significantly impacted the related agricultural markets. Restrictions ended in the January 2023, enabling a refocus back to operational expansion in this large and highly valuable market.
- Established RLF AgTech's Vietnam Representative Office as part of the South-East Asian distribution expansion strategy.
- Expanded distribution in South-East Asian region securing a 5-year $8.8 million sales and purchase target agreement with Jardine Distribution Inc. ("Jardine") in the Philippines and 5-year $3.3 million target sales and purchase target agreement with Cong Ty Tnhh Kona Crop Science ("Kona") in Vietnam.
- Successfully developed Veridium's product formulation with the patent and trademark filing of the next generation of Seed Priming Technology. Continued investment in research and development of key Plant Proton Delivery Technology (PPD Tech) foliar products with the aim of further patent and trademark filings.

Corporate Key Highlights

- Launched the RLF Carbon business with the development of the Accumulating Carbon in Soil System (ACSS, pronounced ACCESS) methodology, which is being used to commercialise farm based Australian Carbon Credit Unit (ACCU) generation at scale in the 23 million ha Australian grain market.
- Received approval from the Clean Energy Regulator (CER) for the first soil-based carbon project using the ACSS methodology (post balance date).
- Commenced a 5,000ha pilot program in the Western Australian commercial grain farming sector using ACSS methodology.
- Appointed industry specialists, Carbon West, to manage CER soil carbon registration and compliance processes.
- Executed a Strategic Carbon Alliance agreement with the Commonwealth Bank of Australia where RLF AgTech receives prepayment for ACCUs for projects utilising the ACSS methodology. Refer to the ASX announcement dated 27 July 2023.



REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

Continued Upward Demand for RLF Products with Increased Sales and Cash Receipts

For the financial year ended 30 June 2023, the Group achieved record sales revenues (up 6%) and its highest increase in cash receipts (up 22%) respectively from the financial year ended 30 June 2022.

These positive results occurred despite the challenging and ever-changing international agricultural markets created by a convergence of unusual events, including conflict and ongoing pandemic impacts.

In the first half of the year, China our largest market by revenue was heavily impacted by COVID-19 where travel restrictions and lockdowns reduced overall economic activity and impacted the rate at which we were able to expand our sales and distribution base. This was followed by a rapid re-opening of the entire country that led to further market disruptions caused by high infection rates of the virus from October 2022 to January 2023. Difficult conditions were made worse for our distributor customers with rapidly falling commodity fertiliser and agri-chemical prices that compounded difficulties in already weak market conditions. In addition, our sales team hiring strategy for customer facing staff was negatively impacted by the COVID-19 travel restrictions and market conditions.

In evidence of the downturn in the agri-chemical market, several major players within the sector had seen revenues fall by $0.7 billion to $14.6 billion[1] in the last half of the financial year. Despite these unforeseen events, China is an essential global agricultural market, representing over 30% of the world's agricultural outputs and our commitment is steadfast on maintaining our focus on executing growth plans in China in more normalised market conditions.

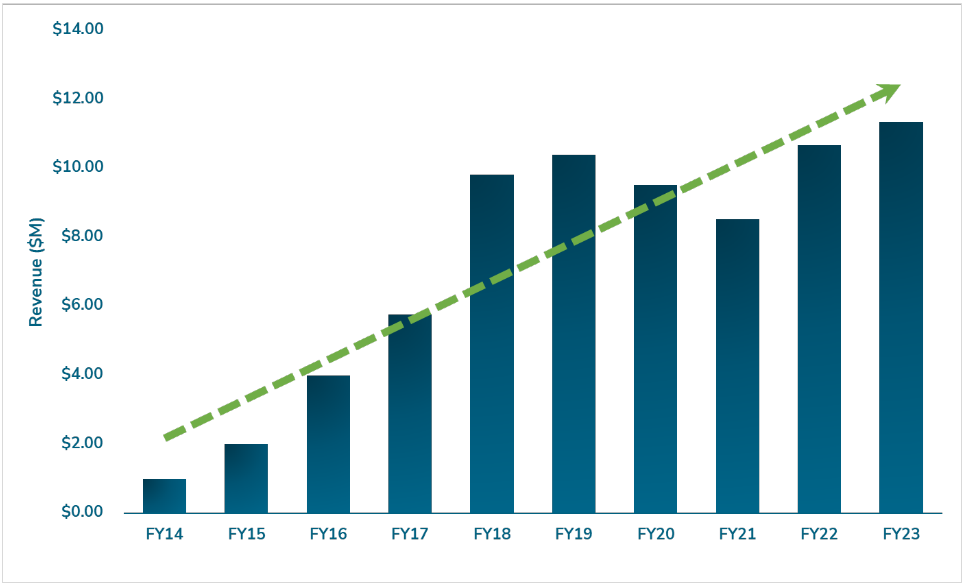


Figure 1 RLF's Revenues from FY14 to FY23

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[1] Based on the following agri-chemical companies:
BASF (ETR:BASF) – fall in revenues of A$14 billion (EUR 8.7Bn Exchange rate EUR:AUD 0.60) from January 2023 to June 2023
- https://cn.agropages.com/News/NewsDetail---28970.htm

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FMC Corporation (NYSE:FMC) – fall in revenues of A$0.7 billion (USD 0.4Bn Exchange rate USD:AUD 0.65) from January 2023 to June 2023:
- https://www.fmc.com/en/articles/fmc-corporation-delivers-solid-first-quarter-results-and-raises-full-year-adjusted-ebitda#:~:text=FMC%20Corporation%20(NYSE%3A%20FMC),percent%20versus%20first%20quarter%202022
- https://www.fmc.com/en/articles/fmc-corporation-announces-second-quarter-results-and-confirms-full-year-outlook

REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

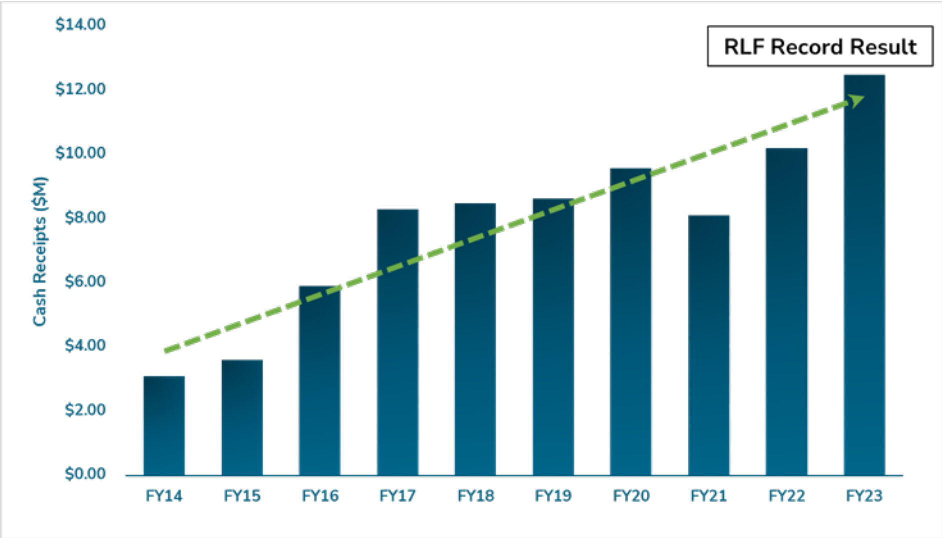

Figure 2 RLF's Cash Receipts FY14 to FY23

This financial year also saw the sales business development team in Vietnam progress and execute on several key core business initiatives as we expanded global footprint into the nutrition markets in South East Asia. As a result, two new distribution agreements were executed with well established companies, being Jardine Distribution Inc. in the Philippines and KONA in Vietnam.

Expansion of RLF AgTech's Distribution Footprint in South East Asia

During the financial year, RLF AgTech received confirmation from the Vietnamese Government of approval of its Representative Office in Vietnam. The Company appointed Regional Manager Nhan (Frank) Lu as Authorised Representative responsible for in country operations and management of the Company's distribution network in Vietnam.

The Company signed a 5-year $3.3M target sales and purchase distribution agreement with Cong Ty Tnhh Kona Crop Science (KONA), a powerful extension of RLF's existing distribution in Vietnam. KONA joins current partner VINCO in distributing RLF products into the important Vietnam market and continues to provide support for the increasing demand for RLF products within the region.

The inauguration of the Vietnam office will enable the Company to provide the credentials to pursue emerging opportunities for growth in other South East Asian nations, including the Philippines, Cambodia, Thailand, and Malaysia.

The Company also entered into a sales and purchase target distribution agreement of $8.8M with Taipan Brand Farms (TBFI), a wholly owned subsidiary of Jardine Distribution Inc., a significant conglomerate in the Philippines. Spanning a period of 5 years, this agreement enables TBFI to distribute RLF AgTech's crop nutrition products across the Philippines.

Cambodia sales growth has resulted in the Company expanding its support of distribution partner Total Agree where they increased in-field technical and RLF focussed sales support personnel to six people. The Company has also recently submitted seven RLF products for first-time product registration, now lodged with the Cambodia Department of Agriculture, which once approved, will allow for new products to be sold in Country.

REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

Veridium™ – RLF's Global Seed Technology

During the period, the Company achieved the global release of Veridium™ the latest generation in seed priming technology. This new product is supported by breakthrough data showing how it significantly increases the nutrient status of the seed with only a minimal low-cost application of Veridium™, and demonstrates significant increases in yields across trials in wheat, maize, and rice.

Veridium™ represents an extension of the Company's research and development (R&D) program, and its firm commitment to develop leading technologies that can be used to reduce global fertiliser usage and increase yields and quality in the production of global food crops.

RLF is continuing to develop its technologies found in its broader suite of products.

CARBON HIGHLIGHTS

The Strategic Carbon Initiative

RLF AgTech achieved a significant milestone during the financial year with the launch of RLF Carbon Pty Ltd, a wholly owned subsidiary of RLF AgTech, and the Strategic Carbon Initiative business framework.

RLF Carbons business model is based on a proprietary methodology called Accumulating Carbon in Soil System (ACSS) which integrates the use of RLF product technologies in a new on-farm operating methodology, now approved by the Clear Energy Regulator.

ACSS is aimed to deliver carbon sequestration capabilities to Australian commercial growers of grain, oilseeds and pulses, with the integration of RLF AgTech's products and the ACSS methodology into existing farmer practices to increase CO_2 captured and stored in soils with the potential to earn Australian carbon credit units (ACCUs).

ACSS uses the Company's Plant Proton Delivery Technology (PPD Tech) which means the commercial and financial benefits for participating farmers are from the potential:

- increases in crop yields of typically between 10 - 30%;
- share of the revenue from generating ACCUs; and
- reduced costs from lower use of soil applied granular fertilisers.

Following RLF Carbon's preliminary discussions with various stakeholders including Australian farmers and global banks, the Company has formulated what it considers is a risk appropriate model where it acts as the facilitator for financiers, farmers and the project developer for organisations seeking to acquire a reliable and long-term source of ACCUs, such as large emitters.

In this way, RLF Carbon will act as an aggregator of land, with ACSS being one of the only approved methodologies that can be used to integrate into commercial farming (food production) operations with the potential for a large-scale integrated solution to generating ACCUs.

ACSS methodology for developing organic matter and the sequestration of carbon is underpinned and protected by the filed provisional patent titled 'A Methodology for Accumulating Carbon in Soil' that was submitted in May 2022.

REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

The Company continues to investigate various prospects and opportunities within the agriculture sector and the carbon credit market at both national and international levels, acknowledging the growing worldwide demands and forecasts for soil carbon initiatives and the necessity for carbon abatement as the world seeks to transition to net-zero 2050.

Launch of 5,000ha Pilot Program

The Company announced a 5,000 ha pilot program with experienced existing commercial farming operators who have signed agreements for the use of RLF's ACSS methodology and the registration of these pilot projects with the Clean Energy Regulators Emission Reduction Fund.

Project registration under the Australian Clean Energy Regulator will grant RLF's ACSS methodology a strong foundation for expansion both within the substantial Australian grain market (~23 million hectares) and also for other global markets, as the compliance and management procedures associated with Australian generated ACCUs are internationally recognised as the gold standard for earning carbon credits.

Strategic Carbon Alliance with the Commonwealth Bank of Australia (CBA)

Post 30 June 2023, the Company formalised a Strategic Carbon Alliance with CBA and received a signed agreement for the prepayment of ACCUs.

This transaction represents RLF's first externally funded soil carbon project which supports the generation of carbon credits in commercial farming operations from growers in the domestic grain market.

The formation of the Strategic Carbon Alliance with CBA is an important validation of the Company's ACSS methodology and its potential to generate large numbers of carbon credits.

Under this Strategic Carbon Alliance, RLF will deliver the first 50,000 ACCUs produced from the Pilot Program to CBA, based on a pre-payment of $1 million. CBA will also be entitled to purchase the additional ACCUs generated from the Pilot Program at a discount to spot market rate at the time.

CBA, as a provider of banking and financial services to Australian farmers, has also agreed to refer to the Company farming clients interested in potential soil carbon projects. This is pursuant to stage 2 of the strategic alliance relationship that aims to look for deployment on a much larger scale.

Revenue Cycles

The Company has a revenue cycle that is shaped by seasonal demand typical of agriculture. Approximately one-third of sales occur between the months July to December, with the remaining two-thirds of sales occurring between January and June. The following table details the actual percentages for the financial year ended 30 June 2023 and comparative financial year ended 30 June 2022.

First Half	FY23	FY22
Period 1 July to 31 December	25%	31%
Second half		
Period 1 January to 30 June	75%	69%

REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

Adjusted Net Profit and Loss and EBITDA - Adjusted for Operational Non-Cash and One-off Costs

The following table outlines the costs incurred for the financial year ended 30 June 2023 that contributed to the expansion of the Group:

	$'000s
Loss for the year after income tax	(3,502)
Add:	
Expansion, Operational Non-cash and One-off costs*	2,088
Profit for the year after income tax adjusted for Non-Cash and One-off costs	**(1,414)**
Add:	
Tax, Depreciation and Interest Expense	441
Adjusted EBITDA for Non-Cash and One-off costs	**(973)**

*The breakdown of the Expansion, Operational Non-Cash and One-off costs incurred was:

- Expansion costs incurred were to develop opportunities in other international markets, research and development and capital costs that are not able to be capitalised as an asset ($1,411,000). These costs will contribute towards the development of potential future revenues.
- Operational non-cash expenditure was related to an impairment expense for historical costs associated with a minority shareholding in RLF Thailand, share based payments and minor stock write off ($456,000).
- One-off personal withholding tax for director Dr Shen (Mike) Lu and penalties ($221,000). Refer to Note 29 of this report.

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SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Entity structure and Key Management Personnel (KMP) personnel remain unchanged during the financial year ended 30 June 2023.

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

EVENTS AFTER REPORTING DATE

On 27 July 2023, the Company announced that its wholly owned subsidiary RLF Carbon Pty Ltd entered into a Strategic Carbon Alliance with the Commonwealth Bank of Australia and entered into an agreement for the prepayment of Australian Carbon Credit Units (ACCU Agreement). The details of the agreement are as follows:

- Prepayment amount of $1 million within 10 business days upon satisfaction of the Conditions Precedent.
- The first 50,000 ACCUs generated in the Soil Carbon Pilot Program (Pilot Program) will be delivered to CBA in satisfaction of the Prepayment Amount.
- CBA has “first right of refusal” on any ACCUs generated in excess of the first 50,000 ACCUs at an agreed discount to available pricing of ACCUs in the spot market at the time.
- Conditions Precedent:
  - Details relate to executed service agreements with Pilot Program landholders, the establishment of accounts with the Clean Energy Regulator and delivery of various standard documentation and security interests relating to the Pilot Program special purpose vehicle.
  - Either Party may terminate the ACCU Agreement if the Conditions Precedent are not satisfied (or waived by CBA) by 30 June 2024, or if a Condition Precedent becomes incapable of being satisfied or waived by that date.
- Conditions Subsequent:
  - Within 180 days after payment of the Prepayment Amount, RLF must satisfy the following key Conditions Subsequent to the satisfaction of CBA:
    - The CER has issued a Project Declaration that is in full force and effect for each Project in the Pilot Program;
    - RLF has established an account under the Australian National Registry of Emission Units Act 2011 (Cth) for the purposes of receiving ACCUs generated in the Pilot Program (ANREU Account), with a CBA nominee appointed as an authorised representative with powers to approve any transaction in respect of that account; and
  - Registration of CBA security interests created under the Seller Security Deed on the Personal Property and Securities Register.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to increase its sales of plant nutrition and fertiliser products in Asia and is actively expanding its business activities domestically and internationally. The Company is also initiating research and development projects with the aim to reduce carbon emissions for growers using RLF products and methodologies in commercial farming.

The Company understands that there may be risks associated with global economic factors that influences input and output prices of its plant nutrition and fertiliser products as seen with the ongoing Russia and Ukraine conflict. The Company continues to assess external factors and events that may impact the business operationally and financially and any potential impacts will be disclosed in compliance with the ASX continuous disclosure requirements.

