

QUARTERLY ACTIVITIES REPORT September 2021

SUMMER CROPS

All cotton on hand has been ginned and delivered against contracts. Between June and September just under 2,050 bales were ginned and sold at an average of \$587 per bale. By-product cotton seed has been utilised to support the feeding of the livestock herd.

Planting of this year's cotton crop is currently underway and expected to be finalised in the coming weeks. Planting was delayed due to issues with getting preparation and planting equipment on wet land from the above average rainfall the farms have seen this year.

WINTER CROPS

The development of the current winter crop continues to progress positively after dealing with rainfall levels double the previous 15-year average across the season to date. More recent reduced rainfall, increased temperatures and positive short-term weather forecasts are supporting growing conditions as we progress into spring and approach harvest.

Whilst the farms have dealt with some water logging issues, larger areas of Timberscombe and Kentucky remain unaffected. Our chickpea crop sown at Yarranlea previously suspected as a possibility to be written off has been assessed and will be able to be retained through to harvest.

Heavy rainfall, cold temperatures and baiting on-farm have significantly reduced the mouse population seen earlier in the season although farm managers remain vigilant as weather warms up with adequate reserves of bait on hand if required.

Canola windrowing is expected to occur in the coming weeks after the planting of the cotton crop is finalised with the remainder of the harvest to follow.

Global conditions are currently supporting high-decile crop pricing with both feed wheat and feed barley up 30% on pricing 12 months prior. The Company has secured close to 22,000 tonnes of forward contracts for the upcoming harvest at current market pricing due to expectations of downward pressure a forecasted 54.8 million tonne domestic harvest will place on prices.

FUTURE PLANNING

Future planning remains a high priority given the stress of current global conditions affecting the supply of a range of on-farm requirements from long delays in vehicle delivery times to supply shortages and price pressure on crop inputs such as fertilizer and chemicals. In the quarter the Company has placed orders for plant and equipment required for the FY23 crop along with securing supplies of both glyphosate chemical and monoammonium phosphate (MAP) fertilizer for future crops.

LIVESTOCK

The Eastern Young Cattle Indicator (EYCI) continues to rise and set new records finishing September at \$10.32 per kilogram, an increase of 34% on 12 months prior. During the quarter a further 115 head were sold which is likely to be offset by calving occurring across October. The Company intends to continue selling livestock at the current record prices.

Lamb pricing is also up 30% on 12 months prior finishing September at \$9.26 per kilogram. 1,581 lambs and 1,113 ewes were sold in the quarter at an average of \$193 and \$164 per head.

Pasture availability from favourable weather conditions is reducing the need for supplemental feeding and as a result feed costs are at significantly low levels. Livestock health is thriving and wool from shearing will be on hand available for sale at the end of October.

CASH FLOW FORECAST

Operating cash flow for the quarter ending 30 September 2021 was a \$3.1M deficit due to winter crop input costs and the payment of the performance fee incurred in FY21 exceeding revenue from cotton and livestock sales.

The Company paid its maiden dividend in the quarter resulting in a cash outflow of \$1.883M. The variance to the \$2.660M dividend payable shown in the 2021 Annual Report is made up of shares issued through the Dividend Reinvestment Plan (DRP).

\$4.3M of operating expenses are forecasted to be required to be paid to the end of December, this will be serviced with revenue from the delivery of our harvest against forward contracts across November and December.

The total of \$1,786k of related party payments in 6.1 of the quarterly cash flow report represents \$1,421k paid to Duxton Capital Australia Pty Ltd for the performance fee incurred in FY21, \$312k 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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,364	2,364
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,283)	(3,283)
(c) advertising and marketing	(1)	(1)
(d) leased assets	(49)	(49)
(e) staff costs	(387)	(387)
(f) administration and corporate costs	(1,739)	(1,739)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(178)	(178)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	65	65
1.8 Other (provide details if material)		
(a) Crop insurance claim	232	232
(b) Futures contracts as a hedge against grain price movement	(98)	(98)
1.9 Net cash from / (used in) operating activities	(3,074)	(3,074)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(699)	(699)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	26	26
	(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	(673)	(673)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(116)	(116)
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	(1)	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(98)	(98)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(1,883)	(1,883)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(2,098)	(2,098)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,591	3,591
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,074)	(3,074)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(673)	(673)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,098)	(2,098)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(2,254)	(2,254)

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	3,591
5.2	Call deposits	-	-
5.3	Bank overdrafts	(2,266)	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(2,254)	3,591

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**

1,786

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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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	24,350	24,350
7.2 Credit standby arrangements	6,000	2,266
7.3 Other (please specify)	-	-
7.4 Total financing facilities	30,350	26,616

7.5 **Unused financing facilities available at quarter end** 3,734

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) \$6,000,000: Rate 2.43% maturity at call
Westpac Agri Finance (Facility 1) \$14,350,000: Variable Rate 1.96% maturing 12/06/23
Westpac Agri Finance (Facility 2) \$10,000,000: Fixed Rate 5.17% maturing 26/10/27

All facilities are secured by mortgages over property and water entitlements. Facilities were revised following the release of security of the Boorala property for the purpose of acquiring West Plains and Lenborough.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(3,074)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(2,254)
8.3 Unused finance facilities available at quarter end (Item 7.5)	3,734
8.4 Total available funding (Item 8.2 + Item 8.3)	3,734
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.21

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: 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 September has had significant input costs attached to sowing and establishing the upcoming winter crop in addition to revenue from the harvest of cotton in June.

The quarter ending December will have revenue from the harvest and sale of the winter crop.

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: There are currently no plans to raise further cash to fund its operations due to positive expectations for the winter harvest.

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 on the basis of supporting cash flow with the sale of the winter harvest starting in November and continued sales of livestock at premium prices.

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: 29 October 2021

Authorised by: the Board of Directors
(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.