

DUXTON FARMS Q2 FY2024

ACTIVITIES REPORT FOR QUARTER
ENDING 31 DECEMBER 2023



Duxton Farms Limited (“Duxton Farms” / “Company”) is an Australian agricultural enterprise that directly invests in and operates a diversified portfolio of efficient, high-quality farmland assets.

As a significant landowner and an active producer of key agricultural commodities, the Company seeks to provide investors with returns through ongoing operational yields and sustainable long-term capital appreciation. Duxton Farms seeks to achieve this objective by implementing best in-class farm management techniques at scale, to produce a diverse range of commodities in an efficient manner, all with the goal of satisfying increasing global demand for key agricultural staples.

COMPANY SNAPSHOT

Duxton Farms manages a diversified portfolio of agricultural assets spanning 165,590 hectares across New South Wales, Victoria and the Northern Territory. The Company operates a variety of production systems producing a wide range of food, feed and fibre products, including wheat, barley, canola, cotton, wool and livestock. A visual overview of Duxton Farms property portfolio is pictured below:



PORTFOLIO

9 PROPERTIES IN 3 LOCATIONS

LOCATIONS

FORBES, AND WYALONG, NSW

NATYA, VIC

KATHERINE, NT

HECTARES

24,590 OWNED

141,000 LEASED

WATER ENTITLEMENTS (ML)

10,212 OWNED

6,798 LEASED

\$2.72

FAIR MARKET VALUE NAV PER SHARE (30 JUNE 2023)

\$2.60

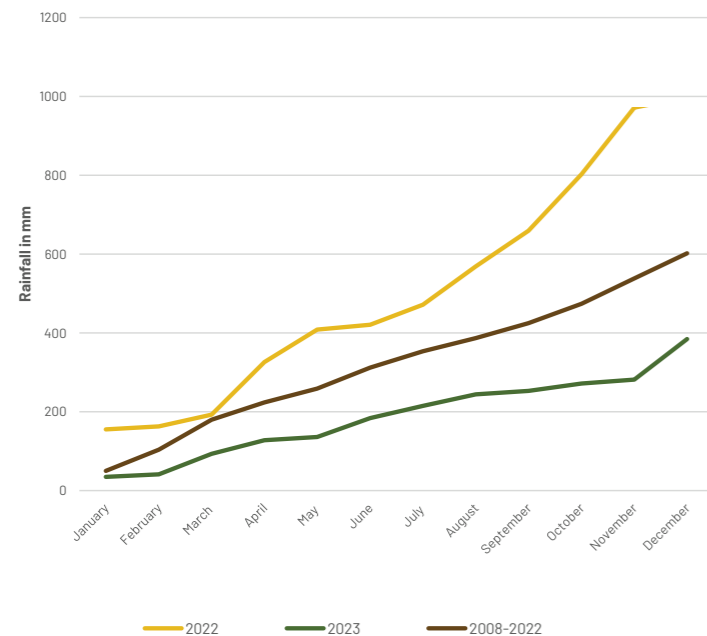
STATUTORY NAV PER SHARE (30 JUNE 2023)

NSW FORBES AGGREGATION

FORBES WEATHER UPDATE

The Central West of New South Wales (Forbes Airport AWS) recorded 132mm of rainfall over the quarter, below the historical mean of 177mm, but with a wetter finish than would be normal. Forbes received 385mm of rainfall for the 2023 calendar year, which was 61% below 2022 and 36% below the long-term average. Mean maximum temperatures rose from 27°C for the month of October up to 33°C in December, is slightly above the long-term average for the area.

**CUMULATIVE RAINFALL
(FORBES AIRPORT AWS)
2023 VS 15 YEAR AVERAGE VS 2022**



2023/24 CROP UPDATE

The harvest for the 2023/24 winter crop was finished in late December, with a small area of barley having been delayed due to rain. Overall yields and quality were good across the harvested area, with barley yields averaging over 4.8 t/ha, wheat at 3.1 t/ha and canola at just under 2 t/ha for the aggregation. At least 75% of the barley harvested went to malting quality, while at least 74% of the wheat harvested was graded above ASW1, which is the Company's de facto internal quality benchmark. Large quantities of barley straw have been baled to support the Company's livestock programme and for sale off farm, while spraying has commenced on fallow country post-harvest.



The Company's cotton crop has been growing reasonably well throughout the quarter, although cold morning conditions did slow growth somewhat. The crop has been irrigated twice and is expected to perform well over the next quarter as warm and dry conditions should help the crop's development. Lucerne was cut and baled over the month at Cowaribin and Merriment.

LIVESTOCK

Livestock markets have generally softened, although the Company's sheep and cattle continue to sell at the top of the market. The Company has a large excess of feed, which will be sold on market given that pastured areas have grown well over the quarter.