The Company recognises that research and development in relation to reducing carbon emissions is a rapidly evolving space, and acknowledges that the nature of its soil carbon methodologies (ie. ACSS) is still in the early stages of development for integration into commercial farming practices. As part of its ongoing work practices, the Company will continually evaluate the commercial viability of its carbon business and related activities, and will regularly assess the risks associated with emerging technologies and methodologies in the evolving carbon market.

DIVIDEND PAID AND RECOMMENDED

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2023 (30 June 2022: nil).

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INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Donald McLay – Non-Executive Chairman (Independent)

Don is known for his strategic vision, integrity, determination and sound business management. His experience is global, with particular emphasis on Australia, Asia and North America. A key strength is his ability to develop new business platforms, lead Boards and business teams in new directions and optimise market opportunities. Don was Chairman of Credit Corp (ASX:CCP), during which time he presided over a market capitalisation increase from $30 million to in excess of $2 billion. He was Chairman and a founding member of the Sydney Branch of the Institute of Chartered Accountants of New Zealand (now Chartered Accountants Australia & New Zealand) and holds a Bachelor of Commerce degree from Otago University NZ.

Don is a Chairperson of the Company's Conflict Management Committee, and a member of the Audit and Risk and Remuneration and Nomination Committees.

Other Current Directorships of a Public Listed Company
Nil

Former Directorships in last three years of a Public Listed Company
Clime Investment Limited – Non-Executive Chairperson from February 2015 to October 2020
Registry Direct Limited – Non-Executive Chairperson from November 2017 to October 2020
Credit Corp Group Limited – Non-Executive Chairperson from July 2008 to February 2021
Credit Corp Group Limited – Non-Executive Director from March 2021 to November 2021

Interest in Shares, Options and Performance Rights
Shareholding – 2,645,712
Option holding – 1,250,000
Performance rights holding – nil

Kenneth Hancock – Managing Director

With over 25 years operational experience in mid-sized manufacturing and distribution businesses, Ken has been responsible for the development of the Company's core business assets, including establishing its initial operations in China, the world's largest plant nutrition market. He was responsible also for the development of strategic supply alliances that offered a comprehensive range of plant nutrition products from RLF Australia into the New Zealand market. Ken oversaw the establishment of a new corporate structure that has enabled the expansion of global operations for the Company.

Other Current Directorships of a Public Listed Company
Nil

Former Directorships in last three years of a Public Listed Company
Nil

Interest in Shares, Options and Performance Rights
Shareholding – 67,031,037
Deferred shareholding – 22,625,000
Option holding – 8,333,333
Performance rights holding – 2,000,000

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)

Gavin Ball – Executive Director

Gavin has over 30 years of expertise in the start-up, development, growth and ongoing management of businesses. He has operated a diverse range of businesses aligned with real estate, telecommunications, retail, media, technology, mining and agriculture. Working in numerous executive roles, Gavin has a management, financial and accounting skill set with a sales, marketing and commercialisation focus. Gavin has worked in his role as Executive Director since the Company was established in 2017.

Other Current Directorships of a Public Listed Group
Allup Silica Limited from August 2020

Former Directorships in last three years of a Public Listed Group
Nil

Interest in Shares, Options and Performance Rights
Shareholding – 14,220,147
Deferred Shareholding – 1,750,000
Option holding – 3,333,333
Performance rights holding – 2,000,000

Dr Shen (Mike) Lu – Executive Director

Mike is responsible for the Company's Asia Region operations and has significant management experience in Chinese plant nutrition markets. He holds a PhD in Soil Science and Plant Nutrition. Dr Lu has considerable senior level industry experience, including with Cargill Fertilizer Inc. (USA) and its Cargill Tianjin China (US-Sino Joint Venture) operations. He is fluent in Mandarin and English, and brings an understanding of Chinese culture, business practices and government compliance requirements to the Company

Other Current Directorships of a Public Listed Group
Nil

Former Directorships in last three years of a Public Listed Group
Nil

Interest in Shares, Options and Performance Rights
Shareholding – 4,861,110
Option holding – nil
Performance rights holding – 2,000,000

Liza Carpene – Non-Executive Director (Independent)

Liza's executive experience encompasses corporate governance, social responsibility, stakeholder engagement, statutory reporting, human resources and day to day operational management, with an emphasis on leading companies through periods of growth and transformational change. She is a qualified Chartered Secretary with ASX100 experience, a Fellow of the Governance Institute of Australia, a graduate of the Australian Institute of Company Directors and holds a Master of Business Administration.

Liza is the Chairperson of the Remuneration and Nomination Committee and member of the Audit and Risk and Conflict Management Committees.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)

Other Current Directorships of a Public Listed Group
Alchemy Resources Limited from March 2015

Former Directorships in last three years of a Public Listed Group
Mincor Resources NL from April 2018 to present-delisted in July 2023 following takeover

Interest in Shares, Options and Performance Rights
Shareholding – 812,896
Option holding – 1,000,000
Performance rights holding – nil

Paul McKenzie – Non-Executive Director (Independent)

Paul is the Managing Partner of Agrarian Management, a leading Western Australian agriculture consultancy. He has 30 years' experience in agribusiness, management, finance and primary production, advising over $1.4 billion of agriculture assets. Paul's current directorships are Non-Executive Director, Minbos Resources Limited (ASX: MNB) and Kiland Limited (ASX: KIL), and Director of Rural Financial Counselling Service (WA), which administers a federal government-funded program in WA under the Department of Agriculture, Fisheries and Forestry. He was the Chairman of CRC for Honey Bee Products Limited, founding chairman of Gage Roads Brewing Company (now Good Drinks Australia ASX: GDA), past President of the Australian Association of Agricultural Consultants (WA) Inc and a Ministerial Appointee to various agribusiness review and advisory panels. Paul holds degrees in Science (Agriculture) from UWA, and Commerce from Murdoch University, and is a Fellow of AICD.

Paul is the Chairperson of the Audit and Risk Committee and member of the Remuneration and Nomination and Conflict Management Committees.

Other Current Directorships of a Public Listed Group
Non-Executive Director of Kiland Limited from April 2005
Non-Executive Director of Minbos Resources Limited from December 2020

Former Directorships in last three years of a Public Listed Group
Nil

Interest in Shares, Options and Performance Rights
Shareholding – 125,000
Option holding – 1,000,000
Performance rights holding - nil

Company Secretary

Benjamin Donovan

Ben is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. He is currently Company Secretary for several ASX listed and public unlisted companies, with his experiences ranging across the resources, agritech, biotech, media and technology industries. Ben has extensive experience in listing rules compliance and corporate governance, and in addition in capital markets by raising capital and assisting companies achieve an initial listing on the ASX.

Principal Activities

The principal continuing activity of the Group is the formulation and sale of crop nutrition products.

Meeting of Directors

During the financial year ended 30 June 2023, the following table outlines the number of meetings held:

		Full Meetings of Directors		Audit and Risk Committee Meetings*		Remuneration Committee Meetings	
		A	B	A	B	A	B
Donald McLay	Non-Executive Chairman	10	10	5	5	3	3
Kenneth Hancock	Managing Director	9	10	-	-	-	-
Gavin Ball	Executive Director	10	10	-	-	-	-
Shen (Mike) Lu	Executive Director	5	10	-	-	-	-
Liza Carpene	Non-Executive Director	10	10	5	5	3	3
Paul McKenzie	Non-Executive Director	9	10	5	5	3	3

*The Conflict Management Committee meetings are held in the Audit and Risk Committee meetings.

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
- = Not a member of the relevant committee

At the date of this report the Group has the following options and performance rights on issue.

Options/ Performance Rights	Number	Exercise Price	Issue Date	Expiry Date
Options*	7,500,000	0.30	21 Apr 2022	20 Apr 2025
Options*	17,694,444	0.54	21 Apr 2022	20 Apr 2027
Options	1,000,000	0.54	21 Apr 2022	20 Apr 2027
	26,194,444			
Performance Rights*	6,000,000		5 Nov 2021	4 Nov 2026
Performance Rights	398,821		5 July 2023	30 Jun 2024
	6,398,821			

*The above options and performance rights have been escrowed for 24 months from date of issue.

Apart from the above, no shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares of interest.

For details of options issued to Directors and other Key Management Personnel, please refer to the Remuneration Report.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which has been audited, outlines the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) ("KMP") remuneration arrangements for the Group, in accordance with the requirements of the section 308 (3c) of the Corporations Act 2001 and its Regulations.

The KMP covered in this remuneration report are:

- Donald McLay – Independent Non-Executive Chairman
- Kenneth Hancock – Managing Director
- Gavin Ball – Executive Director
- Shen (Mike) Lu – Executive Director
- Liza Carpene – Independent Non-Executive Director
- Paul McKenzie – Independent Non-Executive Director
- Su-Mei Sain – Chief Financial Officer

The principles adopted and set out in this Remuneration Report have been approved by the Board. This Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation
5. Other transactions with KMP

The information provided under headings 1 to 5 above includes remuneration disclosures that are required under Accounting Standard AASB 124, Related Party Disclosures.

1. Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Group's remuneration framework is to ensure reward for responsibility and performance is competitive and appropriate for the results delivered. The framework which has been set out in detail under the remuneration structure in this Remuneration Report aligns Executive reward with achievement of strategic objectives and the creation of value for Shareholders. The Board ensures that Executive reward satisfies the following key criteria:

(i) it is competitive and reasonable;
(ii) it aligns the interests of Shareholders and Executives;
(iii) it is performance based and aligned to the successful achievement of strategic and milestone business objectives; and
(iv) it is transparent.

Executive Directors

Remuneration for Executive Directors reflects the demands which are made on, and the responsibilities of, the Executive Directors. Executive Directors' remuneration is reviewed annually to ensure it is appropriate and in line with the market. There are no retirement allowances or other benefits paid to Executive Directors other than statutory superannuation guarantee amounts.

REMUNERATION REPORT (AUDITED)(CONTINUED)

Principles Used to Determine the Nature and Amount of Remuneration (continued)

The Executive remuneration and reward framework currently has three components:

(i) base pay;
(ii) share-based payments; and
(iii) other remuneration such as commission, superannuation and long service leave.

The combination of these components comprises the Executive Directors total remuneration.

Fixed remuneration, consisting of base salary and superannuation, will be reviewed annually by the Board, based on individual contribution to corporate performance and the overall relative position of the Group to its market peers.

Non-Executive Directors
Remuneration to Non-Executive Directors reflects the demands which are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' remuneration is reviewed annually. The maximum aggregate available amount for remuneration (inclusive of superannuation) of Non-Executive Directo23ggregateved by the Board of Directors prior to listing in April 2022 is $500,000 per annum.

Company Performance
As a growing agriculture technology company, the Board does not consider the operating profit or loss after tax as one of the performance indicators when implementing an incentive-based remuneration policy. The Board considers that revenue growth, identification and securing of new business growth opportunities, the application of appropriate funding arrangements and responsible management of cash resources and the Company's other assets as more appropriate performance indicators to assess the performance of management during this initial growth phase.

<u>Short-Term Incentives</u>

During the financial year ended 30 June 2023, the Company paid a cash commission to Dr Lu of $130,074 based on a calculated volume of certain RLF Plant Nutrition Products sold.

The Company's approach in regard to the use of short-term cash incentives will be assessed by the Board on an ongoing basis as the Company's business evolves.

<u>Long-Term Incentives</u>

The long-term incentives of the Company may include share-based payments. Directors may participate in equity incentive schemes with the prior approval of Shareholders in General Meeting. During the financial year ended 30 June 2023, no long-term incentives were issued to the KMP of the Company.

<u>Group Performance, Shareholder Wealth and KMP Remuneration</u>

KMP remuneration as detailed in this Remuneration Report has been set with the objective of retaining high calibre individuals who will contribute to the success of the Company, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders and competitive market remuneration levels. The performance rights issued to the Executive Directors of the Company in financial year ended 30 June 2022 are subject to milestone performance hurdles which are outlined in Section 4 of this Remuneration Report.

REMUNERATION REPORT (AUDITED)(CONTINUED)

The following table shows the total revenue, net profit/(loss) and share price of the Company at the end of each respective financial year.

Company Performance	30 June 2023 $'000	Restated* 30 June 2022 $'000
Total Revenue	11,510	10,718
Net Profit/(loss)	(3,502)	(2,732)
Share Price**	0.125	0.115

* The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B of the Notes to the Consolidated Financial Statements.
**The Company's shares were officially listed on the Australian Securities Exchange (ASX) on 21 April 2022.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Details of Remuneration

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each Key Management Personnel (KMP).

			Cash remuneration					
	Note	Year	Salary and other fees	Commission	Post–employment benefits (superannuation)	Annual leave entitlement movement	Share-based Payments	Total Remuneration
			$	$	$	$	$	$
Directors								
D McLay		2023	100,000	-	-	-	-	**100,000**
	1	2022	91,507	-	-	-	20,893	112,400
K Hancock		2023	250,000	-	-	8,702	22,335	**281,037**
	2	2022	48,516	-	-	-	22,335	70,851
G Ball		2023	180,000	-	-	6,265	22,335	**208,600**
	3	2022	130,000	-	-	-	22,335	152,335
S Lu	4	2023	392,647	130,074	-	-	22,335	**545,056**
	5	2022	236,618	161,872	-	-	489,001	887,491
L Carpene		2023	54,755	-	5,756	-	-	**60,511**
	6	2022	29,791	-	2,979	-	16,714	49,484
P McKenzie		2023	60,000	-	-	-	-	**60,000**
	7	2022	32,451	-	-	-	16,714	49,165
Other Key Management Personnel								
S Sain	8	2023	200,769	-	21,104	5,444	-	**227,317**
		2022	108,846	-	10,885	5,385	16,714	141,830
Total		**2023**	**1,238,171**	**130,074**	**26,860**	**20,411**	**67,005**	**1,482,521**
Total		2022	677,729	161,872	13,864	5,385	604,706	1,463,556

REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Details of Remuneration (continued)

Notes to the Remuneration table:

1. Mr McLay was appointed as Non-Executive Chairman from 1 August 2021 and his fees for the financial year ended 30 June 2022 reflected a pro-rated payment of $100,000 per annum.
2. Mr Hancock was appointed as Managing Director from 3 April 2019 and his consultancy agreement became effective from ASX quotation being 21 April 2022. His fees for the financial year ended 30 June 2022 reflected a pro-rated payment of $250,000 per annum.
3. Mr Ball was appointed as Executive Director from 3 April 2019 and his consultancy agreement became effective from ASX quotation being 21 April 2022. His fees for the financial year ended 30 June 2022 reflected a pro-rated payment of $180,000 per annum.
4. Dr Lu's FY23 remuneration includes retrospective tax payments relating to calendar year 2019 to 2022. Refer to Note 29 in the Notes of the Consolidated Financial Statements for more information regarding Dr Lu's salary and fees for the financial year ended 30 June 2023.
5. Dr Lu was appointed as Executive Director from 4 April 2019 and his employment agreement was effective from 23 January 2019. Refer to Section 3 of this Remuneration Report for more information on Dr Lu's remuneration structure.
6. Ms Carpene was appointed as Non-Executive Director from 15 December 2021 and her fees for the financial year ended 30 June 2022 reflected a pro-rated payment of $60,000 per annum inclusive of superannuation.
7. Mr McKenzie was appointed as Non-Executive Director from 15 December 2021 and his fees for the financial year ended 30 June 2022 reflected a pro-rated payment of $60,000 per annum.
8. Mrs Sain was appointed as Chief Financial Officer from 7 December 2021 and her fees for the financial year ended 30 June 2022 reflected a pro-rated payment of $200,000 per annum exclusive of superannuation.

Please note that in the financial report for the year ended 30 June 2022, the Company made an error in relation to the fair value expense of the 6,000,000 performance rights issued to Executive Directors Ken Hancock, Gavin Ball and Shen (Mike) Lu, which has been adjusted for in this report. The details of the vesting milestones for the performance rights are outlined in Section 4 of the Remuneration Report and have an expiry of five years from the date of issue being 21 April 2022.

To correct this error, a restatement of the total remuneration has been made for the three Executive Directors as at 30 June 2022. The fair value expense of $335,000 recognised as share based payments in the Consolidated Statement of Profit Loss and Other Comprehensive Income during the financial year ended 30 June 2022, incorrectly represented the achievement of all the vesting milestones within the five year expiry period which did not occur. Instead, the correct fair value expense should have been recognised over the period of five years in equal amounts to reflect the possibility that all the milestones could be achieved during the period. This assessment also applies to the financial year ended 30 June 2023 and all relevant assessments at each balance date.

Based on the balance date of assessment, the Company had then adjusted its fair value expense by recognising only a portion of the five year period and restated the relevant expense and balances in its financial statements for 30 June 2022 and 30 June 2023. The calculation below provides the equal amounts of fair value expense for the performance rights for 30 June 2022 and 30 June 2023:

REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Details of Remuneration (continued)

Fair value expense recognised in 30 June 2022	$335,000

New fair value expense recognised in:

30 June 2022	$67,000
30 June 2023	$67,000
Remaining fair value expense	$201,000

The impact on the Remuneration table for the financial year ended 30 June 2022 was:

			Restated
	Total Remuneration		Total Remuneration
	30 June 2022 $	Increase/ (Decrease)	30 June 2022 $
Directors			
K Hancock	160,189	(89,338)	70,851
G Ball	241,673	(89,338)	152,335
S Lu	976,829	(89,338)	887,491
Total	1,378,691	(268,014)	1,110,677

There were no non-monetary benefits paid to the Directors or KMP for the year ended 30 June 2023.

