

## QUARTERLY ACTIVITIES REPORT December 2020

### SUMMER CROPS

The final 12% of the 2020 cotton crop was harvested in December and the modules will be ginned in early 2021.

The 2021 crop was planted in October and is growing well. Nitrogen fertilisers were applied in December to support crop development. Crops are being irrigated in response to the recent high temperatures in the region.

### WINTER CROPS

Winter crops were harvested in December at yields well above average. 98% of all wheat harvested was above the base grade of ASW1 suitable for milling and blending purposes.

Post-harvest spraying and preparations for the next winter crop have begun. Supply issues from China are driving some fertilizer shortages in the market. Due to early preparation by managers and good relationships with our suppliers it is not expected to impact our ability to source required crop inputs for the next winter crop.

### BOORALA SALE

On 9<sup>th</sup> December the acceptance of a non-binding offer for Boorala was announced with the key terms of the contract being a sale price of \$22m excluding plant, equipment, the 2020 winter crop harvest and livestock. The contract is conditional on the purchaser being satisfied with its due diligence investigations and obtaining FIRB approval. Settlement is expected to occur on the latter of 1 March 2021 or 10 business days after FIRB approval has been received.

### LIVESTOCK

During the quarter a further 152 head of cattle were sold at an average price of \$1,643. The fall in headcount due to sales was partially offset by the birth of 90 calves across the quarter. Breeding cattle have returned from agistment in preparation for autumn calving. 118 steers remain at Boorala which will be sold separate to the Boorala sale.

The Eastern Young Cattle Indicator (EYCI) continued to ease finishing the quarter at \$7.88/kg but is still 59% higher than this time last year due to restocking buyers continuing to compete over a diminishing young cattle supply.

6,365 head of lambs were sold across the two properties in the quarter at an average price of \$160 per head. Sheep were shorn in October with 58 bales of wool being sold at the end of November at \$485 per bale.

Silage stocks remain strong to support livestock feeding on farm with 5,350 tonnes being held following the recent harvest. A small number of younger cattle remain on agistment due to feed cost efficiency.

### CASH FLOW FORECAST

Operating cash flow for the quarter ending 31 December 2020 was a \$2.2M surplus due to income from the sale of lambs and beginning to sell through the winter harvest.

Overdraft facilities are expected to be paid down in full following the sale of the winter harvest. Strategies are being reviewed for the use of funds from both the winter harvest and the sale of Boorala.

The total of \$215k of related party payments in 6.1 of the quarterly cash flow report represents \$160k paid to Duxton Capital Australia Pty Ltd for financial services and management fees for acting as the investment manager along with \$55k 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 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,382	7,356
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,144)	(3,822)
(c) advertising and marketing	(2)	(3)
(d) leased assets	(5)	(56)
(e) staff costs	(465)	(846)
(f) administration and corporate costs	(284)	(637)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(298)	(595)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	23	87
1.8 Other (provide details if material)	11	51
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2,218</b>	<b>1,535</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(259)	(922)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	61	768
	(d) investments	87	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)	10	(55)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(101)</b>	<b>(122)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(15)	(25)
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	1,006
3.6	Repayment of borrowings	(43)	(357)
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>(57)</b>	<b>622</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	(6,309)	(6,284)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,218	1,535
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(101)	(122)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(57)	622
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>(4,249)</b>	<b>(4,249)</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	(4,261)	(6,321)
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>(4,249)</b>	<b>(6,309)</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**

215

-

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	4,249
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	34,350	30,249

7.5 **Unused financing facilities available at quarter end** 4,101

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 3.39% maturity at call  
 Westpac Business One Loan (Overdraft 2) \$1,000,000: Rate 3.70% maturity at call  
 Westpac Agri Finance (Facility 1) \$5,000,000: Variable Rate 3.079% 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 3.139% maturity 31/10/22  
 Westpac Agri Finance (Facility 4) \$6,000,000: Variable Rate 3.419% 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)	2,218
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(4,249)
8.3 Unused finance facilities available at quarter end (Item 7.5)	4,101
8.4 Total available funding (Item 8.2 + Item 8.3)	4,101
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.85

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 December started 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 and therefore there is no requirement for funding.

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 announced on 9/12/2020 however the combination of cash from harvests and available overdraft facilities will be sufficient to support operations in NSW without the need to draw from the proceeds.

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 following strong harvests in both SA and NSW in the December quarter.

## 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 January 2021

Authorised by: the Directors of Duxton Broadacre Farms 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.