IRRIGATION

The Wyangala Dam was 97% full at the end of September, with the Company's water allocations set at 118%. Water has been applied to the cotton crop, although significant rainfall in December meant that the Company used less than anticipated. At this stage the Company remains very well-resourced to meet its water requirements for the season.

PIAMBIE

The Operations Team harvested a small winter crop of approximately 440t of grain. Given the Company had not expected to harvest any winter crop from the property this season this represented an unbudgeted increase in production with minimal operating costs.

MOUNTAIN VALLEY STATION (LEASED)

CROP UPDATE

Forage sorghum was planted during December for hay production which will be used to support the livestock programme. A large planter was also sent to the Station to facilitate the development of its cropping plan.

LIVESTOCK

All livestock were turned out for the wet season, with the first muster to start with the onset of the dry season in May.

SHARE BUYBACK

During the quarter, 33,297 shares were bought back. The total number of shares bought under the buyback is 2,853,374, with the Company able to acquire up to 4,162,465 additional shares.

AUSTRALIAN MARKET INSIGHTS

WHEAT PRICES

Port Kembla APW1 (premium quality) wheat prices ended the quarter at \$375 per tonne at port, down 7% from the previous quarter and down about 1% from the same time last year. Port Kembla barley prices ended the quarter at \$343 per tonne at port, down 3% from the previous quarter and about 9% higher than the end of the 2022 calendar year.

International wheat prices found a medium-term low over the quarter, having stabilised and risen by 8% since the end of September, but still 21% lower than at the same time last year with US CBOT March 2024 wheat futures finishing at \$6.23 per bushel. International markets are quiet at the moment, as there are few catalysts for change over the winter months. The global grain supply remains fairly robust despite tight overall inventories.



GRAIN PRICES CHANGES PAST 12 MONTHS*

Crop	Current Price (per tonne)	Price 12 Months Ago (August 2022)	Percentage Change
Port Kembla Zone Wheat (APW1)	\$375/tonne	\$380/tonne	(1%)
CBOT Wheat Futures	US\$5.79 /bushel	US\$7.85 /bushel	(21%)
Cotton	\$676/bale	\$735/bale	(8%)

COTTON PRICES

International cotton prices continued to trade within a narrow band around the mid-80c/lb to mid-90c/lb mark, finishing the year at \$676 per bale as measured in Australian units. This represents a 3% fall over the quarter and an 8% fall when compared with the end of 2022. Global production and consumption estimates have generally trended lower, as economic conditions in major processing centres have deteriorated.

AUSTRALIAN COTTON PRICES



AUSTRALIAN MARKET INSIGHTS (CONT.)

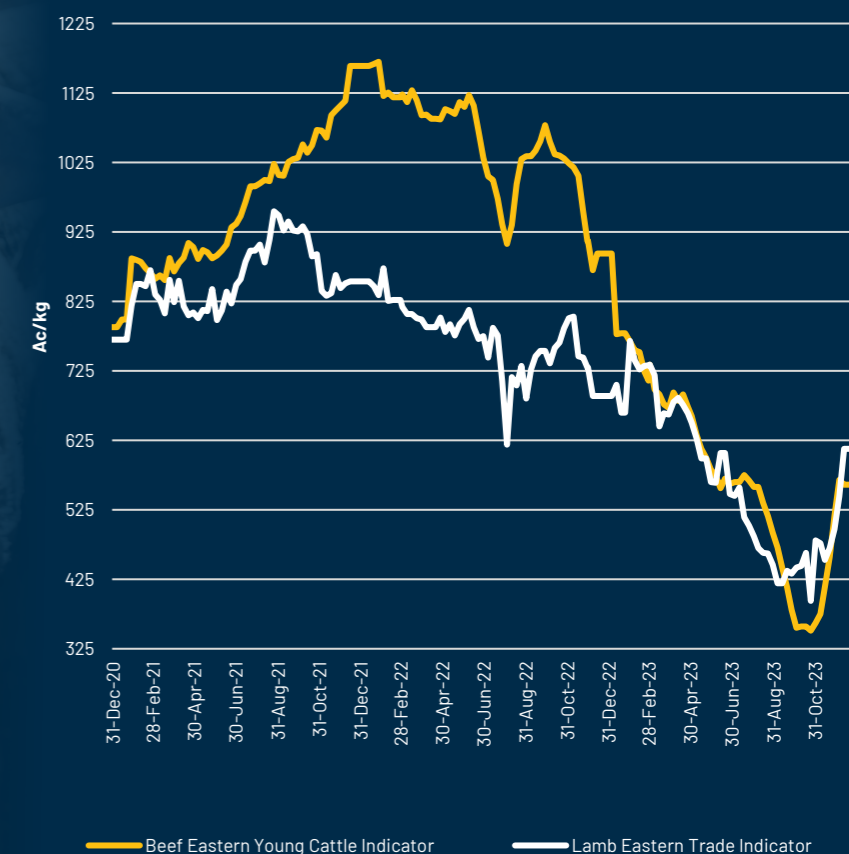
LIVESTOCK PRICES

Livestock markets have recovered markedly after weeks of continuous decline finishing 2023 up 47% over the quarter at \$5.61/kg after a precipitous drop to \$3.51/kg at the end of September. This does still represent a fall of 37% since the end of 2022, but it remains a positive sign that markets have stabilised after the year was neither as hot nor as dry as had been anticipated. The national herd is still at its largest in decades, and export and slaughter rates continue to remain elevated over the previous three seasons, with the country expected to ship the highest level of cattle and beef products since 2020. Export growth has been driven primarily by low export prices and the cheap Australian dollar.