3. Service Agreements

For the year ended 30 June 2023, the following service agreements were in place with the Directors and KMP of RLF AgTech:

On 1 August 2021, an Agreement was entered into between the Company and Mr Donald McLay for Non-Executive Chairman services. Key terms of the Agreement:

- Fees of $100,000 per annum and Mr McLay has been issued 1,250,000 Incentive Options which are each exercisable at $0.54 and have an expiry of five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Mr McLay's fees are paid to Nagarit Pty Ltd, a related entity of Mr McLay.
- Reimbursement for all reasonable expenses incurred in performing the duties.
- Chair the Company's Conflict Management Committee, and be a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.
- No additional fees are payable to Mr McLay for time spent as a member of Board committees.
- The appointment of Mr McLay as Chairman is otherwise on terms that are customary for an appointment of this nature.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Service Agreements (continued)

On 3 April 2019, Agreements were entered into between the Company and Mr Kenneth Hancock for the provision of services as Managing Director and CEO (Global). Under the terms of the Agreement:

Key terms of the Managing Director Agreement:

- Appointment effective from 4 October 2017.
- 8,333,333 Incentive Options granted which are exercisable at $0.54 each and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement, however Mr Hancock is subject to termination clauses under the Consultancy Agreement.
- No additional fees are payable to Mr Hancock for his role as a Director in excess of the amounts payable to him under the Consultancy Agreement. The appointment of Mr Hancock as an Executive Director is otherwise on terms that are customary for an appointment of this nature.

Key terms of the Consultancy Agreement:

- Effective from the date of ASX quotation being 21 April 2022.
- Annual consultancy fee of $250,000 per annum plus 10 days of annual leave per year.
- Mr Hancock's fees are paid to Huntington Investments Pty Ltd, a related entity of Mr Hancock.
- 2,000,000 Performance Rights issued in two equal tranches (each comprising 1,000,000 Performance Rights), which may be converted into Shares subject to vesting on the achievement of performance milestones based on increasing financial metrics (refer Section 4) for each tranche within a five year period from 21 April 2022.
- No fixed term and may be terminated:
    - by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
    - by the Company with immediate effect following an occurrence that gives the Company a right of summary dismissal at common law or for illness persisting for either three consecutive months or three months in aggregate over a 12 month period; or
    - by Mr Hancock with immediate effect if the Company is in breach of a material term of the agreement which is not remedied within 10 days of the Company receiving notice of the breach.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Service Agreements (continued)

On 3 April 2019, Agreements were entered into between the Company and Mr Gavin Ball for the provision of services as Executive Director. Key terms of the Agreement:

Key terms of the Executive Director Agreement:

- Appointment was effective from 4 October 2017.
- 3,333,333 Incentive Options which are each exercisable at $0.54 and have an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement, however Mr Ball is subject to termination clauses in his Consultancy Agreement as outlined below.
- No additional fees are payable to Mr Ball for his role as a Director in excess of the amounts payable to him under the Consultancy Agreement as detailed below. The appointment of Mr Ball as an Executive Director is otherwise on terms that are customary for an appointment of this nature.

Key terms of the Consultancy Agreement:

- Effective from the date of ASX quotation being 21 April 2022.
- Annual consultancy fee of $180,000 per annum plus 10 days of annual leave per year.
- Mr Ball's fees are paid to Capital Corporation (Holdings) Pty Ltd, a related entity of Mr Ball.
- 2,000,000 Performance Rights issued in two equal tranches (each comprising 1,000,000 Performance Rights), which may be converted into Shares subject to vesting on the achievement of performance milestones based on increasing financial metrics (refer Section 4) for each tranche within a five year period from 21 April 2022.
- No fixed term and may be terminated:
  - by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
  - by the Company with immediate effect following an occurrence that gives the Company a right of summary dismissal at common law or for illness persisting for either three consecutive months or three months in aggregate over a 12 month period; or
  - by Mr Ball with immediate effect if the Company is in breach of a material term of the agreement which is not remedied within 10 days of the Company receiving notice of the breach.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Service Agreements (continued)

On 23 January 2019 and 3 April 2019, Agreements were entered into between the Company and Dr Shen (Mike) Lu for the provision of services as CEO (Asia) and Executive Director. Key terms of the Agreement:

Key terms of the Executive Director Agreement:

- Appointment was effective from 4 April 2019.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement, however Dr Lu is subject to termination clauses in his Consultancy Agreement as outlined below.
- No additional fees are payable to Dr Lu for his role as a Director in excess of the amounts payable to him under the Consultancy Agreement as detailed below. The appointment of Dr Lu as an Executive Director is otherwise on terms that are customary for an appointment of this nature.

Key terms of the Executive Services Agreement:

- A base annual salary of RMB 1,000,000 (~A$214,000 per annum based on an exchange rate of RMB:AUD 0.2136)
- A monthly commission calculated on volume of certain RLF Plant Nutrition Products sold.
- 2,000,000 Performance Rights issued in two equal tranches (each comprising 1,000,000 Performance Rights), which may be converted into Shares subject to vesting on the achievement of performance milestones based on increasing financial metrics (refer Section 4) for each tranche within a five year period from 21 April 2022.
- The Agreement has no fixed term and may be terminated:
  - by either party without cause with four months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
  - by the Company with immediate effect following an occurrence that gives the Company a right of summary dismissal at common law or for illness persisting for either four consecutive months or four months in aggregate over a 12 month period; or
  - by Dr Lu with immediate effect if the Company is in breach of a material term of the agreement which is not remedied within 10 days of the Company receiving notice of the breach.

Subsequent to the financial year end, the Company reviewed Dr Lu's remuneration arrangements and the parties agreed a transition to an annual fixed base salary only structure, removing the previous monthly commission component going forward. Effective 1 July 2023, Dr Lu's annual remuneration consists of a fixed base salary of ~A$360,000 (being RMB 620,000 and HKD 1,200,000 using an exchange rate of RMB:AUD 4.8 and HKD:AUD 5.20 respectively) plus statutory superannuation and employee provisions as may be required under Hong Kong and Chinese employment law. As an Executive Director, Dr Lu may be entitled to participate in future short or long-term incentive schemes as may be determined by the Board from time to time, and subject to any relevant shareholder approval requirements. The employment agreements have no fixed term and may be terminated without cause with 4 months' notice or with immediate effect for cause. If terminated for cause, Dr Lu will not be entitled to any payment.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Service Agreements (continued)

On 29 November 2021, an Agreement was entered into between the Company and Ms Liza Carpene for Non-Executive Director services. Key terms of the Agreement:

- Fees of $60,000 per annum inclusive of superannuation and the issue of 1,000,000 Incentive Options which are each exercisable at $0.54 with an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Reimbursement for all reasonable expenses incurred in performing the duties.
- Chair the Company's Remuneration and Nomination Committee, and a member of the Audit and Risk Committee and the Conflict Management Committee.
- No further fee will be payable to Ms Carpene for time spent as a member of Board committees.
- The appointment of Ms Carpene as a Director on 15 December 2021 is otherwise on terms that are customary for an appointment of this nature.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement.

On 3 November 2021, an Agreement was entered into between the Company and Mr Paul McKenzie for Non-Executive Director services. Key terms of the Agreement:

- Fees of $60,000 per annum and the issue of 1,000,000 Incentive Options which are each exercisable at $0.54 with an expiry five years from 21 April 2022. The options are escrowed for 24 months from the date of issue.
- Mr McKenzie's fees are paid to Alke Pty Ltd, a related entity of Mr McKenzie.
- Reimbursement for all reasonable expenses incurred in performing the duties.
- Chair the Company's Audit and Risk Committee, and a member of the Remuneration and Nomination Committee and the Conflict Management Committee.
- No further fee will be payable to Mr McKenzie for time spent as a member of Board committees.
- The appointment of Mr McKenzie as a Director on 15 December 2021 is otherwise on terms that are customary for an appointment of this nature.
- Termination of this Agreement will be upon the date provided by either party. There is no notice period applicable to this Agreement.

On 7 December 2021, the Group entered into an employment contract with Mrs Su-Mei Sain. Key terms of the Agreement:

- Mrs Sain was appointed in the capacity of Chief Financial Officer and paid a remuneration package of $200,000 per annum base salary plus statutory superannuation. In addition, Mrs Sain was issued 1,000,000 Incentive Options which are each exercisable at $0.54 with an expiry five years from 21 April 2022.
- The Group or Mrs Sain may terminate the contract at any time by giving the other party one months' notice or payment in lieu of notice.
- The Group may terminate the Agreement at any time without notice if serious misconduct has occurred. On termination with cause, Mrs Sain is not entitled to any payment.
- The appointment of Mrs Sain as an Executive of the Company is otherwise on terms that are customary for an appointment of this nature.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. Service Agreements (continued)

Subsequent to the period end, Mrs Sain was promoted to the position of General Manager Carbon and Chief Financial Officer. Effective 1 September 2023, Ms Sain's annual remuneration consists of a base salary of $240,000 plus statutory superannuation. As an Executive, Ms Sain may be entitled to participate in future short or long-term incentive schemes as may be determined by the Board from time to time. All other conditions remain unchanged.

4. Share-Based Compensation

Option Holdings

The number of options in the Group held during the year ended 30 June 2023 by each KMP of the Company, including their related parties, is set out below:

2023	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the year ended
Director					
D McLay#	1,250,000	-	-	-	1,250,000
K Hancock^	8,333,333	-	-	-	8,333,333
G Ball^	3,333,333	-	-	-	3,333,333
S Lu	-	-	-	-	-
L Carpene#	1,000,000	-	-	-	1,000,000
P McKenzie#	1,000,000	-	-	-	1,000,000
	14,916,666	**-**	**-**	**-**	**14,916,666**
Other Key Management Personnel					
S Sain#	1,000,000	-	-	-	1,000,000
TOTAL	**15,916,666**	**-**	**-**	**-**	**15,916,666**

The option terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other KMP in the year ended or future reporting years are as follows:

Options issued	Issue Date	Expiry date	Exercise price $	Fair value per option $	Vested %
#Employee Securities Incentive Plan	21 Apr 2022	20 Apr 2027	0.54	0.0167	100%
^Employee Securities Incentive Plan	21 Apr 2022	20 Apr 2027	0.54	0.0565*	100%

*During the financial year ended 30 June 2019, 11,666,666 options were issued to Ken Hancock and Gavin Ball, and the fair value was expensed to reflect the services provided by both directors for that year. The terms of the options had

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. Share-Based Compensation (continued)

been modified during financial year ended 30 June 2022 to align with the other options being issued prior to the ASX listing that occurred in April 2022 (see option valuation table below). However, there was no subsequent modification adjustment due to the decrease in fair value from the time they were issued in 2019. Refer to Note 22 in the Notes to the Consolidated Financial Statements for more information.

The options issued to KMP during the financial year ended 30 June 2022 were valued using a Black-Scholes model and were priced as follows:

Grant Date Share Price	$0.14
Exercise Price	$0.54
Expected Volatility	50%
Option Life (Years)	5
Dividend Yield	0%
Interest Rate	1.32%

Performance Rights holdings

The number of performance rights in the Group held during the year ended 30 June 2023 by each KMP, including their related parties, is set out below:

2023	Balance at the start of the year	Granted during the year	Expired during the year	Other changes	Balance at the year ended
Director					
D McLay	-	-	-	-	-
K Hancock	2,000,000	-	-	-	2,000,000
G Ball	2,000,000	-	-	-	2,000,000
S Lu	2,000,000	-	-	-	2,000,000
L Carpene	-	-	-	-	-
P McKenzie	-	-	-	-	-
	6,000,000	**-**	**-**	**-**	**6,000,000**
Other Key Management Personnel					
S Sain	-	-	-	-	-
TOTAL	**6,000,000**	**-**	**-**	**-**	**6,000,000**

The balance of the performance rights at year end are subject to specific vesting conditions and have been issued in two equal tranches. The key terms are as follows:

REMUNERATION REPORT (AUDITED) (CONTINUED)

Tranche	Vesting Condition
Class A Performance Rights 3,000,000	The Company achieving one of the following (whichever occurs first) in respect of a financial year: a) annual consolidated gross revenue of not less than A$25 million; or b) annual EBITDA of not less than A$5 million, as reported in the Company's audited financial statements for the relevant financial year.*
Class B Performance Rights 3,000,000	The Company achieving one of the following (whichever occurs first) in respect of a financial year: a) annual consolidated gross revenue of not less than A$50 million; or b) annual EBITDA of not less than A$10 million, as reported in the Company's audited financial statements for the relevant financial year.*

*Excluding one-off or extraordinary revenue items and revenue received in the form of government grants, allowances, rebates or other hand-outs.

Shareholdings

The number of shares in the Group held during the year ended 30 June 2023 by each KMP, including their related parties, is set out below (post consolidation):

2023	Balance at the start of the year	Other changes during the year	Balance for the year ended
Directors			
D McLay	2,645,712	-	**2,645,712**
K Hancock	89,656,037	-	**89,656,037**
G Ball	15,970,147	-	**15,970,147**
S Lu	4,861,110	-	**4,861,110**
L Carpene	812,896	-	**812,896**
P McKenzie	125,000	-	**125,000**
	114,070,902	**-**	**114,070,902**
Other Key Management Personnel			
S Sain	100,000	-	**100,000**
	114,170,902	**-**	**114,170,902**

Apart from the above, there were no other shares granted to KMPs during the reporting year as remuneration.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Other Transactions with KMP

As at 30 June 2023, a summary of related party entities with KMP in the Company are as follows:

Ken Hancock	Director of RLF AgTech Ltd ("RLF AgTech")
Gavin Ball	Director of RLF AgTech Ltd ("RLF AgTech")

Other related parties

RLF Global Pty Ltd ("RLF Global")	Kenneth Graeme Hancock and Gavin Neil Ball are directors of this entity
Rural Liquid Fertilisers Pty Ltd ("RLF Australia")	Kenneth Graeme Hancock is a director of this entity.
Rural Liquid Fertilisers(Thailand) Co., Limited	This entity is 49% owned by the Group. A Thai national owns 51%.
Capital Corporation (Holdings) Pty Ltd	Gavin Neil Ball is the director of this company
Huntington Investment Pty Ltd	Kenneth Hancock is the director of this company
Magicorp Pty Ltd	Gavin Neil Ball is the director of this company
Sourcefit Inc.	Entities associated with Gavin Neil Ball are substantial shareholder of this company

The Company has entered into several agreements with RLF Australia and RLF Global. A summary of these agreements are as follows:

- *Australian Distribution Agreement* – RLF Australia has retained the rights to distribute RLF Plant Nutrition Products in Australia only. The Company will receive a royalty fee from RLF Australia for RLF Plant Nutrition Products sold in Australia. RLF AgTech will own rights to sell RLF Plant Nutrition Products in Australia where the customer is participating in a scheme to generate carbon credits involving a proprietary methodology promoted by the Company.
- *Toll Manufacturing Agreement* – RLF AgTech may engage RLF Australia on a non-exclusive basis as a toller to use its experience and know-how to formulate proprietary product activators for certain RLF Plant Nutrition Products and other agreed RLF Plant Nutrition Products or manufacturing inputs. RLF AgTech will pay RLF Australia a tolling fee for these manufacturing services.
- *Office Services Agreement* – RLF AgTech and RLF Australia share office space and administrative services. RLF AgTech will pay RLF Australia a monthly fee for these shared services and reimbursement of any other costs in relation to travel and office administration costs.
- *Aggregated Payables Deferred Agreement* – RLF Australia and RLF Global have agreed to allow RLF AgTech and its related bodies corporate to defer payment of certain historical fees owed to RLF Australia and RLF Global relating to royalties, toll manufacturing fees and services.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Other Transactions with KMP (Continued)

Aggregate amounts of each of the above types of Other Transactions with KMP of the Company during the financial year ended 30 June 2023 and related information is contained in Notes 29 and 30 in the Notes of the Consolidated Financial Statements for further details on Related Party Transactions:

(i) Amounts recognised as revenue:

	30 June 2023 $'000	30 June 2022 $'000
Royalty Fees	68	-
Sale of goods	-	-

(ii) Amounts recognised as expenses

	30 June 2023 $'000	30 June 2022 $'000
Purchase of goods	339	137
Purchase of assets	57	-
Manufacturing fees	-	404
Research and development fees	-	186
Distribution fees	-	93
Rent of office building	40	54
Reimbursement of travel expenditure	16	76
Contractors and other administrative expenses	136	21
	588	**971**

(iii) Amounts recognised as assets and liabilities:

	30 June 2023 $'000	30 June 2022 $'000
Trade and other receivables:*		
Current	128	-
Non-Current	91	-
	219	**-**
Trade and other payables:		
Current	753	372
Non-Current	3,452	3,735
	4,205	**4,107**

* Dr Lu, an Executive Director of RLF AgTech Ltd, has an outstanding receivable with the Company in relation to a retrospective tax liability of $119,764 (rounded to $120,000) that was incurred in China during the financial year ended 30 June 2023. $29,000 has been classified as a current receivable and $91,000 has been classified as a non-current receivable. Refer to Note 29 for more information on this disclosure.

