

## QUARTERLY ACTIVITIES REPORT March 2021

### WEATHER EVENT

In late March the farms in New South Wales received large amounts of rainfall across a very short period of time with 89mm falling on the 23rd alone. These conditions led to various levels of flooding across each of the farms.

As at the end of April the majority of the flooding has subsided due to favourable weather conditions and the use of water infrastructure where possible. The summer crop has been largely unaffected and while small amounts of pooling exist across select areas of the farms winter sowing has commenced with the expectation that planted areas should be close to those planted last year.

### SUMMER CROPS

Defoliation on the 165 hectares of cotton planted in October to be harvested in May 2021 commenced in April with aerial spraying taking place at the end of the month. The final bolls are now opening and the expected yield is between 10 and 11 bales per hectare. Water costs attached to the crop will be lower than budgeted due to the lower irrigation requirement from favourable weather conditions across the growing period.

### WINTER CROPS

Winter crops from the prior harvest are still being sold through with a large proportion of the chickpeas being sold across April along with a significant portion of wheat at prices higher than those at harvest. The harvest crop is expected to be sold in full and cash received prior to the end of the financial year reducing our overdraft balance.

Sowing of the next winter crop begun in April on fields that allowed following the weather event in March. Wheat will make up the majority of the planting area in similar percentages to last season along with smaller areas of barley, chickpeas and also canola which was not planted last year.

### BOORALA SALE

The Boorala property settled on the 12<sup>th</sup> of April for \$22 million with an additional \$1.2 million dollars received from a clearing sale for the plant & equipment and remaining livestock on the farm after 2,620 ewes were moved to the New South Wales aggregation.

### WEST PLAINS & LENBOROUGH ACQUISITION

The company executed contracts on the 29<sup>th</sup> of April to purchase the farms West Plains and Lenborough totalling 3,506 hectares for consideration of \$13.9 million replacing the 1,980 hectares previously held at Boorala. The farms are based in close proximity to the existing assets in the New South Wales aggregation and will drive further operational scale and efficiency in that area.

### LIVESTOCK

Following the sale of the Boorala livestock the total headcounts on farm are 4,681 sheep and 1,380 cattle in New South Wales.

The company continues to benefit from the decision in the prior year to have a long position on cattle and feed. During the quarter a further 298 head of cattle were sold at an average price of \$1,780 per head taking advantage of the ongoing increases in the Eastern Young Cattle Indicator (EYCI) which broke \$9.00/kg for the first time in history on the 14<sup>th</sup> of April.

2,008 ewes were sold in the quarter at an average price of \$213 per head with the majority of these being those from Boorala. The remaining Boorala ewes have settled well in New South Wales with the intention for them to utilise the pasture on the West Plains and Lenborough properties when available. The first lambs have begun to drop with the majority expect to drop across May and June.

Large amounts of silage, hay and cotton seed remain on hand in storage which is being used in addition to strong pastures to satisfy the feed requirements of the livestock.

### CASH FLOW FORECAST

Operating cash flow for the quarter ending 31 March 2021 was a \$50k surplus due to income from the sale of the winter harvest and livestock offsetting cost of harvesting, future crop inputs and freight.

Overdraft facilities are expected to be paid down in full following the sale of the winter harvest. Westpac are currently reviewing debt levels and future funding following the sale of Boorala.

The total of \$210k of related party payments in 6.1 of the quarterly cash flow report represents \$157k paid to Duxton Capital Australia Pty Ltd for financial services and management fees for acting as the investment manager along with \$53k paid to Duxton Water Ltd for water charges.

## Appendix 4C

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

**Name of entity**

Duxton Broadacre Farms Ltd

**ABN**

45 129 249 243

**Quarter ended ("current quarter")**

31 March 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,124	13,480
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5,263)	(9,085)
(c) advertising and marketing	(1)	(4)
(d) leased assets	-	(56)
(e) staff costs	(374)	(1,220)
(f) administration and corporate costs	(291)	(928)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(278)	(873)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	124	211
1.8 Other (provide details if material)	9	60
<b>1.9 Net cash from / (used in) operating activities</b>	<b>50</b>	<b>1,585</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(337)	(1,259)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	66	834
	(d) investments	-	87
	(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)	(48)	(103)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(319)</b>	<b>(441)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(26)	(51)
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	-	(2)
3.5	Proceeds from borrowings	-	1,006
3.6	Repayment of borrowings	(170)	(527)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(196)</b>	<b>426</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	(4,249)	(6,284)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	50	1,585
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(319)	(441)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(196)	426
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>(4,714)</b>	<b>(4,714)</b>

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	12	12
5.2	Call deposits	-	-
5.3	Bank overdrafts	(4,726)	(4,261)
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>(4,714)</b>	<b>(4,249)</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

210

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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

**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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	26,000	26,000
7.2 Credit standby arrangements	8,350	4,714
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	34,350	30,714

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

3,636

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.

Westpac Business One Loan (Overdraft 1) \$7,350,000: Rate 2.78% maturity at call  
Westpac Business One Loan (Overdraft 2) \$1,000,000: Rate 3.09% maturity at call  
Westpac Agri Finance (Facility 1) \$5,000,000: Variable Rate 2.86% maturity 31/10/21  
Westpac Agri Finance (Facility 2) \$10,000,000: Fixed Rate 5.17% maturity 26/10/27  
Westpac Agri Finance (Facility 3) \$5,000,000: Variable Rate 2.92% maturity 31/10/22  
Westpac Agri Finance (Facility 4) \$6,000,000: Variable Rate 3.22% maturity 06/03/24

The bank overdraft drawn has been included in 5.3 to reconcile the figure at 5.5 with that at 4.6 and is also included as an amount drawn in 7.2. It has only been included once in the estimated quarters of funding calculation below in 8.3 to give an accurate representation of total available funding in 8.4.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	50
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(4,714)
8.3 Unused finance facilities available at quarter end (Item 7.5)	3,636
8.4 Total available funding (Item 8.2 + Item 8.3)	3,636
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	72.72

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

- 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: No, calculating available funding based on a single quarter of operations in a broadacre farming business is going to give volatile results due to the timing of when revenue and expenses fall across the year.

The quarter ending March continued to see the inflow of revenue from the winter harvest and as a result the balance of cash from operations for the quarter is a cash surplus so there is no requirement for funding despite the calculation methodology.

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: The proceeds of the winter harvest will pay down the working capital overdraft facilities in full which will then be available to support operations for the foreseeable future.

The sale of the Boorala property was settled on 12/04/2021 with the intention to utilise a portion of the proceeds on the acquisition of the West Plains & Lenborough properties.

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: The entity expects to be able to operate without limitation.

## 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: 30<sup>th</sup> April 2021

Authorised by: The Board of Duxton Broadacre Farms Ltd  
(Name of body or officer authorising release – see note 4)

## 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.