

9 May 2019

Ms Kate Kidson
Principal Adviser, Listings Compliance (Melbourne)
ASX Limited
By email

Dear Ms Kidson,

re Wingara AG Limited ("WNR"): Response to ASX Appendix 4C Query

I refer to your letter of 6 May 2019 and provide Wingara Ag Ltd's ('WNR') response to the numbered questions in your letter as follows:

1. *Does WNR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

WNR does not expect to have continuing negative cashflows in the next two quarters at the level of the quarter ended 31 March 2019.

As WNR's agricultural business is dependent on seasons, it is inherently cyclical. The annual harvest and purchase of hay predominately occurs in the quarters ending 31 December and 31 March each year.

The March 2019 quarter was the subject of the Appendix 4C released on 30 April 2019. Accordingly WNR's payments included a substantial portion of the year's total hay purchases. The purchased hay is inventory available for sale in later quarters.

As identified in the Appendix 4C, the revenue from sales in the March quarter is relatively low compared to the full year. The hay inventory acquired in the March quarter would be expected to be sold and result in revenues in later periods, particularly the next two quarters. This reflects the cycle of WNR's business over prior years with the hay inventory being bought and built up during the harvest season, and sold and reduced when demand occurs in non-harvest seasons.

Because of the seasonal cycle of its business, WNR plans its working capital and cash flow requirements over full years.

Accordingly, consistent with the cycle past years, WNR does not expect material outflows as payments to acquire inventory in the next two quarters to repeat the outflows in the March quarter, and expects inventory to be able to be sold and therefore to generate revenue in future quarters. It would also expect, consistent with the cycle in past years, the seasonal increase in payments for inventory and reduced revenue in harvest seasons broadly corresponding to the March quarter of each year to be repeated in future years.

2. *Has WNR 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?*

WNR is trading business with two cash generating units. Cash receipts in the past 12 months have been between \$6.05m and \$8.78m per quarter. As referred to above, the cyclical, seasonal nature business is expected to result in smaller outflows and greater revenues in subsequent quarters than the March 2019 quarter, consistent with the cycle in past years. WNR plans its working capital and cash flow requirements over full years, as referred to above, and has no present expectation that further cash will be required to be raised to fund its operations.

3. Does WNR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

WNR expects to be able to continue its operations and meet its objectives in the usual course of business having regard to the cyclical, seasonal nature of its business and its management of working capital and cash flow requirements over full years.

4. Please confirm that WNR is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

WNR confirms it is complying with Listing Rule 3.1 and there is no information that should be given to the ASX under that rule that has not already been released to the market.

5. Please confirm that WNR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WNR with delegated authority from the board to respond to ASX on disclosure matters.

WNR confirms the responses to the questions set out above have been authorised and approved by the Board of WNR.

I trust the above addresses each of your questions. Please contact me if you have any questions or require any further information.

Yours faithfully

WINGARA AG LIMITED



Zane Banson

Executive Director



6 May 2019

Reference: ODIN01424

Mr Phillip Hains
Company Secretary
Wingara AG Ltd

By email only

Dear Mr Hains

Wingara AG Ltd ('WNR'): Appendix 4C Query

ASX refers to WNR's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that WNR has reported:

- negative net operating cash flows for the quarter of (\$3,201,000);
- cash at the end of the quarter of \$664,000; and
- estimated cash outflows for the next quarter of (\$4,240,000).

It is possible to conclude, based on the information in the Appendix 4C, that if WNR were to continue to expend cash at the rate indicated by the Appendix 4C, WNR may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks WNR to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does WNR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has WNR 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?
3. Does WNR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that WNR is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that WNR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WNR with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that WNR considers may be relevant to ASX forming an opinion on whether WNR is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Thursday, 9 May 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in WNR's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, WNR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to WNR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that WNR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in WNR's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Kate Kidson

Principal Adviser, Listings Compliance (Melbourne)