6. Use of Remuneration Consultants

No remuneration consultants were engaged by the Group during the year ended 30 June 2023.

7. Voting and comments made at the Company's Annual General Meeting (AGM)

The Company received 99.77% of "yes" votes on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

8. Securities Trading Policy

The trading of shares issued to participants under any of the Group's employee equity plans is subject to, and conditional upon, compliance with the Group's Securities Trading Policy as per the Group's Corporate Governance Policy. KMP are prohibited from entering into any hedging arrangements over unvested equity incentives under the Group's Employee Incentive Securities Plan and its Securities Trading Policy. The Group would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

This concludes the Remuneration Report which has been audited.

THIS SECTION HAS BEEN LEFT INTENTIONALLY BLANK

Indemnifying Officers

During the financial year, the Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity and Insurance of Auditor

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

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

Proceedings on behalf of the Group

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

The Group was not a party to any such proceedings during the year.

Auditor

Moore Australia Audit (WA) was appointed as Auditors for the Group in office in accordance with section 327 of the Corporations Act 2001 on 28 October 2022.

Audit Services

During the year ended 30 June 2023, $60,000 was paid or is payable for audit services provided by the Auditors.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Moore Australia (Audit) WA for non-audit services provided during the year ended 30 June 2023:

	$
Agreed upon procedure	6,900

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included on page 98 of the financial report.

Corporate Governance

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability.

Signed in accordance with a resolution of the Board of Directors:

Kenneth Hancock
Managing Director and CEO
29 September 2023

	Notes	30 June 2023 $'000	Restated* 30 June 2022 $'000
Revenue			
Sales	4	11,345	10,663
Cost of sale of goods		(5,343)	(5,239)
Gross profit		**6,002**	**5,424**
Other Revenue			
Other income	4	165	55
Expenses			
Operating expenses	5	(2,505)	(2,427)
Administration expenses	6	(988)	(898)
Professional fees		(409)	(701)
Corporate and compliance costs		(301)	(107)
Wages and Directors fees	7	(3,460)	(2,649)
R&D expenditure		(491)	(160)
Business development		(642)	-
Depreciation and amortisation expense	13,14,15	(245)	(244)
Share based payments	2.B,22	(205)	(729)
Finance costs		(56)	(296)
Impairment expense for Investment accounted for using the equity method	10	(227)	-
Total Expenses		**(9,529)**	**(8,211)**
Loss before income tax		**(3,362)**	**(2,732)**
Tax expense	8	(140)	-
Loss for the year		**(3,502)**	**(2,732)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations, net of tax		(527)	(539)
Total Comprehensive loss for the year		**(4,029)**	**(3,271)**
Net loss attributable to: **Members of the Parent Entity**		**(3,502)**	**(2,732)**
Total Comprehensive loss attributable to: **Members of the Parent Entity**		**(4,029)**	**(3,271)**
Loss per share for the period attributable to the Members of the Parent Entity			
Basic loss per share in cents	24	**(1.89)**	**(2.46)**
Diluted loss per share in cents	24	**(1.89)**	**(2.46)**

** The 30 June 2022 Consolidated Statement of Profit or Loss and Other Comprehensive Income has been restated due to an error in Share based payments. Refer to note 2.B for more information on this error.*

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	30 June 2023 $'000	Restated* 30 June 2022 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	4,259	7,999
Trade and other receivables	11	2,502	870
Inventories	12	3,220	2,214
Other current assets		97	74
TOTAL CURRENT ASSETS		**10,078**	**11,157**
NON-CURRENT ASSETS			
Trade and other receivables	11	91	-
Investments Accounted for Using the Equity Method	10	-	216
Right-of-use assets	13	418	436
Intangible assets	15	6,548	6,110
Property, plant and equipment	14	505	480
TOTAL NON-CURRENT ASSETS		**7,562**	**7,242**
TOTAL ASSETS		**17,640**	**18,399**
CURRENT LIABILITIES			
Trade and other payables	16	2,192	1,427
Contract liabilities	17	1,820	-
Borrowings	16	624	-
Lease liabilities	16	252	121
Provisions	18	167	84
Income tax payable		9	9
TOTAL CURRENT LIABILITIES		**5,064**	**1,641**
NON-CURRENT LIABILITIES			
Trade and other payables	16	3,452	3,735
Borrowings	16	400	400
Lease liabilities	16	232	312
Provisions	18	26	48
TOTAL NON-CURRENT LIABILTIES		**4,110**	**4,495**
TOTAL LIABILITIES		**9,174**	**6,136**
NET ASSETS		**8,466**	**12,263**
EQUITY			
Share capital	19	17,197	17,170
Reserves	20	4,779	5,101
Accumulated losses	21	(13,510)	(10,008)
TOTAL EQUITY		**8,466**	**12,263**

** The 30 June 2022 Consolidated Statement of Financial Position has been restated due to an error in the Share Based Payments Reserve. Refer to note 2.B for more information.*
A reclassification of a non-current Trade and Other Receivable has been made to Investments Accounted for Using the Equity Method. Refer to note 10 and 11 in relation to the reclassification.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Attributable to equity holders of the Group in $'000	Share Capital	Share Based Payments Reserve	Group Re-organisation Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
Balance at 1 July 2022 restated*	**17,170**	**1,699**	**4,969**	**(1,567)**	**(10,008)**	**12,263**
Loss for the year	-	-	-	-	(3,502)	**(3,502)**
Other comprehensive loss for the year	-	-	-	(527)	-	**(527)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(527)**	**(3,502)**	**(4,029)**
Transactions with owners, in their capacity as owners, and other transfers						
Reversal of prior year IPO related costs	27	-	-	-	-	**27**
Issue of share-based payments	-	205	-	-	-	**205**
Total transactions with owners and other transfers	**27**	**205**	**-**	**-**	**-**	**232**
Balance at 30 June 2023	**17,197**	**1,904**	**4,969**	**(2,094)**	**(13,510)**	**8,466**

** The 1 July 2022 Consolidated Statement Changes in Equity has been restated due to an error in the Share Based Payments Reserve. Refer to note 2.B for more information on this error.*

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Attributable to equity holders of the Group in $'000	Share Capital	Share Based Payments Reserves	Group Re-organisation Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
Balance at 1 July 2021	**2,559**	**1,187**	**4,969**	**(1,024)**	**(7,276)**	**415**
Loss for the year	-	-	-	-	(2,732)	**(2,732)**
Other comprehensive loss for the year	-	-	-	(543)	-	**(543)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(543)**	**(2,732)**	**(3,275)**
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued for conversion of performance rights to Director and consultant of the Company	545	-	-	-	-	**545**
Shares issued for payment of advisory services	188	-	-	-	-	**188**
Shares issued for consideration of RLF IP Co Pty Ltd and RLF Distribution Co Pty Ltd	3,770	-	-	-	-	**3,770**
Shares issued in relation to Initial Public Offering ("IPO") on 13 April 2022	8,502	-	-	-	-	**8,502**
Share capital raising costs in relation to IPO and ASX listing on 21 April 2022	(1,320)	-	-	-	-	**(1,320)**
Conversion of Convertible Notes to shares	3,132	-	-	-	-	**3,132**
Transaction cost from conversion of Convertible Notes	(206)	-	-	-	-	**(206)**
Issue of share-based payments	-	512	-	-	-	**512**
Total transactions with owners and other transfers	**14,611**	**512**	**-**	**-**	**-**	**15,123**
Balance at 30 June 2022 restated*	**17,170**	**1,699**	**4,969**	**(1,567)**	**(10,008)**	**12,263**

** The 30 June 2022 Consolidated Statement Changes in Equity has been restated due to an error in the Share Based Payments Reserve. Refer note 2.B for more information on this error.*

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash Flows from Operating Activities			
Receipts from customers		12,472	10,213
Payments to suppliers and employees		(15,345)	(12,051)
Interest and other finance costs paid		(35)	(37)
Income tax paid		(141)	-
Government grants and tax incentives received		62	-
Other – Related party payments		-	(342)
Net Cash Used in Operating Activities	23	**(2,987)**	**(2,217)**
Cash Flows from Investing Activities			
Payments for property, plant and equipment	14	(353)	(35)
Payments for intangible assets		(441)	-
Payments for Acquisition of RLF IP Co Pty Ltd and RLF Global Pty Ltd		-	(2,066)
Net Cash Used in Investing Activities		**(794)**	**(2,101)**
Cash Flows from Financing Activities			
Proceeds from Capital Raising		-	8,502
Capital raising costs		(3)	(1,085)
Proceeds from borrowings		651	-
Repayment of borrowings		(487)	-
Proceeds from Convertible Notes		-	3,000
Lease Payments		(244)	(269)
Net payments for cash backed guarantees		-	(15)
Net Cash Provided by/(Used in) Financing Activities		**(83)**	**10,133**
Net increase/(decrease) in cash and cash equivalents		(3,864)	5,815
Effects of exchange rate changes on cash and cash equivalents		124	109
Cash and cash equivalents at beginning of the financial year		7,999	2,075
Cash and Cash Equivalents at end of the financial year		**4,259**	**7,999**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1. REPORTING ENTITY

The consolidated financial statements and notes represent those of RLF AgTech Ltd and its Controlled Entities (the Group).

The separate financial statements of the Parent Entity, RLF AgTech Ltd, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 29 September 2023 by the Directors of the Company.

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

New or amended Accounting Standards and Interpretations adopted

The Group has adopted AASB 2020-3 which makes some small amendments to a number of standards. The Directors do not consider any of these have had a material effect on the financial statements and the details are disclosed in the table below.

NEW STANDARD	DESCRIPTION	OVERVIEW OF CHANGES
AASB 1	First Time Adoption of Australian Accounting Standards	Simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences
AASB 3	Business Combinations	Updates a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations
AASB 116	Property, Plant and Equipment	Requires an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset
AASB 137	Provisions, Contingent Liabilities and Contingent Assets	Specifies the costs that an entity includes when assessing whether a contract will be loss-making
AASB 141	Agriculture	Removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards

Basis of Preparation

These general-purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The financial report has been prepared on the 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.

As of 30 June 2023, the Group had net working capital net surplus of $5,014,000 (2022: $9,516,000) and a cash balance of $4,259,000 (2022: $7,999,000). The Group did not have any capital commitments as of 30 June 2023.

SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

A. Principle of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (RLF AgTech Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of the subsidiaries is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

B. Correction of material error in the expense of Share Based Payments during the financial year ended 30 June 2022

During the financial year ended 30 June 2022, the Company made an error in relation to the fair value expense of the 6,000,000 performance rights issued to Executive Directors Ken Hancock, Gavin Ball and Shen (Mike) Lu. The details of the vesting milestones for the performance rights are outlined in note 22 and have an expiry of five years from the date of issue being 21 April 2022.

The result of this error has meant a restatement of the total remuneration for the three Directors as at 30 June 2022. The fair value expense of $335,000 recognised as a share based payment in the Consolidated Statement of Profit Loss and Other Comprehensive Income during the financial year ended 30 June 2022 represented achievement of all of the vesting milestones within the five year expiry period which did not occur. Instead, the fair value expense should have been recognised over the period of five years in equal amounts to reflect the possibility that all the milestones could be achieved during the period. This assessment also applies to the financial year ended 30 June 2023 and the Company will continue to make this assessment at each balance date.

Based on the balance date of assessment, the Company adjusted its fair value expense by recognising only a portion of the five year period and restated the relevant expense and balances in its financial statements for 30 June 2022 and 30 June 2023. The calculation below provides the equal amounts of fair value expense for the performance rights for 30 June 2022 and 30 June 2023:

Fair value expense recognised in 30 June 2022	$335,000
New fair value expense recognised in:	
30 June 2022	$67,000
30 June 2023	$67,000
Remaining fair value expense	$201,000

The error has been corrected by restating each of the affected financial statement line items for the financial year ended 30 June 2022 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract)

	30 June 2022 $'000	Profit Increase/ (Decrease) $'000	Restated 30 June 2022 $'000
Share based payments expense	997	(268)	729
(Loss)/Profit before income tax	(3,000)	(268)	(2,732)
Income tax expense	-	-	0
(Loss)/Profit for the year	**(3,000)**	**(268)**	**(2,732)**
Other comprehensive income/(expense) for the year	(539)	-	(539)
Total Comprehensive profit/(loss) for the year attributable to the member of the Parent Entity	**(3,539)**	**(268)**	**(3,271)**

Consolidated Statement of Financial Position (extract)

	30 June 2022 $'000	Increase/ (Decrease) $'000	Restated 30 June 2022 $'000
Total Reserves	5,369	(268)	5,101
Accumulated losses	(10,276)	268	(10,008)
Total Equity	**12,263**	**-**	**12,263**

Basic and diluted earnings per share for the financial year ended 30 June 2022 has also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of 0.24 cents per share.

Correction of material error in Investments Accounted for Using the Equity Method
Refer to note 10 for further details.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences 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 accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

To the extent that uncertainty exists as it relates to the acceptability by a taxing authority of the company's tax treatments, the company estimates the probability of acceptance by the taxing authority and, where acceptance is not probable, recognises the expected value of the uncertainty in either income tax expense or other comprehensive income, as appropriate.

C. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

Class of Property, Plant and Equipment	Depreciation Rate
Plant and equipment	5%~33%
Office equipment	20%~33%
Motor vehicles	13%
Electronic Equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(i) for details of impairment).

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

D. Leases

The Group as Lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

E. Intangible Assets

Intangible assets, other than goodwill acquired as part of business combination, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 25 years.

F. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of fixed and variable overheads. Costs are assigned on the basis of weighted average costs.

The direct overhead and direct labour costs are allocated based on standard manufacturing hours under normal production capacity.

G. 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.

H. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.
A financial liability cannot be reclassified.

Financial Asset

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of Financial Liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of Financial Assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

Compound Financial Instruments

Compound instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument without the equity conversion feature. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised, the balance in equity will stay in share based payment reserve, or the group can elect to transfer it to retained earnings.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regard to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Loss allowance is not recognised for financial assets measured at fair value through profit or loss.

Simplified Approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of Expected Credit Losses in Financial Statements

The Directors of the Company believe that no impairment needs to be recognised as at 30 June 2023.

l. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying amount over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for intangible assets with indefinite lives.

J. Employee Benefits

Short-Term Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Share-based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

K. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other 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.

L. Revenue and Other Income

Revenue arises mainly from the sale of liquid fertilisers.

To determine whether and when to recognise revenue, the Group follows a 5-steps process:

(i) Identifying the contract with a customer
(ii) Identifying the performance obligations
(iii) Determining the transaction price
(iv) Allocating the transaction price to the performance obligations
(v) Recognising revenue when / as performance obligation (s) are satisfied.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations (i.e. customer advances where goods were not dispatched by the end of the financial year) and reports these amounts in the Consolidated Statement of Financial Position (see Note 17). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a receivable in its Consolidated Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from the sales of liquid fertilisers for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Invoices for goods transferred are due upon despatch of goods to the customer.

All revenue is stated net of the amount of value added tax (VAT) or goods and services tax (GST).

Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Tax Incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg. the Research and Development Tax Incentive regime in Australia or other investment allowances).

For cash tax incentives received, the Company will recognise it as income in the period when the entitlement to receive the refund is established and it is probable that the refund will be received.

For tax incentives received as tax offsets, the Company will recognise it as a tax credit that reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

M. Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

N. Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss and other comprehensive income is included in the consolidated financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

The requirements of AASB 128: Investments in Associates and Joint Ventures and AASB 9: Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136: Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

O. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use. All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

P. Value Added Tax (VAT), Goods and Services Tax (GST) and other similar taxes

For Revenues, expenses and assets are recognised net of the amount of VAT/GST, except where the amount of VAT/GST incurred is not recoverable from the Local Taxation Office. In these circumstances, the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of VAT/GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT/GST component of investing and financing activities, which are disclosed as operating cash flows and are included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

Q. Comparative Figures

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

Where necessary, comparatives have been re-classified and re-positioned for consistency with current year disclosures.

R. Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Inventory

The Group assesses the provision for obsolescence of inventory at each reporting date by evaluating the ageing of the inventory.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 22.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount (value in use).

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a Discount Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Determining the Lease Term of Contract with Renewal and Termination Options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has a lease contract that includes an extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Coronavirus (COVID-19) Pandemic

China lifted its COVID-19 restrictions on 8 January 2023 and the World Health Organisation declared the end of the pandemic on 5 May 2023. Therefore, judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information during the financial year. This consideration extends to the nature of the products and services offered, customers, supply chain and staffing. There does not currently appear to be any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

S. Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the financial statements have been rounded off in accordance with the instruments to the nearest thousand dollars, or in certain cases, the nearest dollar.

T. Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the main operating entities, RLF Chemical Fertilisers (Shanghai) Co., Ltd and Rural Liquid Fertilisers China (Kaifeng) Co., Ltd is Chinese Renminbi. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency balances 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 balances measured at fair value are reported at the exchange rate at the date when fair values were determined.

Group Entities

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

- Assets and liabilities are translated at year end exchange rates;
- Income and expenses are translated at average rates for the period;
- Accumulated losses are translated at historical average rates; and
- Share capital is translated at historical spot rates.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Consolidated Statement of Financial Position.

Group Reorganisation Reserve

The Group adopts the pooling of interest method to account for acquisition of entities under common control.

The pooling of interest method involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts prior to the combination;
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would other be done under the acquisition method. The only adjustments that are made are to harmonise accounting policies;
- No 'new' goodwill is recognised as a result of the combination; and
- The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred (including liabilities assumed) and the entity 'acquired' is reflected within equity.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income reflects the result of the combining entities from the date that the combination occurred. Financial information for the periods prior to the date the combination occurred is not restated.

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NOTE 3. SEGMENT INFORMATION

The Directors (who are identified as the Chief Operating Decision Maker (CODM)) assess performance and determine the allocation of resources based on the internal reports which are organised in one operating segment for the manufacturing and sale of liquid fertilisers in Asia. As a result, there is only one operating segment and the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position is reflective of this operating segment.

Major Customers

During the year ended 30 June 2023 approximately 8% (2022: 10%) of the Group's external revenue was derived from sale of goods to one customer.

Disaggregation of Revenue

The disaggregation of revenue for the Group is based on the type of sales for one category namely sales of liquid fertilisers in Asia:

	Sales of Liquid Fertiliser	Total
2023	**$'000**	**$'000**
Timing of Revenue Recognition		
At a point in time	11,345	11,345
Over time	-	-
	11,345	**11,345**
2022	**$'000**	**$'000**
Timing of Revenue Recognition		
At a point in time	10,663	10,663
Over time	-	-
	10,663	**10,663**

Segment Assets	**$'000**
Closing balance 30 June 2023	17,640
Closing balance 30 June 2022	18,399

Revenue by Geographical Region	**30 June 2023**	**30 June 2022**
Revenue attributable to external customers is disclosed below:		
	$'000	**$'000**
China	10,729	10,621
Australia	616	42
Total Revenue	**11,345**	**10,663**

NOTE 3. SEGMENT INFORMATION (CONTINUED)

Assets by Geographical Region	30 June 2023	30 June 2022
The location of segment assets by geographical location of the assets is disclosed below:		
	$'000	$'000
Australia	8,088	11,433
China	9,530	6,966
Other countries	22	-
Total Assets	**17,640**	**18,399**

NOTE 4. REVENUE AND OTHER INCOME

Operating activities	30 June 2023 $'000	30 June 2022 $'000
Revenue from contracts with customers	11,345	10,663
Total Revenue	**11,345**	**10,663**
Other Income	**165**	**55**

NOTE 5. OPERATING EXPENSES

	30 June 2023 $'000	30 June 2022 $'000
Advertising and promotion expenses	942	768
Transportation expenses	609	509
Travelling expenses for sales staffs	889	650
Obsolete inventory write-off	25	319
Other	40	181
	2,505	**2,427**

NOTE 6. ADMINISTRATION EXPENSES

	30 June 2023 $'000	30 June 2022 $'000
Consulting fees	-	69
Distribution fee expenses*	-	71
Insurance	137	150
Motor vehicle expenses	28	24
Office and rental expenses	148	223
Travelling and entertainment expenses	377	206
Other administration expenses	298	155
Total Administration Expenses	**988**	**898**

*The distribution fee expense have been incurred with related parties of the Group. Please refer to Note 30 for more information.

NOTE 7. WAGES AND DIRECTORS FEES

	30 June 2023 $'000	30 June 2022 $'000
Wages, salaries and on costs	2,643	1,883
Directors' fees	817	766
Total Wages and Directors Fees	**3,460**	**2,649**

NOTE 8. TAX EXPENSE

The Components of Tax Expense comprise:	30 June 2023 $'000	Restated* 30 June 2022 $'000
Current Tax	140	-
Total Income Tax Expense	**140**	**-**
Reconciliation of Tax Expense		
Loss before income tax	(3,362)	(2,732)
Prima facie tax payable on loss before income tax at tax rate of 25% (2022: 25%)	(841)	(683)
Adjusted for tax effect of:		
- Carry forward tax losses not recognised in deferred tax assets	544	16
- Non-allowable expenses	297	489
Difference in taxation rates in foreign subsidiaries	140	194
Change in tax rate	-	(16)
Income Tax Attributable to the Entity	**140**	**-**

NOTE 8. TAX EXPENSE (CONTINUED)

Deferred tax recognised at 25% (2022: 25%)		
Deferred tax liabilities		
Prepayments	(11)	(14)
Deferred tax asset not brought to account	11	14
Net deferred tax	-	-
Unrecognised deferred tax assets at 25%(2022: 25%)		
Carry forward revenue losses	533	432
Carry forward capital losses	-	415
Other	-	61
	533	**908**

*The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B.

Deferred tax assets have not been brought to account at 30 June 2023 because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
(ii) the Group complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
(iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

During the financial year ended 30 June 2023, the Company's Chinese subsidiary, Rural Liquid Fertilisers (Kaifeng) Co., Limited ("RLF Kaifeng") underwent a review of its historical tax returns (tax review) by the local tax authority in the Henan Province where the Group's manufacturing facility is located. The tax review included the tax treatment of fees for IP and distribution rights previously owned and invoiced by Rural Liquid Fertilisers Pty Ltd and RLF Global Pty Ltd to RLF Kaifeng. These fees, which were for services that formed part of the ordinary course of business through operating and distribution agreements, were deemed foreign related party transactions and as such, were subject to income tax assessment within China's tax laws and regulations.

The outcome of this tax review meant a re-adjustment to RLF Kaifeng's tax deductions for the calendar years 2019, 2020 and 2021 (ie. financial years ended 30 June 2019, 2020, 2021 and 2022) which resulted in RLF Kaifeng utilising its tax losses and becoming profitable for tax purposes. The amount of tax paid during the year ended 30 June 2023 was RMB 406,915 income tax (equivalent to A$86,899 based on an exchange rate of RMB:AUD 0.2136). There was also an additional tax penalty fee of $14,676 which has been recognised as administration expenses in the Statement of Profit or Loss and Other Comprehensive Income. RLF Kaifeng also incurred RMB 179,722 (equivalent to A$38,381) income tax for CY2022 and first 6 months of CY2023. All of above added to total income tax amount of A$139,956 for financial year ended 30 June 2023.

The Group will adopt the tax treatment of related party transactions in future income tax years upon the advice and guidance from the local tax authority and the Group's tax advisors.

NOTE 9. CASH AND CASH EQUIVALENTS

	30 June 2023 $'000	30 June 2022 $'000
Cash at bank	4,259	7,999
Total Cash and Cash Equivalent	**4,259**	**7,999**

NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Investment in Associate	-	216
Total Investment in Associate	**-**	216

Movement in carrying amounts between beginning and end of the year:

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Opening balance as at 1 July	216	216
Investment during the period	11	-
Share of associates profit or loss	-	-
Impairment of investment in associate**	(227)	-
Closing balance as at 30 June	**-**	216

The Company has an investment in Rural Liquid Fertilisers (Thailand) Co. Ltd (see information below).

*The investment in associate balance of $216,000 was incorrectly classified as a non-current related party trade and other receivable in the annual financial report for the year ended 30 June 2022. This error has been rectified through a prior period adjustment.

**The investment in associate balance was fully impaired during the year ended 30 June 2023 as Rural Liquid Fertilisers (Thailand) Co. Limited is dormant and is not expected to generate future economic benefits for the Group . The impairment loss of $227,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

Investment in Associate information
The Group has a 49% equity interest in Rural Liquid Fertilisers (Thailand) Co., Limited (49% held by RLF AgTech Ltd). The equity interest was acquired on 23 January 2019.

NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Interests are held in the following associated company:

Associate	Nature of relationship	Principal place of business	Ownership interest held by the Group	
			30 June 2023	**30 June 2022**
Rural Liquid Fertilisers (Thailand) Co., Limited	Strategic Investment	Thailand	49%	49%

All voting power is reflective of the ownership interest.

Principal place of business is also country of incorporation.

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NOTE 11. TRADE AND OTHER RECEIVABLES

Current	30 June 2023 $'000	Restated* 30 June 2022 $'000
Trade receivables	1,810	162
GST/VAT receivables, net	403	188
Note receivables	-	411
Related party trade receivables**	99	-
Other receivables	161	109
Tax receivable from Dr Lu***	29	-
	2,502	**870**
Non Current		
Tax receivable from Dr Lu***	91	-
	91	**-**

*As per note 10, the Related Party Trade and Other Receivable reported a balance of $216,000 for 30 June 2022. This balance was reclassified to Investments Accounted for Using the Equity Method resulting the Related Party Trade and Other Receivables balance to become nil.
**Refer to Note 30 for more information.
***Refer to Note 29 for more information.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2023 is determined as follows; the expected credit losses also incorporate forward-looking information.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	Current $000	>30 days past due $000	>60 days past due $000	>90 days past due $000	Total $000
2023					
Expected loss rate	-	-	-	-	
Gross carrying amount	1,018	311	5	476	1,810
Loss allowing provision	-	-	-	-	-

	Current $000	>30 days past due $000	>60 days past due $000	>90 days past due $000	Total $000
2022					
Expected loss rate	-	-	-	-	
Gross carrying amount	162	-	-	-	162
Loss allowing provision	-	-	-	-	-

NOTE 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The balances in relation to related party receivables, other receivables and the tax receivable for Dr Lu have not been impaired because the Company assesses them to be fully recoverable.

NOTE 12. INVENTORIES

	30 June 2023 $'000	30 June 2022 $'000
Raw material	2,057	1,603
Finished goods	70	241
Work in progress	1,093	370
Total Inventories	**3,220**	**2,214**

Inventories valued at RMB 113,598 (equivalent to A$25,000) were written off during the reporting period and recorded under operating expenses.

NOTE 13. RIGHT-OF-USE ASSETS

The Group's lease portfolio relates to the factory and office lease in China. The average term of these leases are 3-5 years.

The option to extend or terminate are contained in leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which were reasonably certain to be exercised have been included in the calculation of the Right of use assets.

(a) AASB 16 related amounts recognised in the Consolidated Statement of Financial Position

Right of Use Assets

	30 June 2023 $'000	30 June 2022 $'000
Leased Buildings	1,003	881
Accumulated depreciation	(585)	(445)
Balance at end of year	**418**	**436**

Movement in carrying amounts:	30 June 2023 $'000	30 June 2022 $'000
Net carrying amount at the start of the year	436	663
Additions to right of use assets	225	-
Depreciation expenses	(243)	(227)
Net carrying amount at the end of the year	**418**	**436**

NOTE 13. RIGHT-OF-USE ASSETS (CONTINUED)

(b) AASB 16 related amounts recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2023 $'000	30 June 2022 $'000
Depreciation charge related to right-of-use assets	243	227
Interest expense on lease liabilities	36	88

(c) Total yearly cash outflows for leases

	30 June 2023 $'000	30 June 2022 $'000
Repayment of lease liabilities	244	268
Payment for interest expense on lease liabilities	36	88

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NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 $'000	30 June 2022 $'000
Office Equipment		
At cost	38	29
Accumulated Depreciation	(29)	(28)
	9	**1**
Plant and Equipment		
At cost	1,921	1,884
Accumulated depreciation	(1,455)	(1,416)
	466	**468**
Motor Vehicles		
At cost	114	93
Accumulated depreciation	(87)	(88)
	27	**5**
Electronic Equipment		
At cost	34	36
Accumulated depreciation	(31)	(30)
	3	**6**
Total Property, Plant and Equipment		
At cost	2,107	2,042
Accumulated depreciation	(1,602)	(1,562)
	505	**480**

Movement in carrying amounts for each class of property, plant and equipment between the beginning and end of the year:

	Motor vehicle $'000	Office equipment $'000	Plant & equipment $'000	Electronic equipment $'000	Total $'000
Balance at 1 July 2022	**5**	**1**	**468**	**6**	**480**
Addition	24	9	114	-	**147**
Depreciation expense*	(2)	(2)	(97)	(2)	**(103)**
Foreign currency translation difference	-	-	(18)	(1)	**(19)**
Balance at 30 June 2023	**27**	**8**	**467**	**3**	**505**

	Motor vehicle $'000	Office equipment $'000	Plant & equipment $'000	Electronic equipment $'000	Total $'000
Balance at 1 July 2021	**4**	**4**	**549**	**9**	**566**
Addition	-	-	23	4	**27**
Disposal	-	-	(1)	(2)	**(3)**
Depreciation expense	-	(3)	(132)	(4)	**(139)**
Foreign currency translation difference	1	-	29	(1)	**29**
Balance at 30 June 2022	**5**	**1**	**468**	**6**	**480**

*Equipment and machinery depreciation expense relates to production of inventory and therefore forms a part of cost of goods sold in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Total cash outflow for property, plant and equipment (PPE) during the reporting period:

	30 June 2023 $'000	30 June 2022 $'000
PPE Additions	147	27
Prepayment for PPE	124	-
PPE Additions written off	82	8
	353	**35**

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NOTE 15. INTANGIBLE ASSETS

	30 June 2023 $'000	30 June 2022 $'000
Software		
At cost	16	16
Accumulated Amortisation	(16)	(13)
	-	**3**
Intellectual Property and Distribution Rights (1)		
At cost	6,107	6,107
	6,107	**6,107**
Soil Carbon Project (2)		
At cost	441	-
	441	**-**
Total Intangible Assets	**6,548**	**6,110**
Movement in carrying amounts		
Software		
Carrying amount at beginning of the year	3	5
Amortisation	(2)	(3)
Foreign currency translation movement	(1)	1
Carrying amount at the end of the year	**-**	**3**
Intellectual Property and Distribution Rights		
Carrying amount at beginning of the year	6,107	-
Additions	-	6,107
Carrying amount at the end of the year	**6,107**	**6,107**
Soil Carbon Project		
Carrying amount at beginning of the year	-	-
Additions	441	-
Carrying amount at the end of the year	**441**	**-**
Total Intangible Assets	**6,548**	**6,110**

Intellectual Property and Distribution Rights Impairment Test

The Group tests Intellectual Property and Distribution Rights annually for impairment or more frequently if there are indications that it might be impaired.

In accordance with Australian Accounting Standard AASB 136, "Impairment of Assets", the Group performed an impairment test by comparing the recoverable amount of the Intellectual Property and Distribution Rights with its carrying amount.

The recoverable amount is determined based on the value-in-use. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 5 years extrapolated using an estimated long term growth rate. The cash flows are discounted using a 5 year weighted average cost of capital (WACC) rate.

NOTE 15. INTANGIBLE ASSETS (CONTINUED)

The following key assumptions were used in the value-in-use calculations:

CGU	Long Term Growth Rate	Discount Rate
Intellectual Property and Distribution Rights	2.34%	7.32%

Management has based the value-in-use calculations on cash flow projections which use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the location in which the segment operates. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Based on the impairment assessment, the carrying amount of Intellectual Property and Distribution Rights was determined not to be impaired.

(1) On 1 November 2021, the Company entered into a Share Sale Deed ("the Deed") to acquire 100% of RLF IP Co and RLF Distribution Co from RLF Australia and RLF Global. The acquisition of these companies was for the purpose of acquiring the intellectual property ("IP") and distribution rights ("Rights"). The accounting for this transaction under *AASB 138 – Intangible Assets* had identified no other assets or liabilities for RLF IP Co and RLF Distribution Co. This determination was derived from applying *AASB 3 – Business Combinations para B7A-B7C – Optional test to identify concentration of fair value.*

The acquisition completed on 16 December 2021 and the Company paid a total consideration in cash and shares of $5,770,052. The Company also capitalised transaction costs of $337,228. The total acquisition was $6,107,280 and comprised the following:

- $2,000,000 in cash was paid to RLF Australia.
- 43,125,000 ordinary Shares in the Company was issued to RLF Australia and RLF Global. The fair value of the of these shares was $3,770,052 or $0.0874/share. The fair valued was determined by using the Independent Experts Report prepared for the Company's Prospectus lodged with ASIC on 24 February 2022.
- Deferred consideration consisting of a total of 24,375,000 ordinary Shares in the Company to be issued to RLF Australia and RLF Global upon the Company achieving certain milestones based on financial metrics comprising 12,187,500 Class A Deferred Consideration Shares and 12,187,500 Class B Deferred Consideration Shares. The fair value of the deferred consideration shares was valued at nil for the year ended as the assumptions were too subjective for the current phase of the business.
- As per the Deed, the Company agreed to employ a few of RLF Australia's employees and recognised the employee entitlement balances from the date of completion. The cost of these employee entitlement balances of $146,188 has been treated as cost to the acquisition. The remaining transaction costs of this acquisition of $191,040 related to advisory fees ($125,000) and legal fees ($66,040).

