



Australian Adventure Tourism Group

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PRICE SENSITIVE

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Magnums Backpackers Airlie Beach Facility Closes

AAT looking to the Future

Australian Adventure Tourism Group Limited (AAT, Group or the Company) owns and operates Magnums Backpackers at Airlie Beach on the Whitsunday mainland which caters primarily to Australian and International Backpackers.

The Covid-19 pandemic has had a major negative impact on tourism generally and particularly on international travel. As shareholders will be aware from all current news channels, there are stringent restrictions on all forms of travel to and within Australia and Queensland and indeed throughout the world. For Australian towns like Airlie Beach, where the dominant industry and employer is Tourism, the impact is directly and severely felt by all residents and businesses.

The travel restrictions means that for the foreseeable future there will be no more international backpackers arriving in Australia and the ones already here are trying to get home to their country of origin – unless they are employed in fruit picking and other agricultural jobs. The lockdown provisions of State and Federal Governments are, for good reason and the protection of all, preventing any non-essential travel.

As a result, Magnums Backpackers has closed its doors and tour office for the first time in over thirty years, except for major cyclone events. All personnel other than a maintenance and an administration position, have been stood down. The Magnums property has been fully secured and is being regularly patrolled. Existing permanently installed security cameras with motion detection capability, enables mobile phone monitoring and is already in operation.

The directors are anticipating that the property will be closed for at least six months. All measures have been or are continuing to be taken to minimise costs during this time and plans have been put in place to ensure that when the property re-opens, it can be re-staffed and managed effectively and safely at short notice.

Financial Position

The closure of Magnums means that the primary revenue source for the company has ceased. All sailing and tour operations in the region ceased operations some weeks ago. The directors are in negotiations with providers in respect of fixed costs such as insurance and other overheads and all providers are being cooperative and understanding in the current circumstances.

AAT has considerable and valuable land holdings in the Magnums properties, which comprise much of the very centre of Airlie Beach. The Group has no mortgages or borrowings to service. The Group also holds a considerable portfolio of ASX listed securities, which have been classified in the financial accounts as available for sale financial assets. Despite the recent turbulence in capital markets, the value of these assets on Friday 3 April 2020 was approximately \$1.25 million.

Plans for the Future - Whitsunday Skyway

However, in looking to the immediate future, these events hasten the need for regulatory approval and implementation of the Company's published plans to develop its future business operations to service a wider tourist and Australian domestic market and to offer expanded high-quality tourism experiences of the magnificent Whitsunday region. The key project for which regulatory approval is being sought is the Whitsunday Skyway cableway facility – an exciting new activity-based tourism experience for all age groups with high appeal to Australian and international tourists and regional residents, the overview of which has been previously announced to shareholders.

The Whitsunday Skyway project is awaiting Queensland Government approvals to be able to undertake formal planning processes and be in a position to provide significant local employment in its construction stage followed by long-term employment of local residents in the operational stage as the Covid-19 Pandemic passes.

The Board first advised shareholders in March 2018 of its applications to secure approval from the Queensland Government to enable development the Whitsunday Skyway. While a formal community consultation has yet to be undertaken, AAT directors and management have received very strong support from the Whitsundays tourism community for the project as well as from all levels of Government.

The directors believe Whitsunday Skyway will be a catalyst project for transitioning and expanding the existing tourism base of the Whitsundays mainland catering to new markets such as Cultural, Environmental and Sustainability education as well as the traditional drive and coach tour markets.

In mid-2017, following the extensive damage caused by Cyclone Debbie, discussions commenced with the Queensland Government regarding assistance for commencing significant projects such as Whitsunday Skyway. In March 2018 received a grant of \$280,000 to undertake an independent feasibility for the project, which was completed and showed very positive financial outcomes should be achievable, and create many new Whitsunday based jobs.

AAT lodged its final detailed feasibility including many planning reports and other necessary information to engage with various Queensland Government departments to secure essential approvals required to allow Whitsunday Skyway to proceed. All detailed plans and other requested information had been supplied to relevant departments by mid-2019.

AAT directors will continue to diligently seek the necessary approvals to allow this important project to continue and help to support the Whitsunday region during these difficult times.

AAT Directors' guidance for shareholders is that the Whitsunday Skyway project remains speculative until those approvals are secured.

The Board will keep shareholders advised of progress on the Whitsunday Skyway project and other material financial aspects of the Group on an ongoing basis as the Covid-19 pandemic develops and its implications for the Group are addressed.

AUSTRALIAN ADVENTURE TOURISM GROUP LIMITED

ELIZABETH HACKETT

Executive Chairman