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Murray Cod Australia Ltd

ASX:MCA

29 October 2020

September 2020 Quarterly Activities Report

The Board of Murray Cod Australia Ltd (MCA) is pleased to provide the following update of operational and sales progress in conjunction with the release of the MCA quarterly cashflow report.

HIGHLIGHTS

- **Sales growth of 21.5% over June 2020 quarter**
- **Average sale weight of 1.57 kilograms per fish**
- **First ponds at new Whitton site stocked**
- **Significant boost in hatchery spawnings**

Total sales increase of 21.5% to June 2020 quarter

Total sales grew 21.5% for the quarter ending September 2020 compared to the June 2020 quarter. Domestic sales have increased significantly since March 2020 when exports effectively ceased as a result of the COVID-19 business shutdowns.

Grow-out performance

The 2020 calendar year has seen excellent growing conditions, that have allowed stock to perform well. Fish growth and health in the ponds has been in-line with expectations for this period. Growth has increased as we head into the warmer weather and we expect this to continue into the summer months as temperatures continue to increase.

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Hatchery performance

The recent acquisition of a second hatchery has given MCA a significant boost in hatchery capacity. Both hatcheries have already had good numbers of early Murray cod spawnings and will commence breeding golden perch and silver perch in early November. The team look forward to an excellent season.

Domestic sales

Average sale weight for the quarter was 1.57 kilograms per fish. This is a drop but reflects the higher amount of live fish at lower weights that were sold and the softening of the restaurant market

MCA has continued selling live Murray cod domestically. Sales are tracking ahead of target and we are now servicing markets into New South Wales, Victoria and South Australia, weekly. We see the live market as a moderate area of growth for MCA.

Export performance

Prior to Covid-19, MCA was shipping weekly to Japan, Europe and the USA, with regular shipments also being made to Singapore and Hong Kong. Exports are temporarily halted. During the September quarter MCA re-entered the export market with smaller regular shipments to the USA and Japan. During October however Japanese orders have gone on hold again and USA orders remained at small levels. We have maintained our direct sales presence in USA and have continued marketing activity in that market.

We expected shipments to Europe to begin in the December 2020 quarter. However recent news of new lockdowns in France and Germany may affect those plans.

Last quarter we reported the management team had investigated the logistics of delivering a high-quality frozen product to service export markets. We have not implemented this strategy yet as we continue to communicate with our distributors about the appropriate timing of entering Covid-19 affected export markets.

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First ponds at Whitton site stocked

The first four ponds at the Whitton, NSW site have been stocked. Construction of the first stage of eight ponds is complete and we expect the remaining four ponds to be stocked in the December 2020 quarter.

The plan caters for 35 ponds that will effectively triple our current holding capacity. Construction on stage two is expected to commence during the first quarter of 2021.

Conclusion

The management and board of Murray Cod Australia are very pleased with the significant progress that has been made operationally and the continued development of our domestic and export sales. We look forward to providing future updates to shareholders on our continued progress.

Related party payments

During the quarter the following payments were made to related parties of the entity and their associates as disclosed in Item 6 of the Appendix 4C;

- Executive chairman and Managing Director salary and super for $57,563;
- Non-executive director fees for $16,558;
- Payments to Aquacomm, a related entity of Roger Commins, as a contract grower on commercial terms for fish which were on-sold by MCA, for $79,250;
- Payments to Commins enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for $36,546; and
- Payments to Andersons Tax and Investment Services, a related entity of Ross Anderson, for accounting and administrative services on commercial terms for $77,900.

This announcement was authorised for release by Ross Anderson, Executive Chairman.

For more information contact:
Ross Anderson
Murray Cod Australia
+61 269 625 470

Appendix 4C

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

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Name of entity	
Murray Cod Australia Limited	
ABN	**Quarter ended ("current quarter")**
74 143 928 625	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,195	1,195
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs		
	(f) administration and corporate costs		
	Total 1.2	<2,108>	<2,108>
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	<22>	<22>
1.6	Income taxes paid		
1.7	Government grants and tax incentives	586	586
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**<348>**	**<348>**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	<742>	<742>
	(d) investments		
	(e) intellectual property		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(f) other non-current assets	<10>	<10>
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)	<10>	<10>
2.6	**Net cash from / (used in) investing activities**	**<762>**	**<762>**

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	132	132
3.6	Repayment of borrowings	<51>	<51>
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**81**	**81**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,075	6,075
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<348>	<348>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<762>	<762>

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	81	81
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**5,046**	**5,046**

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	5,061	6,082
5.2	Call deposits		
5.3	Bank overdrafts	<16>	<8>
5.4	Other (provide details)	1	1
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,046**	**6,075**

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 and Item 2	268

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

All payments at item 6.1 are made for Directors Fees or in respect of contractual arrangements on arms-length terms.

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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	Nil	Nil
7.2	Credit standby arrangements	2,620	Nil
7.3	Other (Equipment Finance Facility)	1,402	1,402
7.4	**Total financing facilities**	4,022	1,402

7.5	**Unused financing facilities available at quarter end**	2,620

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.

7.2 Westpac Overdraft Facility and Credit Card Facility, Variable interest rate, secured by land and water assets.
7.3 Westpac Equipment Finance Facility.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	<348>
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,046
8.3	Unused finance facilities available at quarter end (Item 7.5)	2,620
8.4	Total available funding (Item 8.2 + Item 8.3)	7,666
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	22.03

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?

Answer: NA

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?

Answer: NA

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

Answer: NA

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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: 29th October 2020

Authorised by: Ross Anderson Chairman

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.

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