



WINTER CROP

Duxton Farms' properties continue to experience wet conditions which has resulted in significant winter cropping areas remaining unplanted this season. The crops which were successfully planted before conditions deteriorated are developing well. Some small cropping areas planted late in the season have been inundated with water and will almost certainly not be harvested this season. Canola crops are progressing positively, with the majority of the crop having finished flowering and appearing to be of reasonable quality.

Australian grain prices, which remain elevated compared to the prior year, have been easing since May 2022. Price movements are attributed to new supply from the northern hemisphere entering the market and the market responding to possibilities of resumed grain shipments from Ukraine.

SUMMER CROP

Harvest of Duxton Farms' 2022 cotton crop has been mostly completed, however approximately 50 hectares remain unharvested due to wet field conditions preventing harvesters from accessing and maneuvering in the fields. Drier conditions will be required before harvest can recommence. Wet weather has delayed preparations for the upcoming cotton season. If these conditions persist, the Company may not be able to plant the full area of cotton as intended.

International cotton prices recorded declines over the quarter on the back of demand related concerns. Inflation, rising interest rates and fears of recession are weighing on the demand outlook, placing downwards pressure on prices. Price declines are occurring despite tightening supply forecasts, with United States likely to experience a challenging production season due to drought.

LIVESTOCK

Wet field conditions are supporting strong pasture growth for Duxton Farms. Cattle and sheep continue to be moved between the Company's properties to take advantage of available feed and the favourable field conditions. Livestock continue to be sold as they meet market specification with strong prices received.

Favourable weather conditions are supporting demand for young cattle. The Australian Eastern Young Cattle Indicator rose over the quarter, to finish September at \$10.79/kg representing a 5% increase on prior year. Lamb prices are now 19% lower than at the same time last year with the Eastern States Trade Lamb Indicator ending September at \$7.54/kg. Downwards pressure on lamb prices may come in the form of new season lamb supply entering the market.

CASH FLOW FORECAST

The company recorded an operating cashflow deficit for the quarter ending 30 September 2022 of \$4.561 million which can be primarily attributed to timing with continuing purchase of crop inputs for the winter season and the delayed completion of harvest of the summer cotton crop due to continuing persistent wet weather conditions in New South Wales.

Working capital facilities increased by \$6 million during the quarter via an additional loan facility to provide the company with sufficient funding through to winter harvest.

Related party transactions of \$2.878 million in 6.1 of the quarterly cashflow report represent \$2.609 million paid to Duxton Capital (Australia) Pty Ltd for the performance fee incurred in FY22, \$264,000 paid to Duxton Capital (Australia) Pty Ltd for financial services and management fees for acting as Investment Manager. Amounts totalling \$5,000 were paid to Duxton Water Ltd for water charges.



Merino and Charollais lambs at West Plains (September 2022)

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

Appendix 4C

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

Name of entity

Duxton Farms Ltd

ABN

45 129 249 243

Quarter ended ("current quarter")

30 September 2022

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	1,672	1,672
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,383)	(3,383)
(c) advertising and marketing	-	-
(d) leased assets	(71)	(71)
(e) staff costs	(462)	(462)
(f) administration and corporate costs	(2,959)	(2,959)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(186)	(186)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	25	25
1.8 Other (provide details if material)	803	803
1.9 Net cash from / (used in) operating activities	(4,561)	(4,561)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,767)	(1,767)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	33	33
	(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	(1,734)	(1,734)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(70)	(70)
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	7,184	7,184
3.6	Repayment of borrowings	(85)	(85)
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	7,028	7,028

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(5,308)	(5,308)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,561)	(4,561)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,734)	(1,734)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,028	7,028
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(4,575)	(4,575)

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	338	338
5.2	Call deposits	-	-
5.3	Bank overdrafts	(4,913)	(4,913)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(4,575)	(4,575)

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	2,878
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	34,000	34,000
7.2	Credit standby arrangements	10,000	4,575
7.3	Other (please specify)	-	-
7.4	Total financing facilities	44,000	38,575
7.5	Unused financing facilities available at quarter end		5,425
7.6	<p>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.</p> <p>CBA Overdraft \$10,000,000: Rate 4.42% maturity at call CBA Term Debt Facility A \$16,000,000: Variable Rate 1.56% maturing 30/09/24 CBA Term Debt Facility B \$2,000,000: Variable Rate 1.56% maturing 30/09/24 CBA Term Debt Facility C \$6,000,000: Variable Rate 3.21% maturing 30/09/24 Westpac Agri Finance (Facility 2) \$10,000,000: Fixed Rate 5.17% maturing 26/10/27</p> <p>All facilities are secured by mortgages over property and water entitlements.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,561)
8.2	Cash and cash equivalents at quarter end (item 4.6)	(4,575)
8.3	Unused finance facilities available at quarter end (item 7.5)	5,425
8.4	Total available funding (item 8.2 + item 8.3)	850
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.2
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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?	
	<p>Answer: No, calculating available funding based on a single quarter of operations in a broadacre farming business will produce volatile results due to the timing of when revenue and expenses occur throughout the year. Final harvest of the cotton crop scheduled to be completed in August has been further delayed due to continuing wet conditions across all properties, and is now expected to occur during October, if conditions permit. The entity notes that if wet conditions do not ease operations for the next season may be impacted.</p>	
8.6.2	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?	
	<p>Answer: None at this stage .This will depend on the seasonal outlook.</p>	

8.6.3 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 summer harvest and continued sales of livestock at premium prices.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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:31/10/2022.....

Authorised by: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.