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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

A1 INVESTMENTS & RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
44 109 330 949	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (.....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	58	58
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	(8)	(8)
	(e) staff costs	(79)	(79)
	(f) administration and corporate costs	(188)	(188)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(217)**	**(217)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(11)	(11)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (.....months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(11)**	**(11)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	Deposit for share issues	-	-
	Subscription in advance	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,234	2,234
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(217)	(217)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(11)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (.....months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	**Cash and cash equivalents at end of period**	**2,004**	**2,004**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	96	235
5.2	Call deposits	1,908	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,004**	**2,235**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(73)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Note: Payments to the Directors of the company.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	300	-
7.4	**Total financing facilities**	300	-

7.5	**Unused financing facilities available at quarter end**	300

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Others

The company has received advice from related parties to the directors for further equity investment in the company, and the conversion of these funds to ordinary shares subject to shareholder approval and notice to ASIC and the ASX. The funds the subject of this paragraph have not been received by the company, but the company reasonably believes these funds are available and will be provided to the company prior to the Annual General Meeting of the company which must take place before 30 Nov 2020.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(217)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,004
8.3	Unused finance facilities available at quarter end (Item 7.5)	300
8.4	Total available funding (Item 8.2 + Item 8.3)	2,304
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	10.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2020



Peter J Ashcroft

Director

Authorised by: The Board of A1 Investments & Resources Limited....

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

A1 Investments & Resources Ltd
ABN 44 109 330 949

ASX Code AYI



Suite 606, 37 Bligh Street, Sydney NSW Australia 2000

Tuesday 27 October 2020

ASX ANNOUNCEMENT

QUARTERLY ACTIVITY STATEMENT TO 30 SEPTEMBER 2020

The Company advises its operational activities for the quarter to 30 September 2020 as follows;

Qualipac Agriculture

Operations within this venture ceased in December 2019.

The Company and Qualipac have determined to examine other properties in the area to continue the venture and to again examine the opportunities available in Tasmania.

However, the coronavirus pandemic and the domestic and international travel restrictions in place at the time of writing this statement have precluded the management of the consolidated entity travelling to Queensland to examine other opportunities. The Board therefore determined to suspend further operations under this project until 2021, when a further re-assessment will take place.

The Company remains confident of the medium and long term profitability of the Qualipac joint venture and the significant potential of the project.

North Japan Development

The Company has deferred any further examination of this project as the primary customer for the gravel was associated with Tokyo Olympics which have been postponed for 12 months

Blue Ocean Health

The sea cucumber joint venture in Shark Bay as performed poorly over the 3 months to 30 June 2020 despite numerous assurances from the company's partners in June and July 2020.

The joint operating agreements are that the Company will control the costs of the project both in respect to harvesting and processing. Our partner companies must provide the Company with an open accounting book and must always drive their respective operating costs down. To date the Company is generally satisfied with disclosures by the processing company, but the disclosures by the harvesting company have been far from satisfactory. The Company is continuing its efforts to secure better accounting information. However, the managing director of Tidal Moon Pty Limited at the end of the quarter clearly indicated his intention to not provide either product or information. The Company is considering its position and response. The Company has employed the diving staff of Tidal Moon directly as Tidal Moon failed to pay them.

All operations of the project are designed to be as environmentally neutral as possible. The factory includes a new state of the art solar powered drying room and all power is provided by green energy providers, particularly wind farms.

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The Company did receive its first delivery of dried product in the quarter, which is several months behind our original plans. The impact of the coronavirus has meant delays in the construction of the factory, some boat fit out delays and more difficult employee management strategies as part of a CONVID19 management plan.

Unfortunately, the performance of the Company's Aboriginal partners has been unsatisfactory for sometime and particularly for the past three months. The Company has been professional and sympathetic to the failures in performance by Tidal Moon Pty Limited ("TM"), but this position has rarely been reciprocated, resulting in TM advising the Company on 1 October 2020 that it was terminating the agreement. The Company has rejected the termination and has advised TM that it will seek specific performance of the contract and damages for breach. The Company has developed and maintained its relationship with the local Aboriginal Elders who have expressed support for the Company and the joint venture. The Company is seeking a solution with TM that would see TM continue to provide sea cucumber harvesting, but at the same time looking at other alternatives, including a direct contract with the local Aboriginal corporation, who are also in dispute with TM.

Despite the problems for the past several months the Company reasonably expects to be exporting or having available for export up to 1 tonne of dried sea cucumber per month to Japan by January 2021. The offshore transport of the product caused directly by the coronavirus remains a major unresolved issue for the Company. Cargo space, both air freight and sea freight remains a major problem to all Australian exporters. To alleviate transport problems in the short term all dried sea cucumber will be exported by the Company by air from Australia.

The Company is also examining the immediate opportunities to acquire sea cucumbers from other suppliers.