(2) During the financial year ended 30 June 2023, the Company capitalised costs in relation to its soil carbon project that launched in March 2023 (see ASX announcement on 27 March 2023). The Company conducted the assessment in compliance with accounting standards and concluded that all necessary conditions have been met to justify the capitalisation of R&D costs. The costs relate to salaries, consultancy fees and overhead costs. Amortisation expense for the financial year ended 30 June 2023 is deemed to be immaterial and therefore has not been recognised in the financial report.

NOTE 16. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST

Trade and Other Payables	30 June 2023 $'000	30 June 2022 $'000
Current:		
Trade payables and Accrued Expenses (1)	1,230	448
Related party trade payables (2)	753	372
Net VAT Payables and other (1)	209	607
Total Current Trade and other payables	**2,192**	**1,427**
Non-Current:		
Related party trade payables (2)	3,452	3,735
Total Non-Current Trade and other payables	**3,452**	**3,735**
Borrowings at Amortised Cost		
Current (3)	624	-
Non-Current (3)	400	400
Total Borrowings at Amortised Cost	**1,024**	**400**
Lease Liabilities (4)		
Current	252	121
Non-Current	232	312
Total Lease Liabilities	**484**	**433**

(1) Trade and other payables are measured at amortised cost. This also includes the $102,000 estimated individual income tax expense payable borne by the Company for Dr Lu, refer to Note 29 for more information on this balance.

(2) Refer to Note 30 for more information on this balance.

(3) On 9 May 2023, the Company entered into a loan agreement with Aihua Shu under which Ms Shu agreed to make available to the Company a working capital facility of RMB 3,000,000 (equivalent to AUD $624,000 at an exchange rate of RMB:AUD 0.2080). The material terms of the facility are:

a) The facility is for a period of 6 months from the commencement date of 10 May 2023 and any drawn portion of the loan is repayable on expiry.
b) The interest rate on this loan is 12% per annum and payable monthly.
c) The repayment date can be extended upon agreement by both parties.

On 30 June 2023, the Company and the lender, Focus Shopfit Pty Ltd, agreed to extend the loan payable of $400,000 for a further 13 months commencing from 16 February 2024 (repayable on 16 March 2025). The interest rate on this loan is 12% per annum and payable monthly. The Company has the option to repay the loan earlier than the repayable date.

NOTE 16. FINANCIAL LIABILITIES CARRIED AT AMORTISED COST (CONTINUED)

(4) The carrying value and reconciliation of the Group's lease liabilities are as follows:

Movement in carrying amounts:	**Premises**
	$'000
Opening balance as at 1 July 2022	433
Recognition of new lease liability	293
Less: principal repayments	(206)
Less: interest repayments	(36)
Closing balance as at 30 June 2023	**484**

At initial recognition, the lease liabilities were measured at the present value of minimum lease payment using the Group's incremental average borrowing rate of 6%. The incremental borrowing rate was based on the unsecured interest rate that will apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group.

NOTE 17. CONTRACT LIABILITIES

	30 June 2023 $'000	**30 June 2022 $'000**
Contract liabilities related to customer deposits received in advance	1,820	-
Total Contract Liabilities	**1,820**	**-**

Amounts relating to contract liabilities are balances received from customers before the Group has satisfied its performed obligation to transfer goods to the customers. Any amount previously recognised as a contract liability will be reduced at the point at which the goods are delivered (which is expected in the next financial year).

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NOTE 18. PROVISIONS

	30 June	**30 June**

Employee Benefits	2023 $'000	2022 $'000
Current	167	84
Non-Current	26	48
Total Employee Benefits	**193**	**132**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 2.J.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

Movement in carrying amounts:

	Employee Benefits $000
Opening balance at 1 July 2022	132
Additional provisions	135
Amounts used	(74)
Balance at 30 June 2023	193

	30 June 2023 $'000	30 June 2022 $'000
Employee Benefits		
Leave obligations expected to be settled after 12 months	26	48

NOTE 19. SHARE CAPITAL

	30 June 2023 No. of Shares	30 June 2023 $'000	30 June 2022 No. of Shares	30 June 2022 $'000
Ordinary shares fully paid				
Balance at beginning of the year	184,933,278	17,170	129,053,473	2,559
Performance rights converted to shares @ 0.14	-	-	3,888,889	545
Consolidation of shares – 9:5	-	-	(57,357,125)	-
Issue of shares for payment of advisory	-	-	1,339,286	188
Acquisition shares of RLF IP Co and RLF	-	-	43,125,000	3,770
Issue of shares -IPO @ 0.20	-	-	42,510,000	8,502
Share capital costs in relation to IPO , reversed	-	27	-	(1,320)
Conversion of Convertible Note and interest*	-	-	22,373,755	3,132
Transactions costs related to Convertible Notes	-	-	-	(206)
Balance at end of the year	**184,933,278**	**17,197**	**184,933,278**	**17,170**

* The number of shares of 22,373,755 was overstated by 22 shares in the financial report for 30 June 2022. The correct number of shares as at 30 June 2022 is disclosed in the table above.

NOTE 20. RESERVES

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Foreign Currency Translation Reserve	(2,094)	(1,567)
Group Re-organisation Reserve	4,969	4,969
Share Based Payments Reserve	1,904	1,699*
Total Reserves	**4,779**	**5,101**

*The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments in note 2.B.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of entities with non-Australian dollar functional currencies into Australian dollars for consolidation and presentation.

Group Re-organisation Reserve

The Group Re-organisation reserve represents the carrying amount of contributed share capital of International Agri Investments Pty Ltd and RLF China (HK) Limited recognised in the prior years.

Share Based Payments Reserve

This reserve is used to record the value of equity settled share-based payments.

NOTE 20. RESERVES (CONTINUED)

Movements in reserves

Share Based Payments Reserve	30 June 2023 $'000	Restated* 30 June 2022 $'000
Balance at the beginning of the year	1,699	1,187
Share based payment expense	205	512
Balance at end of the year	**1,904**	**1,699**

*The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B.

Foreign Currency Translation Reserve	30 June 2023 $'000	30 June 2022 $'000
Balance at the beginning of the year	(1,567)	(1,028)
Foreign exchange differences	(527)	(539)
Balance at end of the year	**(2,094)**	**(1,567)**

NOTE 21. ACCUMULATED LOSSES

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Balance at the beginning of the year	10,008	7,276
Loss for the year	3,502	2,732
Balance at end of the year	**13,510**	**10,008**

*The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B.

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NOTE 22. SHARE BASED PAYMENTS

The following share-based payments arrangements were issued during the current year and prior year:

Employee Share Incentive Plan

On 26 April 2023, the Board approved the Employee Share Incentive Plan for employees in China for achieving milestones set by the Remuneration Committee for the financial year ended 30 June 2022. The total of 783,679 shares (issued on 5 July 2023) and 391,821 performance rights were granted on 5 June 2023.

The total number of shares granted were at a price of $0.165 per share being the market price at the date of grant.

The total number of performance rights granted were at a price of $0.165 per share at the date of grant.

Options issued to Directors, Employees and Consultants

Options Series	Number	Grant Date	Issue Date	Expiry Date	Exercise Price $	Fair value at Grant Date $
(1) Granted 3 April 2019	11,666,666	03/04/2019	21/04/2022	20/4/2027	$0.54	0.057
(2) Granted 25 November 2019	2,777,778	25/11/2019	21/04/2022	20/4/2027	$0.54	0.017
(3) Granted 2 November 2021	1,250,000	02/11/2021	21/04/2022	20/4/2027	$0.54	0.017
(4) Granted 3 November 2021	1,000,000	03/11/2021	21/04/2022	20/4/2027	$0.54	0.017
(5) Granted 29 November 2021	1,000,000	29/11/2021	21/04/2022	20/4/2027	$0.54	0.017
(6) Granted 7 December 2021	1,000,000	07/12/2021	21/04/2022	20/4/2027	$0.54	0.017
(7) Granted 21 April 2022	7,500,000	21/04/2022	21/04/2022	20/4/2025	$0.30	0.044

(1) The 11,666,666 options in series 1 were issued to Ken Hancock and Gavin Ball. The fair value was expensed during the financial year ended 30 June 2019 to reflect the services provided by both directors for that year. The terms of the options had been modified during financial year ended 30 June 2022 to align with the other options being issued prior to the ASX listing that occurred in April 2022 (see option valuation table below). There was no subsequent modification adjustment due to the decrease in fair value from the time they were issued in 2019.

(2) The 2,777,778 options in series 2 were issued to a corporate advisory consultant ("consultant") on 25 November 2019 and were conditional upon the Company listing on the ASX in 2020 which did not occur. The initial options that were not issued meant the Company did not recognise a fair value expense for the financial year ended 30 June 2020. During the year ended 30 June 2022, the option terms in series 2 were modified to reflect the Company's ASX listing on 21 April 2022 and therefore a fair value expense was recognised. The change in terms of the options are reflected in the Black-Scholes option pricing model table below. All other terms and conditions remain unchanged.

(3) The 1,250,000 options in series 3 which vested immediately on grant date were issued to a Director under the Employee Incentive Securities Plan.

(4) The 1,000,000 options in series 4 which vested immediately on grant date were issued to a Director under the Employee Incentive Securities Plan.

NOTE 22. SHARE BASED PAYMENTS (CONTINUED)

(5) The 1,000,000 options in series 5 which vested immediately on grant date were issued to a Director under the Employee Incentive Securities Plan.

(6) The 1,000,000 options in series 6 which vested six months from the commencement date of employment, were issued on grant date to the Chief Financial Officer under the Employee Incentive Securities Plan.

(7) The 7,500,000 options in series 7 which vested immediately upon the completion of IPO were issued to the lead manager and consultant of the IPO. The options issued to the lead manager and consultant were in relation to fees for completion of the ASX listing on 21 April 2022. As a result, $327,179 was offset against capital raising costs during the year ended 30 June 2022.

Set out below are summaries of options granted under the plan:

	No. of options **30 June 2023**	Weighted average exercise price **30 June 2023**	No. of options **30 June 2022**	Weighted average exercise price **30 June 2022**
Outstanding at the beginning of the financial year	26,194,444	0.47	14,444,444	0.54
Granted	-	-	11,750,000	0.39
Expired, lapsed or cancelled	-	-	-	-
Outstanding at the end of the financial year	**26,194,444**	**0.47**	**26,194,444**	**0.47**
Exercisable at the end of the financial year	**1,000,000**	**0.54**	**1,000,000**	**0.54**

The options outstanding at 30 June 2023 have a weighted average remaining contractual life of 3.24 years and an exercise price of $0.30 or $0.54.

The Options granted during the year ended 30 June 2022, were priced using a Black-Scholes option pricing model using the inputs below:

	Series 1 (original terms)	Series 1 (modified terms)	Series 2 (original terms)	Series 2 (modified terms)	Series 3 to Series 6	Series 7
Grant date share price	$0.14	$0.14	$0.14	$0.14	$0.14	$0.20
Exercise price	$0.30	$0.54	$0.30	$0.54	$0.54	$0.30
Expected volatility	90%	50%	90%	50%	50%	50%
Option life (years)	3	5	3	5	5	3
Dividend yield	0%	0%	0%	0%	0%	0%
Interest rate	1.4%	1.32%	1.4%	1.32%	1.32%	0.93%

NOTE 22. SHARE BASED PAYMENTS (CONTINUED)

Performance Rights issued to Directors and Employees

During the year ended 30 June 2022, the Company issued 6,000,000 performance rights to the executive Directors of the Company. The performance rights are subject to vesting conditions where they can be converted into RLF AgTech shares. The performance rights have been issued in two equal tranches being 3,000,000 each and the terms are as follows:

Tranche	Vesting Condition
Class A Performance Rights	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A$25 million; or (b) annual EBITDA of not less than A$5 million, as reported in the Company's audited financial statements for the relevant financial year.*
Class B Performance Rights	The Company achieving one of the following (whichever occurs first) in respect of a financial year: (a) annual consolidated gross revenue of not less than A$50 million; or (b) annual EBITDA of not less than A$10 million, as reported in the Company's audited financial statements for the relevant financial year.*

*Excluding one-off or extraordinary revenue items and revenue received in the form of government grants, allowances, rebates or other hand-outs.

The performance rights above were given a fair value of $0.14 per share and have an expiry of 5 years from date of issue.

As stated above, the number of performance rights issued to employees was 391,821 for the financial year ended 30 June 2023. These rights will be vested after 24 months continued employment with the Company from 30 June 2022.

	No. of Performance rights 30 June 2023	No. of Performance rights 30 June 2022
Outstanding at the beginning of the financial year	6,000,000	-
Granted	391,821	6,000,000
Expired, lapsed or cancelled	-	-
Outstanding at the end of the financial year	**6,391,821**	**6,000,000**

The total share-based payments expense was:

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Directors	67	588
Employees**	138	17
Consultants and third parties	-	124
Total Share based Payments Expenses	**205**	**729**

NOTE 22. SHARE BASED PAYMENTS (CONTINUED)

*The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B.

**The $138,000 Share based Payments expense comprises both 783,679 shares and 391,821 performance rights granted during this financial year.

NOTE 23. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	30 June 2023 $'000	30 June 2022 $'000
Loss after income tax	(3,502)	(2,732)
Non-cash flows:		
Depreciation	245	242
Share-based payment expenses	205	729
Impairment expense*	227	-
Changes in Assets and Liabilities		
(Increase)/decrease in trade and other receivables	(1,526)	(908)
(Increase)/decrease in inventories	(533)	(299)
(Increase)/decrease in right of use assets	(122)	226
(Decrease)/increase in trade and other payables	159	(574)
(Decrease)/increase in contract liabilities	1,860	1,099
Cash outflows from Operating Activities	**(2,987)**	**(2,217)**

*This amount represents the Company's investment in its associate RLF Thailand that has been impaired and written off during this reporting period.

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NOTE 24. LOSS PER SHARE

	30 June 2023	Restated* 30 June 2022
(a) Reconciliation of loss used in calculating Loss Per Share	**$'000**	**$'000**
Loss attributable to the ordinary equity holders used in calculating basic loss per share and diluted loss per share	(3,502)	(2,732)
(b) Weighted average number of shares used as the Denominator	**Number**	**Number**
Ordinary shares used as the denominator in calculating basic loss per share and diluted loss per share	184,933,278**	111,055,081
Ordinary shares used as the denominator in calculating diluted loss per share	217,208,199	133,455,685
Loss attributable to the ordinary equity holders used in calculating basic loss per share and diluted loss per share	(3,502)	(2,732)
		Restated*
(c) Loss per share	**Cents**	**Cents**
Basic loss per share	(1.89)	(2.46)
Diluted loss per share***	(1.89)	(2.46)

* The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B.

**Adjusted for the 22 shares overstated, refer to Note 19 for more information.

***Potential shares relating to options and performance rights have not been included in determining diluted loss per share because these are anti-dilutive.

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NOTE 25. FINANCIAL RISK MANAGEMENT

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- Liquidity Risk
- Credit Risk
- Market Risk

The board of directors has overall responsibility for identifying and managing operational and financial risks. There have been no substantive changes in the types of risks the company is exposed to or how these risks arise from the previous period.

The Group's financial instruments are comprised of cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities and related party loans.

The total for each category of financial instruments are as follows:

Financial Assets at Amortised Cost

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Cash and cash equivalents	4,259	7,999
Trade and other receivables	2,593	870
Total Financial Assets	**6,852**	**8,869**

*As per note 10, the Related Party Trade and Other Receivables of $216,000 was reclassified to Investments Accounted for Using the Equity Method.

