DUXTON FARMS

Quarterly Activities Report
December 2021

VALUATION UPDATE
As previously announced to market, the Company engaged LAWD Pty Ltd ('LAWD') to provide an Indicative Desktop Assessment valuation for the land, water and structures owned by the Company as at 31 December 2021. DF is pleased to share that this assessment revalued these assets at $136,425,000, which represents a $28,475,000 or 26.4% uplift in the six months 30 June 2021. The Board views this as an affirmation of its original thesis that land and water assets in the central west of New South Wales were systemically mispriced both on a domestic and global scale.

WINTER CROPS
As at the end of December 2021, DF's harvest of its winter crop continues. Above average rainfall over the quarter, particularly in November, has resulted in a slower harvest this season with soft and boggy soil conditions across much of the cropping area. Some areas of DF's crop have been lost due to water inundation, although the main impact on DF's winter crop from the wet weather will be on grain quality, with downgrades expected across most of the crop. Harvest is expected to continue well into January 2022 given the delayed start and slower harvest conditions. Despite quality downgrades, it is pleasing to note that those areas which have been harvested are recording higher yields relative to last season.

SUMMER CROPS
As at the end of the quarter, DF's cotton crop is progressing well, but was planted later in October than usual as a result of the wet conditions. Given the colder overcast and wet conditions, the crop is developing slower than would be considered ideal. Yarranlea and Walla Wallah crops have been impacted by hail damage over December and are both subject to an insurance claim which may help mitigate financial losses. Given the above average rainfall, crops have not required substantial irrigation this season, with on farm water storages that typically would be used to irrigate the crop remaining full.

LIVESTOCK
Pasture growth as at the end of the quarter is progressing well given the above average rainfall. Only limited areas of pasture remain unsown due to the wet conditions. Wool produced from shearing has been sold with reasonable pricing for the merino wool portion, however lower pricing was received for crossbred wool. Sale of livestock is ongoing with good to exceptional pricing with additional livestock to be purchased as attractive pricing opportunities arise.

Australian Eastern Young Cattle Indicator (EYCI) rose substantially over the quarter finishing December at $11.64/kg, approximately 48% higher than the same time last year. Lamb prices at the end of the quarter are approximately 11% higher than compared to the same time last year with the Australian Eastern States Trade Lamb Indicator (ESTLI) finishing the quarter at $8.54/kg.

CASH FLOW FORECAST
Operating cash flow for the quarter ending 31 December 2021 was a $2.1M deficit due to winter crop input costs occurring and the late harvest resulting in delayed revenue. Harvest revenue is planned for early this quarter and will result in positive cashflow of approximately $11M.

A total of $248k of related party payments in 6.1 of the quarterly cashflow report represent fees paid to Duxton Capital Australia Pty Ltd for financials services and management fees for acting as the investment manager.

This announcement has been authorised for release by the Directors of Duxton Farms Ltd.

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Appendix 4C

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

Name of entity

Duxton Farms Ltd

ABN	**Quarter ended ("current quarter")**
45 129 249 243	31 December 2021

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		1,626	3,990
1.2	Payments for			
	(a)	research and development	-	-
	(b)	product manufacturing and operating costs	(2,872)	(6,155)
	(c)	advertising and marketing	(3)	(4)
	(d)	leased assets	(4)	(53)
	(e)	staff costs	(424)	(811)
	(f)	administration and corporate costs	(284)	(2,023)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	-
1.5	Interest and other costs of finance paid		(190)	(368)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		17	82
1.8	Other (provide details if material)			
	(a)	Crop insurance claim	-	232
	(b)	Futures contracts as a hedge against grain price movement	(1)	(99)
1.9	**Net cash from / (used in) operating activities**		**(2,135)**	**(5,209)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	entities	-	-
	(b)	businesses	-	-
	(c)	property, plant and equipment	(406)	(1,105)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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
	(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**	**(406)**	**(1,079)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(205)	(321)
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)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(5)	(103)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(1,883)
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(210)**	**(2,308)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	(2,254)	3,591
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,135)	(5,209)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(406)	(1,079)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(211)	(2,308)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**(5,005)**	**(5,005)**

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	(5,017)	(2,266)
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**(5,005)**	**(2,254)**

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	248
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

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	5,017
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	30,350	29,367

7.5	**Unused financing facilities available at quarter end**	983

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)	11,156
8.2	Cash and cash equivalents at quarter end (Item 4.6)	6,151
8.3	Unused finance facilities available at quarter end (Item 7.5)	983
8.4	Total available funding (Item 8.2 + Item 8.3)	7,134
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	0.64

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 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 March 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 late December 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: 31/01/2022

Authorised by: By the Board
(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.