



Murray Cod Australia Ltd

ASX:MCA

31 October 2023

September 2023 Quarterly Activities Report

The Board of Murray Cod Australia Ltd ('MCA' or 'the Company') is pleased to provide the following update of operational progress in conjunction with the release of the September 2023 quarterly cashflow report.

Highlights for September 2023 Quarter

- **MCA to form Australian Sustainable Protein Fund (ASPF)**
- **Australian Sustainable Protein Fund negotiating to buy Stanbridge site**
- **Mandate for \$20 million Financing Facility to facilitate growth.**
- **Customer Receipts 41% down compared to the September 2022 quarter**
- **Significant increases in stocking of juvenile fish to grow-out**
- **Average weight of fish sold for June 2023 quarter was 1.270Kg**
- **Successful launch of "Aquna Gold" Caviar**
- **Good results to commence 2023 spawning season**
- **Exports commence to Singapore and Hong Kong**
- **Reduced supermarket sales.**
- **Earthworks commenced on new Grow-out site**



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Company to form Australian Sustainable Protein Fund

The Company has commenced work on the formation of a trust to be known as the Australian Sustainable Protein Fund. Initially 100% of the units in the fund will be owned by MCA. This fund will make investment available to parties interested in Australian agricultural property, in particular property which contains infrastructure for protein and aquaculture production. It is anticipated that, should it be successful in attracting investors, ASPF will continue to purchase and develop properties that it leases to MCA for production sites.

Australian Sustainable Protein Fund negotiating to purchase Stanbridge Site

ASPF is currently negotiating to purchase the Stanbridge site which has a Development Application approved for 78 grow out ponds and associated infrastructure. MCA is examining the costs and benefits of selling properties owned by the Company to ASPF.

\$20 million financing facility to fund growth

The Company is pleased to announce it has mandated iPartners to arrange a \$20 million finance facility to fund continued growth of the business. The term of the proposed facility is two years which matches the approximate growing time of juvenile fish to reach saleable size. As previously mentioned the company has significantly increased juvenile fish numbers for stocking to grow-out ponds.

This will provide the Company with funding to complete the next stage of grow-out ponds currently being constructed at Stanbridge and provide a cash buffer to secure the Company's future growth needs.

COVID hangover caused customer receipts to fall 41% for 3 months to September 23 vs September 22

The reduction in revenue this quarter is a result of two key factors:

1. Supply imbalances resulting from conservative stocking during the COVID-19 pandemic continue to impact fish availability during this quarter. It takes approximately 2 years to grow a saleable sized fish. Lower stocking levels in recent summers has resulted in lower numbers of saleable sized fish now.



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2. A deliberate strategy of our sales team to hold stock back to enable growth and for caviar fish to reach full roe capacity as the spring spawning season approached.

MCA is growing out significant numbers of juvenile fish stocked during last summer. We anticipate a significant improvement in supply in the 2nd and 3rd quarters of 2024 FY of larger size fish based on current stocks in the water. In addition the company will harvest large female fish 4kg plus that were held back from sales for our caviar project.

Paradoxically, whilst supply is an issue, demand for our products continues to grow domestically and internationally.

Recently, the Company reduced supermarket sales and has focused current limited supply to our high margin customers. This includes sales to Hong Kong and Singapore where we are achieving higher margins. Sales in these markets are minimal at this stage due to the low initial volumes. However, as volume of harvestable fish increases, we anticipate a significant proportion of total sales will be to international buyers.

International awareness of our highly valued rare product continues to grow. This builds confidence that Aquna will capitalise on international demand with fish sold at a higher price premium overseas than in the domestic market.

Excellent start to 2023 spawning.

Upgrades to our existing hatcheries were completed during the quarter with three main benefits being:

1. Aiming to increase MCA's spawning capacity by 33%.
2. Mitigate disruptions in production should earthworks at Gogelderie Hatchery be delayed as a result of unfavourable weather conditions during winter/spring of 2023.
3. Spread the cost of capital of the new hatchery at Gogelderie over the next few years.

2023 Spawning's commenced 2 weeks earlier than 2022 spawning and results have been excellent to date with significantly greater amount of spawning's in comparison to 2022 spawning at same period. Spawning is about two thirds complete and we are currently on course in achieving our planned spawning numbers.

Development on the new hatchery site at Gogelderie continues with construction commencing on building infrastructure. This site is to be developed over three stages.



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Commencement of earthworks on new grow-out site “Stanbridge”

Earthworks have commenced on our next grow-out site at Stanbridge for the planned development of 50 ponds, which are to be completed over the course of 2023 & 2024 calendar year.

The 10 free range ponds which were built in the second half of 2023 financial year are estimated to be stocked in the coming weeks, once water temperatures rise to the level deemed optimum for stocking.