Financial Liabilities at Amortised Cost

	30 June 2023 $'000	30 June 2022 $'000
Trade and other payables	1,438	1,055
Related party trade payables	4,205	4,107
Lease liabilities	484	433
Borrowings	1,024	400
Total Financial Liabilities	**7,151**	**5,995**

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, collection of trade receivables and shareholder capital injection.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group manages this risk through the following mechanisms:

- continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities;
- monitoring cash flow on a monthly basis to ensure adequate funds are in place;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile and;
- ensuring trade receivables are collected within the normal trading terms,

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NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated Group	$000	$000	$000	$000	$000	$000	$000	$000
Financial liabilities due for payment								
Borrowings	624	-	482	432	-	-	**1,106**	432
Trade and other payables	1,438	1,055	-	-	-	-	**1,438**	1,055
Amounts payable to related parties	753	372	3,452	3,735	-	-	**4,205**	4,107
Lease liabilities	271	142	237	327	-	-	**508**	469
Total expected outflows	**3,086**	**1,569**	**4,171**	**4,494**	-	-	**7,257**	**6,063**
Financial assets – cash flows realisable								
Cash and cash equivalents	4,259	7,999	**-**	**-**	**-**	**-**	**4,259**	7,999
Trade and other receivables	2,502	870	91	-	-	-	**2,593**	870
Total anticipated inflows	**6,761**	**8,869**	**91**	**-**	-	-	**6,852**	**8,869**
Net (outflow)/ inflow on financial instruments	**3,675**	**7,300**	**(4,080)**	**(4,494)**	-	-	**(405)**	**2,806**

Credit Risk Analysis

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at balance date.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. In addition, the Group has adopted a policy of only extending credit to customers with proven credit histories as a means of mitigating the risk of financial loss from default without any collateral held. For significant transactions, customers are required to make sufficient prepayments in order to reduce the credit risk to an acceptable level. The related party receivables are incurred in the arm's length transactions and will be settled according to the terms set. Accordingly, the Group has an immaterial exposure to credit risk.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk

(a) Foreign Exchange

The Group operates internationally and is exposed to foreign exchange risk, primarily the US Dollar. The Group is also looking into expansion within other regions such as Southeast Asia. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The US Dollar denominated related party payable of $2.5 million is expected to be primarily repaid in Chinese Renminbi generated from Renminbi denominated sales. The Group may generate future cash flows in US Dollar and make repayments in this currency. As the US Dollar related party payable is expected to be repaid from March 2024 for a period of 24 months, the Group will monitor currency forecasts and consider if hedging is necessary.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in foreign exchange rate. The table below indicates the impact of how profit or loss and equity values reported at the end of the reporting period would have been affected by changes in foreign exchange rates that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Impact on profit or loss and equity	2023 $'000	2022 $'000
CNY/$ exchange rate – increase (10%)	193	157
CNY/$ exchange rate – decrease (10%)	(193)	(157)
USD/$ exchange rate – increase 10%	366	411
USD/$ exchange rate – decrease (10%)	(366)	(411)

(b) Interest Rate Risk

The Group is exposed to interest rate risk in relation to its cash and cash equivalents. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group manages its interest rate risk by maintaining a variable rate cash and equivalents.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets at the reporting date are:

$'000	Floating Interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing greater than 1 year	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest rate
2023						
Financial Assets:						
Cash and cash equivalents	4,259	-	-	-	**4,259**	**0.15%**
Trade and other receivables	-	-	-	2,593	**2,593**	
Total Financial Assets	**4,259**	**-**	**-**	**2,593**	**6,852**	
Financial Liabilities:						
Trade and other payables	-	-	-	1,438	**1,438**	
Related party trade payables	-	-	-	4,205	**4,205**	
Lease liabilities	-	252	232	-	**484**	**5.30%**
Borrowings	-	-	1,024	-	**1,024**	**12.00%**
Total Financial Liabilities	**-**	**252**	**1,256**	**5,643**	**7,151**	
$'000						
2022						
Financial Assets:						
Cash and cash equivalents	7,997	-	-	2	**7,999**	**0.06%**
Trade and other receivables	-	-	-	870	**870**	
Total Financial Assets	**7,997**	**-**	**-**	**872**	**8,869**	
Financial Liabilities:						
Trade and other payables	-	-	-	1,055	**1,055**	
Related party trade payables	-	-	-	4,107	**4,107**	
Lease liabilities	-	121	312	-	**433**	**5.30%**
Borrowings	-	-	400	-	**400**	**8.00%**
Total Financial Liabilities	**-**	**121**	**712**	**5,162**	**5,995**	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table below indicates the impact of how profit or loss and equity values reported at the end of the reporting period would have been affected by changes in interest rates that management considers to be reasonably possible.

NOTE 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2023 $'000	2022 $'000
+/- 25 basis points		
Impact on profit or loss and equity	**6**	**20**

The Group's holds no marketable securities and all cash balances are primarily used for working capital and not invested in interest or dividend-bearing assets and the Group's borrowings are at fixed interest rates. Accordingly, the Group has an immaterial exposure to market risk.

Fair Value Estimation

The carrying amount of financial assets and financial liabilities is a reasonable approximation of their fair values.

NOTE 26. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

The subsidiaries and associates listed below have share capital consisting solely of ordinary shares or share capital injection, which are held directly by the Group unless otherwise stated. Each subsidiary and associate's principal place of business is also its country of incorporation or registration.

Name of Entity	Country of Incorporation	Class of Shares	2023	2022
RLF IP Co Pty Ltd	Australia	Ordinary	100%	100%
RLF Distribution Co Pty Ltd	Australia	Ordinary	100%	100%
International Agri Investments Pty Ltd	Australia	Ordinary	100%	100%
RLF Carbon Pty Ltd	Australia	Ordinary	100%	100%
RLF China (HK) Limited	Hong Kong	Ordinary	100%	100%
Rural Liquid Fertilisers China (Shanghai) Co., Ltd	China	Ordinary	100%	100%
Rural Liquid Fertilisers China (Kaifeng) Co., Ltd	China	Ordinary	100%	100%
Rural Liquid Fertilisers (Thailand) Co., Limited	Thailand	Ordinary	49%	49%

NOTE 27. CONTINGENT LIABILITIES AND ASSETS

The Group has no contingent liabilities and assets as at 30 June 2023 (2022: Nil).

NOTE 28. EVENTS OCCURRING AFTER THE REPORTING DATE

On 27 July 2023, the Company announced that its wholly owned subsidiary, RLF Carbon Pty Ltd, entered into a Strategic Carbon Alliance with the Commonwealth Bank of Australia and entered into an agreement for the prepayment of Australian Carbon Credit Units (ACCU Agreements). The details of the agreement are as follows:

- Prepayment amount of $1 million within 10 Business Days upon satisfaction of the Conditions Precedent.
- The first 50,000 ACCUs generated in the Soil Carbon Pilot Program (Pilot Program) will be delivered to CBA in satisfaction of the Prepayment Amount.
- CBA has "first right of refusal" on any ACCUs generated in excess of the first 50,000 ACCUs at an agreed discount to available pricing of ACCUs in the spot market at the time.
- Conditions Precedent:
    - Details relate to executed service agreements with Pilot Program landholders, the establishment of accounts with the Clean Energy Regulator and delivery of various standard documentation and security interests relating to the Pilot Program special purpose vehicle.
    - Either Party may terminate the ACCU Agreement if the Conditions Precedent are not satisfied (or waived by CBA) by 30 June 2024, or if a Condition Precedent becomes incapable of being satisfied or waived by that date.
- Conditions Subsequent:
    - Within 180 days after payment of the Prepayment Amount, RLF must satisfy the following key Conditions Subsequent to the satisfaction of CBA:
        - The CER has issued a Project Declaration that is in full force and effect for each Project in the Pilot Program;
        - RLF has established an account under the Australian National Registry of Emission Units Act 2011 (Cth) for the purposes of receiving ACCUs generated in the Pilot Program (ANREU Account), with a CBA nominee appointed as an authorised representative with powers to approve any transaction in respect of that account; and
    - Registration of CBA security interests created under the Seller Security Deed on the Personal Property and Securities Register.

Apart from the above, there have been no matters or circumstance that have arisen since 30 June 2023 and have significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

NOTE 29. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2023.

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

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Short-term employee benefits	1,388,656	844,986
Post-employment benefits	26,860	13,864
Share-based payments	67,004	604,706
Total KMP compensation	**1,482,520**	**1,463,556**

*The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in Section 2 of the Remuneration Report and note 2.B.

Short-Term Employee Benefits

These amounts include fees and benefits paid to the Non-Executive Chairman and Non-Executive Directors, as well as all salary, paid leave benefits, fringe benefits and commissions awarded to Executive Directors and other KMP.

Post-Employment Benefits

These amounts are the current-year's estimated costs of providing for the Group's superannuation contributions made during the year.

Share-Based Payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Dr Shen (Mike) Lu's China tax payable by the Company for financial years ended 30 June 2019 to 2022:

As disclosed in Note 8 of this financial report, the retrospective tax review of RLF Kaifeng's tax returns for the calendar years 2019, 2020 and 2021 (ie. financial years ended 30 June 2019, 2020, 2021 and 2022) by the local tax authority of the Henan Province included a review of the consultancy services provided by RLF AgTech to RLF Kaifeng. The Consultancy Agreement ("Agreement") outlines the services provided by RLF AgTech to its subsidiary which includes management and technical advice for the operational support of its business in China.

The persons deemed associated with this Agreement during the calendar years (CY) 2019, 2020 and 2021 were Dr Lu, Mr Kenneth Hancock and another employee (Employee) of the Company. Dr Lu and Mr Hancock are both Directors of the Company and are also Directors of RLF Kaifeng. The Employee of the Company was registered as a supervisor under the RLF Kaifeng company register at the time of assessment. Dr Lu is a resident in Hong Kong and Mr Hancock and the Employee are residents in Australia. Due to the nature of Dr Lu, Mr Hancock and the Employee's registered positions in China for RLF Kaifeng, the local tax authority

NOTE 29. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

assessed the consultancy fees billed from the Company to RLF Kaifeng and determined the fees were assessable under personal income withholding tax for each of the registered persons in RLF Kaifeng.

To that end, the local tax authority issued RLF Kaifeng a tax assessment in the amount of RMB 902,254 (equivalent to A$ 192,682 based on an exchange rate of RMB:AUD 0.2136) which was paid in November 2022. The tax payment was treated as a salary cost for the year ended 30 June 2023.

The assessable remuneration for Dr Lu, Mr Hancock and the Employee in relation to RLF Kaifeng tax assessment was as follows:

	CY2019 $	CY2020 $	CY2021 $	Total $
Shen Lu*				
Assessable remuneration	141,277	167,160	173,049	481,486
Personal withholding tax paid	(27,237)	(35,672)	(37,733)	(100,642)
Kenneth Hancock**				
Assessable remuneration	101,439	101,439	101,439	304,317
Personal withholding tax paid	(15,340)	(15,340)	(15,340)	(46,020)
Employee				
Assessable remuneration	101,439	101,439	101,439	304,317
Personal withholding tax paid	(15,340)	(15,340)	(15,340)	(46,020)
Total Personal withholding tax paid	**(57,917)**	**(66,352)**	**(68,413)**	**(192,682)**

*The assessable remuneration for Dr Lu is inclusive of the fees paid under his CEO Executive Services agreement. Refer to the Remuneration Report for more information on Dr Lu's CEO Executive Services agreement.

**The assessable remuneration for Mr Hancock is exclusive of the fees paid under his consultancy agreement as he did not benefit from this additional remuneration reported in China. Refer to the Remuneration Report disclosed in this report for more information on Mr Hancock's consultancy agreement.

In addition to the tax payable above, the local tax authority also charged an additional penalty late fee of $46,448 which has been recognised as administration expenses in the Statement of Profit or Loss and Other Comprehensive Income.

Dr Shen (Mike) Lu's Hong Kong tax payable to the Company for financial years ended 30 June 2019 to 2022:

Dr Lu was engaged by the Company as a Hong Kong resident. During 1 January 2019 to 31 December 2021, Dr Lu resided in China for the entire duration at the request of the Company and was subsequently assessed as a tax resident of the People's Republic of China by the local tax authority in 2022. As the Company had required him to work in China, the Company has agreed with Dr Lu that he will pay for his personal withholding tax obligation in China to the Company on the hypothetical basis that he had resided in Hong Kong during the period of 1 January 2019 to 31 December 2022, and that any excess of tax paid in China

NOTE 29. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

would be borne by the Company as part of his remuneration package. The calculation of the tax payable by Dr Lu to the Company was calculated as follows:

Hypothetical Tax Residency Assessment in Hong Kong	CY2019	CY2020	CY2021	Total
	$	$	$	$
Shen Lu				
Assessable remuneration in Hong Kong	293,351	311,873	340,003	945,227
Personal withholding tax assessed in Hong Kong	20,523	30,222	35,768	**86,513**

Dr Shen (Mike) Lu's tax payable to the Company for the financial year ended 30 June 2023:

Based on Dr Lu's tax residency status in China and Hong Kong for calendar year 2022, the arrangement described above for the financial years ended 30 June 2019 to 30 June 2022 applies for this period. As a tax assessment has not been formalised for Dr Lu's services in China for the calendar year 2022, the Company has made an estimate of tax payable by the Company and tax receivable from Dr Lu as follows:

	Total
	$
Estimated Tax payable by the Company for CY2022	101,959
Estimated Tax receivable by the Company for CY2022	(33,251)
Estimated Net payable by the Company for CY2022	68,708

In summary, the total tax receivable from Dr Lu to the Company as at 30 June 2023 was:

	CY2019	CY2020	CY2021	CY2022	Total
					$
Personal withholding tax assessed in Hong Kong	20,523	30,222	35,768	33,251	**119,764**

The total outstanding receivable of $86,513 for CY2019 to CY2021 will be deducted in equal monthly instalments from Dr Lu's salary over a period of 36 months, commencing in financial year 2024 as approved by the Board of Directors. Monthly instalments for the outstanding receivable for CY2022 of $33,251 will commence once formal assessment has been received.

In summary, the net amount of tax incurred by the Company for the financial years ended 30 June 2019 to 30 June 2023 less the tax receivable of $119,764 was:

	CY2019	CY2020	CY2021	CY2022	Total
					$
Total Personal Withholding tax incurred by the Company	57,917	66,352	68,413	101,959	**294,641**
Less Tax Receivable outstanding by Dr Lu	(20,523)	(30,222)	(35,768)	(33,251)	**(119,764)**
Total Net Tax Incurred by the Company	37,394	36,130	32,645	68,708	**174,877**

The total net tax incurred by the Company for the financial year ended 30 June 2023 of $174,877 is reflected as salary and fees for Dr Lu in this year's Remuneration Report.

Apart from the above, there was no issuance of other non-cash compensation paid to or incurred by KMP for the financial year ended 30 June 2023.

NOTE 30. RELATED PARTY TRANSACTIONS

The Group's related parties are as follows:

Key Management Personnel

Kenneth Graeme Hancock	Managing Director of RLF AgTech Ltd
Gavin Neil Ball	Executive Director of RLF AgTech Ltd
Dr Shen (Mike) Lu	Executive Director of RLF AgTech Ltd
Donald McLay	Chairperson of RLF AgTech Ltd
Liza Carpene	Non-Executive Director of RLF AgTech Ltd
Paul McKenzie	Non-Executive Director of RLF AgTech Ltd
Su-Mei Sain	Chief Financial Officer of RLF AgTech Ltd

Other Related Parties

RLF Global Pty Ltd ("RLF Global")	Kenneth Graeme Hancock and Gavin Neil Ball are directors of this entity.
Rural Liquid Fertilisers Pty Ltd ("RLF Australia")	Kenneth Graeme Hancock is a director of this entity.
Rural Liquid Fertilisers (Thailand) Co., Limited	This entity is 49% owned by the group. Thai national owns 51%.
Magicorp Pty Ltd	Gavin Neil Ball is the director of this company.
Sourcefit Inc.	Entities associated with Gavin Neil Ball are substantial shareholder of this company.

Entities and their transactions with RLF Agtech that are purely for the KMP remuneration payments are excluded from this section, as these have already been disclosed in the remuneration report. Summary of these entities are as follows:

Nagarit Pty Ltd	Donald McLay is the director of this entity.
Huntington Investments Pty Ltd	Kenneth Graeme Hancock is the director of this entity.
Capital Corporation (Holdings) Pty Ltd	Gavin Neil Ball is the director of this entity.
Alke Pty Ltd	Paul McKenzie is the director of this entity.

The Company has entered into several agreements with RLF Australia and RLF Global and a summary of these agreements are as follows:

- **Australian Distribution Agreement** - RLF Australia has retained the rights to distribute RLF Plant Nutrition Products in Australia only. The Company will receive a royalty fee from RLF Australia for RLF Plant Nutrition Products sold in Australia. RLF AgTech owns the rights to sell RLF Plant Nutrition Products in Australia where the customer is participating in a scheme to generate carbon credits involving a proprietary methodology promoted by the Company.

NOTE 30. RELATED PARTY TRANSACTIONS (CONTINUED)

- **Toll Manufacturing Agreement** – RLF AgTech may engage RLF Australia on a non-exclusive basis as a toller to use its experience and know-how to formulate proprietary product activators for certain RLF Plant Nutrition Products and other agreed RLF Plant Nutrition Products or manufacturing inputs. RLF AgTech will pay RLF Australia a tolling fee for these manufacturing services.

- **Office Services Agreement** – RLF AgTech and RLF Australia shares office space and administrative services. RLF AgTech pays RLF Australia a monthly fee for these shared services and reimbursement of any other costs in relation to travel and office administration costs.

- **Aggregated Payables Deferred Agreement** - RLF Australia and RLF Global have agreed to allow the RLF AgTech and its related bodies corporate to defer payment of certain historical fees owed to RLF Australia and RLF Global relating to royalties, toll manufacturing fees and services.

Mr Gavin Ball is a director of Magicorp Pty Ltd and a substantial holder of Sourcefit Inc, that receives payment for contracting and administration expenses.

Dr Lu, an Executive Director of RLF AgTech Ltd, has an outstanding receivable with the Company in relation to a retrospective tax liability of $119,764 (rounded to $120,000) that was incurred in China during the financial year ended 30 June 2023. Refer to Note 29 for more information on this disclosure.