The Company's target is to be providing not less than 1 tonne of dried sea cucumber to Blue Ocean Japan ("BOJ") I the first quarter on 2021 rising to 1.5 tonnes by June 2021. The Company intends sourcing product from Australia and elsewhere during the period. The Company is currently testing Peruvian sea cucumber and has tentatively committed to acquire up to 2 tonne of product per month throughout 2021.

Blue Ocean Japan

The Company acquired a subsidiary in Japan called Blue Ocean Japan in January 2020 which will acquire all of the exported sea cucumber from the Company, primarily for the manufacture of a health food supplement to be primarily marketed in Japan and the PRC. Test samples and market analysis is being undertaken.

Blue Ocean Health will arrange for the production of health supplements and beauty additives from the dried sea cucumber.

The Company secured a medium term loan (maturing in 3 years in March 2022) of $2 million to provide the further working capital needs of Blue Ocean Health and Blue Ocean Japan.

The Company has managed to continue to operate in all areas of prime interest throughout 2020 despite the very significant problems of travel and risk that the coronavirus pandemic has caused. The operations in Western Australia have been particularly difficult to manage with the very restrictive

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travel available. The Board notes the excellent work all of the Company's dedicated employees, management and consultants in Western Australia throughout the quarter to 30 September 2020.

The Company reasonably expects to be exporting or having available for export from its operations in Western Australia up to 1 tonne of dried sea cucumber per month to Japan by January 2021. The offshore transport of the product caused directly by the coronavirus remains a major unresolved issue for the Company. Cargo space, both air freight and sea freight remains a major problem to all Australian exporters.

The Company is also examining other sea cucumber supply opportunities. The Company and its employees and management have developed and have access to significant intellectual property in the processing, cooking drying and storing of sea cucumber. The Company has a focus and expertise in ensuring maintaining low salt levels in the dried product. The Company is seeking suppliers who can establish and maintain low salt harvesting and processing practices.

2020-21 will be a period of building dry sea cucumber stock for further processing and supplement manufacture in Japan. The Company must manage all the difficulties of the coronavirus pandemic in Australia, Japan, the PRC, and our Asian and Pacific suppliers. Transporting product around the world remains a major problem for the Company. Most of our product does not require air freight in the usual course of events, but small amounts of general cargo are a major logistically issue out of Australia and indeed from our other sources of product in Asia and the Pacific. We are usually transporting our product in tonne lots meaning we must always consolidate our freight with other consignors. This leads to inevitable delays.

The Company intends commencing sales in the PRC in 2021 and is commencing to formulate detailed sales and marketing plans including a major social media program in the PRC. All Company product being exported to the PRC will emanate from Japan and will be manufactured in Japan. Although the Company sees the Western Australian sea cucumber production as very important for the future and particularly for premium products throughout Asia, the current diplomatic and trade issues taking place between China and Australia has lead the company to focus on a "made in Japan" label in the immediate future.

The Company believes the opportunities for our products in Asia are enormous and the growth potential of the product for the next 5 years will be significant.

Bundybunna

The Company has previously announced it has entered a heads of agreement to acquire the owner of a lease of an 11,000 hectare livestock and grain property in central Western Australia. Completion of the acquisition is anticipated before 31 Dec 2020 but it dependent on the termination of the winding up of the owner of the property, Bundybunna Aboriginal Corporation Limited (in liquidation) ("BACLL"). The Company and its executive directors have provided all assistance required by the members of BACLL to facilitate the termination of the winding up and the Company has a reasonable expectation this will take place before 31 Dec 2020 or immediately thereafter.

The Company has engaged professional farming consultants to assist in the management of Bundybunna in the future. Our initial program is to expand the areas under grain cultivation to immediately improve the revenue of the project. The second phase is to repair the water infrastructure

which will allow the grazing of livestock, both sheep and cattle. The property's best potential is as a mixed grain and livestock farm.

There is also potential for the development of Australian Indigenous Bush Medicine on a small commercial scale. The property has set aside approximately 20 hectares for the development of plants used to extract bush medicines. The Company is examining the feasibility of using some of these products as an added mixture for inclusion in the supplements being produced from sea cucumber. The sale of these products would be limited to outside of Australia.

General Investments of the Company 2020 and beyond

The Company is continuing to examine general investment opportunities as they may be presented.

The Company is examining the potential to invest in Indonesia in a waste management project operated by the Aura Green Energy Group. Any direct investment will take place in the year to 30 June 2021. This is an investment only. All operating and management will be undertaken by non-associated independent contractors. The risks posed by the coronvirus in Indonesia are likely to delay our assessment of this project into the 2021-22 financial year.

The Company is also examining providing management advice to a proposed limited partnership in Japan which would invest in renewable energy projects in Asia. Any management will take place in the year to 30 June 2021.

The Company is examining the potential to invest in a Japanese renewal energy project in northern Japan operated by the Aura Green Energy Group. Any direct investment will take place in the year to 30 June 2021. This is an investment only. All operating and management will be undertaken by non-associated independent contractors.



Peter J Ashcroft

Director

Date: Tuesday 27 October 2020

Authorised by: .The Board of A1 Investments & Resources Limited

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