Successful launch of AQUNA GOLD Caviar

During the quarter MCA launched Aquna Gold Murray Cod Caviar. **Aquna Gold** Murray Cod was developed in conjunction with leading Australian Caviar Company, Calendar Cheese Co.

Aquna Gold Murray Cod Caviar is described as: “Bright golden champagne coloured appearance, a fresh aroma with a delicate salty taste with an excellent mouth feel combined with a “pop” sensation when eaten.

Harvesting the caviar can increase the gross dollar return per female fish by as much as 100%, depending upon the yield achieved from each fish. We have now completed the caviar harvest for 2023 season. Though availability of source stock continues to be limited and estimated production will be limited over the next couple of years the emphasis is to grow Aquna Gold as an export product achieving premium price.

In keeping with our ethos – luxury and sustainability, 100% Australian product, **Aquna Gold** Murray Cod Caviar is cured with Murray River Salt.

Aquna Gold is listed on menus at several high end restaurants in Australia and is available to the public at food retailer Simon Johnson.

Conclusion

The management and board of Murray Cod Australia are very pleased with the significant progress that has been made operationally and the continued development of our markets. We look forward to providing future updates to shareholders on our continued progress.



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Related party payments

During the quarter the following payments were made to related parties of the entity and their associates as disclosed in Item 6 of the Appendix 4C;

- Mathew Ryan, Managing Director salary and superannuation \$89,654.
- Ross Anderson, Executive Chairman salary and superannuation \$51,231
- Anderson's Tax & Investment Services Pty Ltd a company controlled by Ross Anderson, Executive Chairman for purchase of plant and equipment \$16,500.
- Bamford Partners Pty Ltd in respect of Martin Priestley non-executive director fees for \$33,000
- Brigalow Enterprises Pty Ltd in respect of Roger Commins non-executive director fees \$8,250
- Payments to Aquacomm, a related entity of Roger Commins, as a contract grower on commercial terms for fish which were on-sold by MCA, for \$61,124
- Market Sniper Ltd a related entity of Ross Anderson, for prior year and current services in international market development \$303,600 and
- Payments to Commins Enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for \$284,132.

ENDS

This announcement was authorised for release by Ross Anderson, Executive Chairman.

For more information contact:

Ross Anderson

Murray Cod Australia

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Appendix 4C

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

Name of entity

Murray Cod Australia Limited

ABN

74 143 928 625

Quarter ended ("current quarter")

30 September 2023

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	1,952	1,952
1.2 Payments for		
(a) cost of sales – contract grower purchases	<520>	<520>
(b) cost of sales – cattle	-	-
(c) cost of sales – feed and chemical	<682>	<682>
(d) cost of sales – other	<291>	<291>
(e) operating costs	<2,001>	<2,001>
(f) advertising and marketing	<175>	<175>
(g) leased assets	<312>	<312>
(h) payroll and employment costs	<1,607>	<1,607>
(i) administration and corporate costs	<286>	<286>
Total 1.2	<5,874>	<5,874>
1.3 Dividends received (see note 3)		
1.4 Interest received	87	87
1.5 Interest and other costs of finance paid	<45>	<45>
1.6 Income taxes paid		
1.7 Government grants and tax incentives	167	167
1.8 Other – Insurance proceeds	-	-
1.9 Net cash from / (used in) operating activities	<3,713>	<3,713>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	<917>	<917>
	(d) investments		
	(e) intellectual property	<2>	<2>
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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	<919>	<919>

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	<179>	<179>
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	<179>	<179>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,033	11,033
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<3,713>	<3,713>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<919>	<919>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<179>	<179>
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	6,222	6,222

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	7,361	4,071
5.2	Call deposits	-	7,000
5.3	Bank overdrafts	<1,140>	<39>
5.4	Other (provide details)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,222	11,033

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 and Item 2

**Current quarter
\$A'000**

847

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

All payments at item 6.1 are made for Directors Fees or in respect of contractual arrangements on arms-length terms.

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	2,777	-
7.2 Credit standby arrangements	2,620	1,140
7.3 Other (Equipment Finance Facility)	2,057	2,057
7.4 Total financing facilities	7,454	3,197

7.5 Unused financing facilities available at quarter end	4,257
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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.

7.1 Westpac Bank Bill Business Loan, facility term 5 years, Variable interest rate, secured by land and water assets.

7.2 Westpac Overdraft Facility and Credit Card Facility, Variable interest rate, secured by land and water assets.

7.3 Westpac Equipment Finance Facility.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	<3,713>
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,222
8.3 Unused finance facilities available at quarter end (Item 7.5)	4,257
8.4 Total available funding (Item 8.2 + Item 8.3)	10,479
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

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: NA

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: NA

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: NA

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: 31/10/23



Authorised by:
Ross Anderson Chairman

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.