(a) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties during the period:

Other related parties	**30 June 2023 $'000**	**30 June 2022 $'000**
Purchase of goods:		
Purchase of goods from RLF Australia	339	137
Fees Charged between Related Parties:		
Manufacturing fee charged by RLF Australia	-	404
Research & Development Fees charged by RLF Australia	-	186
Rental charged by RLF Australia	40	54
Travel and other expenses reimbursed to RLF Australia	16	76
Asset purchased from Rural Liquid Fertilisers Pty Ltd	57	-
Distribution fee charged by RLF Global	-	93
Marketing service charged by Magicorp Pty Ltd	1	4
Contracting and administration service charged by Sourcefit Inc.	135	17
Royalty fee charged to RLF Australia by RLF AgTech	68	-
	656	**971**

Balances outstanding relating to the transactions above are disclosed in Note 11 and 16.

NOTE 30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts receivable from related parties:

(i) Trade receivables:	30 June 2023 $'000	30 June 2022 $'000
Beginning of the year*	**-**	**-**
Amounts incurred	105	-
Amounts paid	(6)	-
Foreign currency translation difference	-	-
End of the year	**99**	**-**

(ii) Other Receivable from related parties:		
Beginning of the year	**-**	**-**
Tax receivable from Dr Shen (Mike) Lu – Current**	29	-
Tax receivable from Dr Shen (Mike) Lu – Non-Current**	91	**-**
End of the year	**120**	**-**

*As per note 10, the Related Party Trade and Other Receivables of $216,000 was reclassified to Investments Accounted for Using the Equity Method.
**Refer to Note 29 for more information on this disclosure.

(c) Amounts payable to related parties:

Other Payables	30 June 2023 $'000	30 June 2022 $'000
(ii) Trade payables:		
Beginning of the year	**4,107**	**4,153**
Amounts incurred	606	1,138
Amounts off-set	-	(332)
Amounts paid	(656)	(641)
Foreign currency translation difference	148	(211)
End of the year	**4,205**	**4,107**
Current	753	372
Non-Current	3,452	3,735
Total related party Trade Payables	**4,205**	**4,107**

Related party balances are comprised of trade payables and the payment terms are set out in the agreements stated above. No interest is charged to or from related parties. Other than as disclosed above and elsewhere in the financial report, above, there were no other related party transactions for the financial year ended 30 June 2023.

NOTE 31. AUDITOR'S REMUNERATION

	30 June 2023 $'000	30 June 2022 $'000
Audit and review of financial statements	60	72
Other services	7	-
Reversal of over estimation of audit expenses	-	(30)
Total Remuneration of Auditors	**67**	**42**

NOTE 32. PARENT INFORMATION

The following information has been extracted from the books and records of the financial information of the Parent Entity (RLF AgTech Ltd) set out below and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Assets		
Current Assets	1,527	5,106
Non-Current Assets	10,167	9,778
Total Assets	**11,694**	**14,884**
Liabilities		
Current Liabilities	915	1,057
Non-Current Liabilities	642	448
Total Liabilities	**1,557**	**1,505**
Net Assets	**10,137**	**13,379**
Equity		
Share capital	17,197	17,170
Reserves	1,889	1,699
Accumulated losses	(8,949)	(5,490)
Total Equity	**10,137**	**13,379**

Statement of Profit or Loss and Other Comprehensive Income

	30 June 2023 $'000	Restated* 30 June 2022 $'000
Total loss for the year	(3,411)	(2,920)
Total Comprehensive Income	**(3,411)**	**(2,920)**

* The amounts disclosed are post the restatement to correct the error in relation to the Share based Payments advised in note 2.B.

DIRECTORS DECLARATION

The Directors of the Company declare that:

The consolidated financial statements for the year ended 30 June 2023 as set out on pages 40 to 97 are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements including:

a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b) complying with International Financial Reporting Standards as disclosed in Note 2.

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Kenneth Hancock
Managing Director
29 September 2023

Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF RLF AGTECH LTD

I declare that to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

WEN-SHIEN CHAI
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2023.

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RLF AGTECH LTD

Report on the Audit of the Financial Report

Opinion

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

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

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

Independence

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

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 year. 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.

MOORE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RLF AGTECH LTD (CONTINUED)

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Revenue Recognition	
Refer to Note 2(m) and Note 4 Revenue and Other Income	
The Group's main source of revenue is from the sale of liquid fertilisers. The Group recognised $11.3 million of revenue for the year ended 30 June 2023. Revenue is recognised at a point in time when the Group transfers control of the inventory to the customer. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations (customer advances). This is a key audit matter due to its significance to the Group and the presumption of fraud risk as per Australian Auditing Standards (ASA's).	Our procedures included, amongst others: • Documented the revenue cycle process and assessed the design and implementation of internal controls relating to revenue recognition; • Reviewed the revenue recognition policy to ensure compliance with AASB 15: *Revenue from Contracts with Customers*; • Performed tests of detail and predictive tests on revenue recognised; • Performed cut-off procedures to ensure revenue is recognised in the correct period; and • Assessed the appropriateness of disclosures in the financial report.

Accounting for Share Based Payments	
Refer to Note 2(s) and Note 22 Share Based Payments	
As at 30 June 2023, 26,194,444 options and 6,391,821 performance rights had been issued to directors, employees, consultants and third parties. The Group recognised $205,000 as share based payment expense during the year ended 30 June 2023. This is a key audit matter due to the complexities involved in the recognition and measurement of these financial instruments and judgement involved in determining the inputs used in the valuations.	Our procedures included, amongst others: • Analysed contractual agreements to identify key terms and conditions of the share based payments and relevant vesting conditions in accordance with AASB 2: *Share-based Payment*; • Evaluated management's valuation methods and assessed the reasonableness of assumptions and inputs used; • Assessed the amounts expensed as share based payments during the financial year against relevant vesting conditions; and • Assessed the appropriateness of disclosures in the financial report (including the prior period adjustment).

MOORE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RLF AGTECH LTD (CONTINUED)

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Impairment Assessment of Intellectual Property and Distribution Rights (Intangible Assets)	
Refer to Note 2(f) and Note 15 Intangible Assets	
As at 30 June 2023, the Group recognised Intellectual Property and Distribution Rights of $6.1 million as part of the acquisition of RLF IP Co and RLF Distribution Co in a previous financial year. Intangible assets with indefinite useful lives must be tested for impairment annually by comparing the carrying amount with the recoverable amount in accordance with AASB 136: *Impairment of Assets* and AASB 138: *Intangible Assets*. The Group performed an impairment test to assess the recoverable amount through "value in use" (VIU) using a discounted cashflow model. Significant judgement was required to estimate the key assumptions in the model to determine the recoverable amount of the intangible assets and the amount of any impairment. The most significant areas of judgement related to: • Cash flow forecasts, including terminal values; • Future growth rates in revenue; and • Discount rates used. As the recoverable amount of the intangible assets was higher than the carrying amount, no impairment loss was recognised for the year ended 30 June 2023. This is a key audit matter due to the level of judgement required to determine the "value in use" and significance of intangible assets to the statement of financial position.	Our procedures included, amongst others: • Assessed whether the Group's identification of the cash generating unit (CGU) was consistent with the level at which the intangible assets are allocated; • Reviewed the impairment assessment model prepared by management, including an assessment of the appropriateness of the relevant inputs and cash flow forecasts together with the underlying assumptions used in determining the recoverable amount of the cash generating unit; • Assessed the Group's ability to forecast future cash flows for the business by comparing historical budgets against actual results; • Assessed the appropriateness of terminal growth rates used in the model; • Performed a sensitivity analysis based on the "worst case scenario" to test the reasonableness of the impairment assessment; • Reviewed the mathematical accuracy of the impairment assessment model; and • Assessed the adequacy of the disclosures in the financial report relating to AASB 136 and AASB 138.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RLF AGTECH LTD (CONTINUED)

Report on the Audit of the Financial Report (continued)

Key Audit Matters (continued)

Existence and Valuation of Inventories	
Refer to Note 2(g) and Note 12 Inventories	
As at 30 June 2023, the Group had $3.2 million of inventories (raw materials, finished goods and work in progress) on hand which was stored in different locations in China. Inventory is valued at the lower of cost and net realisable value. The carrying amount of inventory is calculated after deducting an impairment allowance, which is applied where the Group believes there is a risk the cost incurred in buying and bringing the inventory to its present condition and location will not be sufficiently realised through sales. This allowance is based on identified slow moving, obsolete or damaged inventory items and is reviewed and updated by the Group throughout the financial year and also at year end. There was no impairment allowance recognised in the current financial year. This is a key audit matter due to the: • Financial significance of the inventory balance to the statement of financial position; • Judgement required to determine and allocate costs to be included in the carrying value of inventory; and • Estimates and judgements required to calculate the impairment allowance.	Our procedures included, amongst others: • With the assistance of component auditors, attended stocktakes at significant locations to observe the physical count of inventories; • Reviewed and tested internal controls in relation to inventory management; • Established that the measurement of inventories were appropriate and in accordance with AASB 102: *Inventories* by testing a sample of items and ensuring they were recorded at the lower of cost and net realisable value; • Examined and evaluated the methodology used to determine that there was no impairment allowance is required; and • Assessed the appropriateness of disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 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.

MOORE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RLF AGTECH LTD (CONTINUED)

Report on the Audit of the Financial Report (continued)

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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of RLF AgTech Ltd, for the year ended 30 June 2023 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.

WEN-SHIEN CHAI	MOORE AUSTRALIA AUDIT (WA)
PARTNER	CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2023.

The Board of RLF AgTech Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at https://www.rlfagtech.com/our-business#CorporateGovernance

The following additional information is required by the Australian Securities Exchange.

The information is current as at 19 September 2023.

(a) Distribution Schedule and Number of Holders of Equity Securities

Holding Ranges – Ordinary shares	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	13	2,248	0.00%
above 1,000 up to and including 5,000	76	265,500	0.14%
above 5,000 up to and including 10,000	126	1,121,282	0.60%
above 10,000 up to and including 100,000	222	8,985,895	4.84%
above 100,000	134	175,352,032	94.41%
Totals	**571**	**185,726,957**	**100.00%**

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 50 holding 100,516 shares.

Holding Ranges – Options @ $0.54 EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	6	17,694,444	100.00%
Totals	**6**	**17,694,444**	**100.00%**

Holding Ranges – Options @ $0.54 EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	1	1,000,000	100.00%
Totals	**1**	**1,000,000**	**100.00%**

Holding Ranges – Options @ $0.30 EXP 20/04/2025	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	1	500,000	100%
Totals	**1**	**500,000**	**100.00%**

Holding Ranges – Lead Manage Options @ $0.30 EXP 20/04/2025	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	11	717,500	10.25%
above 100,000	7	6,282,500	89.75%
Totals	**18**	**7,000,000**	**100.00%**

Holding Ranges - RLFPRA - PERFORMANCE RIGHTS EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	3	3,000,000	100.00%
Totals	**3**	**3,000,000**	**100.00%**

Holding Ranges - RLFPRB - PERFORMANCE RIGHTS EXP 20/04/2027	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	3	3,000,000	100.00%
Totals	**3**	**3,000,000**	**100.00%**

Holding Ranges - RLFDEFA - DEFERRED SHARES - CLASS A	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	2	12,187,500	100.00%
Totals	**2**	**12,187,500**	**100.00%**

Holding Ranges - RLFDEFB - DEFERRED SHARES - CLASS B	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	2	12,187,500	100.00%
Totals	**2**	**12,187,500**	**100.00%**

Holding Ranges - RLFESIP - INCENTIVE RIGHTS – VEST 30 JUNE 2024	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	17	77,661	19.82%
above 5,000 up to and including 10,000	22	199,330	50.87%
above 10,000 up to and including 100,000	5	114,830	29.31%
above 100,000	-	-	-
Totals	44	391,821	100.00%

(b) 20 Largest Holders of Quoted Equity Securities

The names of the twenty largest holders of fully paid ordinary shares (ASX code: RLF) are:

Position	Holder Name	Holding	% IC
1	RURAL LIQUID FERTILISERS PTY	51,378,260	27.66%
2	RLF GLOBAL PTY LIMITED	18,680,555	10.06%
3	CENTRAL T PTY LTD <CENTRAL A/C>	12,755,832	6.87%
4	OMNIUS PTY LIMITED	6,400,703	3.45%
5	LU SHEN	4,722,221	2.54%
6	TIGRIS CORPORATION	4,444,444	2.39%
7	KITTO NOMINEES PTY LTD	4,013,555	2.16%
7	KARINGAL PASTORAL LAND PTY LTD	4,013,555	2.16%
8	BLAMNCO TRADING PTY LTD	3,710,714	2.00%
9	KAYSIM PTY LTD	3,483,170	1.88%
10	LIPSET TRADING PTY LTD	2,993,768	1.61%
11	JEJM PTY LTD <J O MALOUF FAMILY A/C>	2,474,348	1.33%
12	ILWELLA PTY LTD <NO 2 A/C>	2,000,000	1.08%
12	CHEMBANK PTY LIMITED <CABAC SUPER FUND A/C>	2,000,000	1.08%
13	HORIZON INVESTMENT SERVICES PTY LTD <THE HORIZON INVESTMENT TRUST A/C>	1,964,286	1.06%
14	GRIFFIN PROPERTY GROUP PTY LTD	1,864,481	1.00%
15	MID DIG INVESTMENTS PTY LTD <MID DIG SUPER FUND A/C>	1,861,793	1.00%
16	EDLOU INVESTMENTS PTY LIMITED	1,650,000	0.89%
17	GREYSKULL NOMINEES PTY LTD	1,491,585	0.80%
18	EREMAEA HOLDINGS PTY LTD	1,433,412	0.77%
18	RAYMOND ALAN SEDWICK	1,433,412	0.77%
19	BLAMNCO TRADING PTY LTD	1,289,286	0.69%
20	M D STEINER PTY LIMITED <M D STEINER P/L SUPER A/C>	1,250,000	0.67%
	Total	**137,309,380**	**73.93%**
	Total issued capital	**185,716,957**	**100.00%**

Stock Exchange Listing – Listing has been granted for 185,716,957 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange.

(c) Substantial Shareholders

Substantial shareholders in RLF AgTech Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Holder Name	Holding Balance	% IC
Kenneth Hancock and associated entities Tigris Corporation Limited RLF Australia Pty Limited RLF Global Limited	74,503,259	40.11%
Gavin Ball and associated entities Omnius Pty Limited, Capital Corporation (Holdings) Pty Ltd RLF Global Pty Limited	25,428,480	13.69%
CENTRAL T PTY LTD <CENTRAL TRUST A/C>	12,755,832	6.87%

(d) Holder Details of Unquoted Securities

Holders of unquoted securities that hold more than 20% of a given class of unquoted securities are:

RLFUOPT01 - LEAD MANAGER OPT @ $0.30 EXP 20/04/2025

Position	Holder Name	Holding	% IC
1	HORIZON INVESTMENT SERVICES	4,366,500	62.38%

RLFUOPT02 – UNLISTED OPTION @ $0.30 EXP 20/04/2025

Position	Holder Name	Holding	% IC
1	MR GABRIEL CHIAPPINI & MRS ROSA CHIAPPINI	500,000	100%

RLFUOPT03 - UNLISTED OPTIONS @ $0.54 EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	TIGRIS CORPORATION	8,333,333	47.10%

RLFUOPT04 - UNLISTED OPTIONS @ $0.54 EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	MARK SAIN	1,000,000	100%

RLFPRA - PERFORMANCE RIGHTS EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	GAVIN NEIL BALL	1,000,000	33.33%
1	LU SHEN	1,000,000	33.33%
1	KENNETH GRAHAM HANCOCK	1,000,000	33.33%

RLFPRB - PERFORMANCE RIGHTS EXP 20/04/2027

Position	Holder Name	Holding	% IC
1	GAVIN NEIL BALL	1,000,000	33.33%
1	LU SHEN	1,000,000	33.33%
1	KENNETH GRAHAM HANCOCK	1,000,000	33.33%

RLFDEFA - DEFERRED SHARES - CLASS A

Position	Holder Name	Holding	% IC
1	RURAL LIQUID FERTILISERS PTY	10,000,000	82.05%

RLFDEFB - DEFERRED SHARES - CLASS B

Position	Holder Name	Holding	% IC
1	RURAL LIQUID FERTILISERS PTY	10,000,000	82.05%

(e) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options and securities have no voting rights.

(f) On-market buy- back

None.

(g) Escrowed Securities

The Company has the following securities currently on escrow:

Security Name	Total Holdings
ORD SHARES - ESCROW 24 MTHS QUOTATION	94,050,065
UNL OPT @ $0.54 EXP 20/04/27 ESC 21/4/24	17,694,444
UN OPT @ $0.30 EXP 20/04/25 ESC 21/4/24	500,000
LEAD MG OP @$0.30 EX 20/4/25 ESC 21/4/24	7,000,000
PERF RIGHTS EX 20/4/27 ESC TO 21/04/2024	3,000,000
PERF RIGHTS EX 20/4/27 ESC TO 21/04/2024	3,000,000
DEF SHARES CLASS A ESCROW TO 21/04/24	12,187,500
DEF SHARES CLASS B ESCROW TO 21/04/24	12,187,500

(h) Use of Funds

The Company has used the funds that it had at the time of admission in a way consistent with its initial business objectives.