

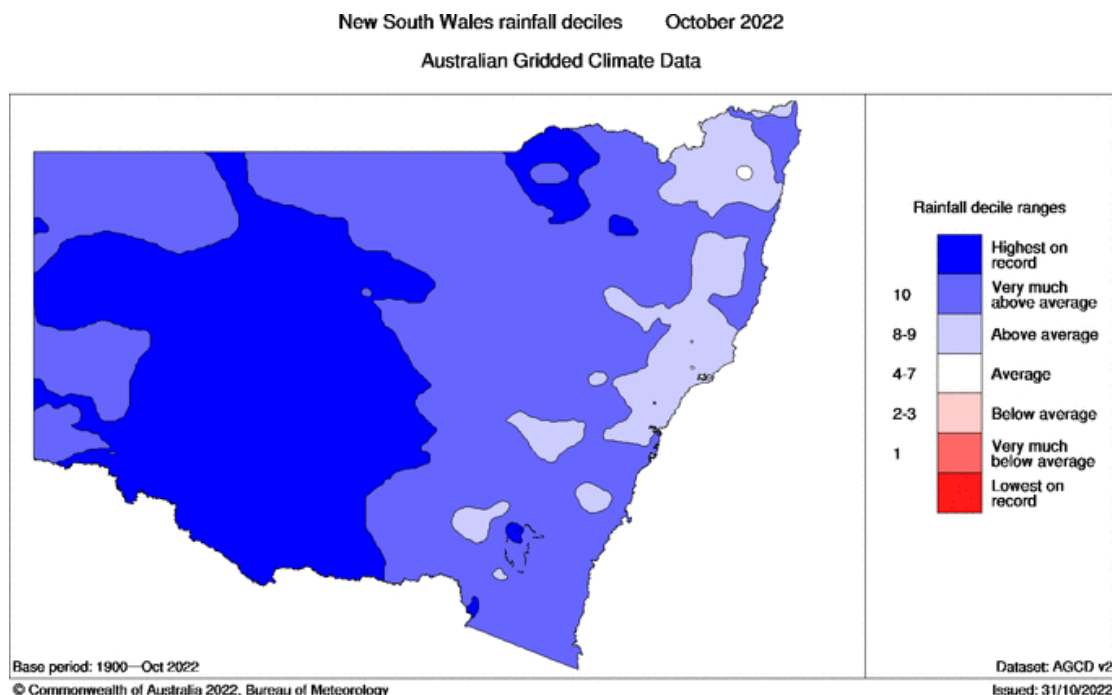
16 November 2022

Duxton Farms Limited (“**Duxton Farms**” / “**Company**”) is releasing this announcement to update the market as to the impact of the recent flood event in New South Wales on the Forbes portfolio and, in consideration of the ASX’s Guidance Note 8 on continuous disclosure requirements, provide guidance regarding its implications for the Company’s earnings outlook for the 2023 Financial Year.

Investors should note that Duxton Farms has been severely impacted by the 2022 flood event, which will have a material impact on the Company’s financial results. At this point, it is forecasted that Duxton Farms will make a net loss of \$6.2 million as a result of a significantly reduced winter harvest, and a complete loss of the summer crop. The Company is pleased to announce that all staff are currently safe and accounted for, while livestock were herded into upland areas with access to feed and are also believed to be safe at this stage.

The Flood Event

Parts of New South Wales, Victoria and Queensland have experienced severe flooding throughout the 2022 calendar year, with back-to-back La Niña years having resulted in successive high-rainfall years, which has caused storages, already near or at capacity after the previous season, to spill across the Murray-Darling River system. For context, Sydney has recorded the wettest 12 months since 1858, and the wettest October on record for New South Wales as a whole. The data from Forbes is less consistent, but the region is similarly on track to record higher rainfall than 2021 (currently the highest on record), and the period to September is already in the 90th percentile for a calendar year.



The subsequent flooding has been well-publicised, having been labelled the costliest flood event in real terms in the nation's history, with the Central West of New South Wales having been hit particularly hard. The flooding in Forbes is an event of historical significance, likely being the most severe flood since 1952 with waters peaking at nearly 11 metres in town. This has caused mass evacuations and significant disruption to the region's economy generally and agricultural sector specifically. While flood waters appear to have peaked, significant areas of the region, including Duxton Farms' properties, are inundated and it will require several weeks of warm and dry weather to get the Company's properties to a point where surviving winter crops will be harvestable.



Yarranlea at the start of November

The Impact on Duxton Farms' Season

A large portion of the land in the New South Wales aggregation is located in alluvial floodways; while this makes for fertile and productive land in most contexts, including in drought, it does mean that low-lying areas are subject to flooding. Duxton Farms is still in the process of evaluating the full impact of the flooding event on its properties, although it has become clear that the current season's harvest will be severely impacted, which will in turn have a material impact on the Company's financial results.

At this stage, the Investment Manager believes that its total winter harvest will be reduced by between 60% and 80%, while it has been unable to get machinery onto its fields to plant a summer crop. At this stage, the Company expects revenue to halve to approximately \$8 million, and is forecasting a net loss of approximately \$6.2 million. With operations severely disrupted, the Company's focus in recent weeks has been to ensure the safety of its staff, its livestock, and its



community, and in mitigating the extent of the damage to the Company's property, which is currently unknown although not expected to be material to the balance sheet.

While this has been a very difficult period for the Operations Team, Bryan Goldsmith notes that all staff are currently safe and accounted for.

The Impact on Duxton Farms as a Company

As an agricultural producer, Duxton Farms' operations work on a season-by-season basis. For the New South Wales aggregation, the Operations Team is currently engaged in assessing and addressing the impact of the flood on its own properties and will be heavily involved in the effort to assist the community clean-up efforts for some time. As mentioned above, it will take a number of weeks before staff are able to begin harvesting surviving crops, after which time preparation will begin for the next season.

The Company has released details on two recently completed transactions: an acquisition and lease for Piambie farms in Victoria (released 12/09/2022) with an option to purchase expiring at the end of FY2023; and a five-year lease for Mountain Valley Station in the Northern Territory. Both of these transactions have been progressing well, with Piambie having avoided flooding so far, and Mountain Valley Station being located in another climatic region. The Company will continue its work to assume control of both properties, to develop and plant Piambie, and to restock Mountain Valley Station to start generating cash flow outside of the Forbes region. The Board's aim is to quickly and effectively diversify the Company's exposure to different production systems, commodities and geographies to reduce its reliance on the existing aggregation.

The Board would like to assure all investors that Duxton Farms continues to comply with all its covenants and obligations with existing financier Commonwealth Bank, which continues to provide support for the business. The Board of Duxton Farms would like to reiterate unequivocally that it has no plans to raise capital at a significant discount to the Company's net asset value, and that the recent season has had no impact on this commitment.

The Chairman will speak to all these points at the upcoming Annual General Meeting at the Lion Hotel in North Adelaide, and strongly encourages all investors to attend the conference or view it online (details announced on 11/11/2022). If you cannot attend the conference in person and have a specific question or comment which you would like to be addressed by the Board, please submit it in writing at enquires@duxtanam.com with the subject line "Duxton Farms AGM Enquiry".

Board Approval

Duxton Farms confirms that this announcement has been authorised for release to the ASX by the Board of Directors.

Important Notice on Forward Looking Statements



This announcement contains certain forward-looking statements that include indications of, and guidance on, future earnings, financial positions, and performance. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, and other factors, many of which are beyond the control of the Company (for example, crop prices). Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

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

For all enquiries, please call Duxton Farms on +61 8 8130 9500.