The Australian Eastern States Trade Lamb Indicator ('ESTLI') experienced a significant dynamic, although the initial fall in lamb prices was not as dramatic, with prices finishing the year 11% down from 2022. Lamb slaughter and exports remain elevated as a result of demand from China and the Middle East.



AUSTRALIAN LIVESTOCK PRICES



DOMESTIC LIVESTOCK PRICE CHANGES PAST 12 MONTHS*

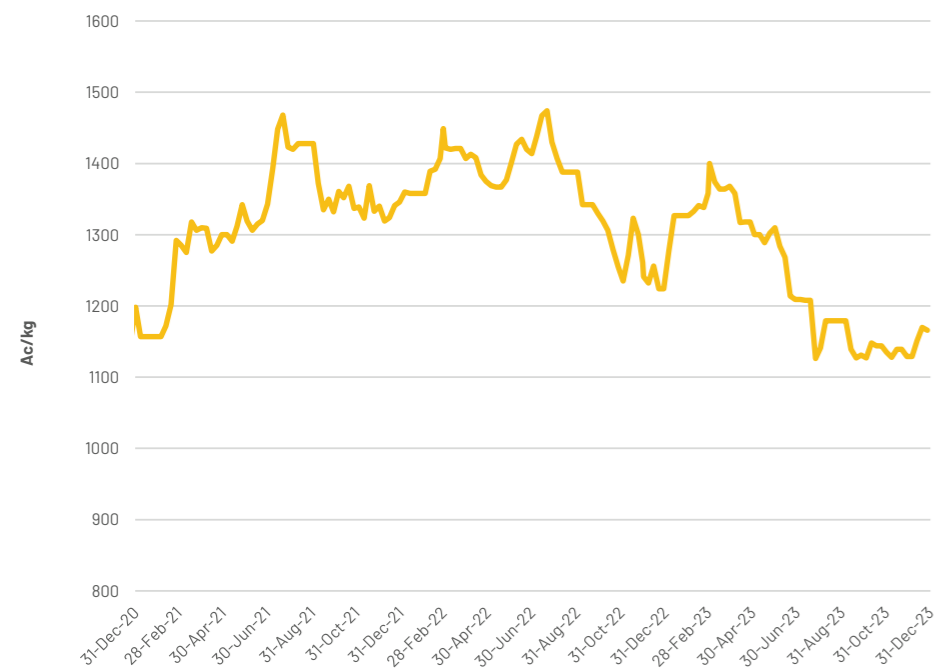
Stock	Current Price (per kg)	Price 12 Months Ago (August 2022)	Percentage Change
Beef	\$5.61	\$8.94	(37%)
Lamb	\$6.13	\$6.89	(11%)
Wool	\$11.77	\$13.27	(11%)

AUSTRALIAN MARKET INSIGHTS (CONT.)

WOOL PRICES

Australian wool prices remained relatively flat over the quarter, with reduced market activity overall, although prices were still down 11% from the same time last year, finishing at \$11.77/kg. Wool production has been high due to a larger domestic flock, and despite an economic outlook that may not be as dire as predicted earlier in the year, the demand for wool does not look positive as orders from major export destinations in East and Southeast Asia remain subdued.

WOOL EASTERN MARKET INDICATOR



NATIONAL CROP PRODUCTION

ABARES expects the national winter crop to fall to 46.1 million tonnes, which is slightly below the 10-year average, and a fair amount lower than the previous two bumper seasons. This view is primarily the result of drier conditions in New South Wales and Queensland, although Victoria and South Australia are believed to have had reasonably sized crops due to retained soil moisture from the previous season and strong winter rainfall. Western Australia is also believed to have experienced a significant downward revision from the previous season, although will remain largely in line with historical average. The expectation of lower yields is the primary factor supporting Australian grain prices as international markets fall.

ABARES also expects the summer crop to be smaller than expected, falling 27% to 3.8 million tonnes for the 2024 season. As with the winter crop, this is expected to be primarily driven by dry conditions, which will likely put pressure on the availability of water in the Murray Darling, although storages across the system remain near full. The downward revision was also driven by significantly reduced hectares planted, which were down 21% to 1.2 million hectares.

NATIONAL WEATHER

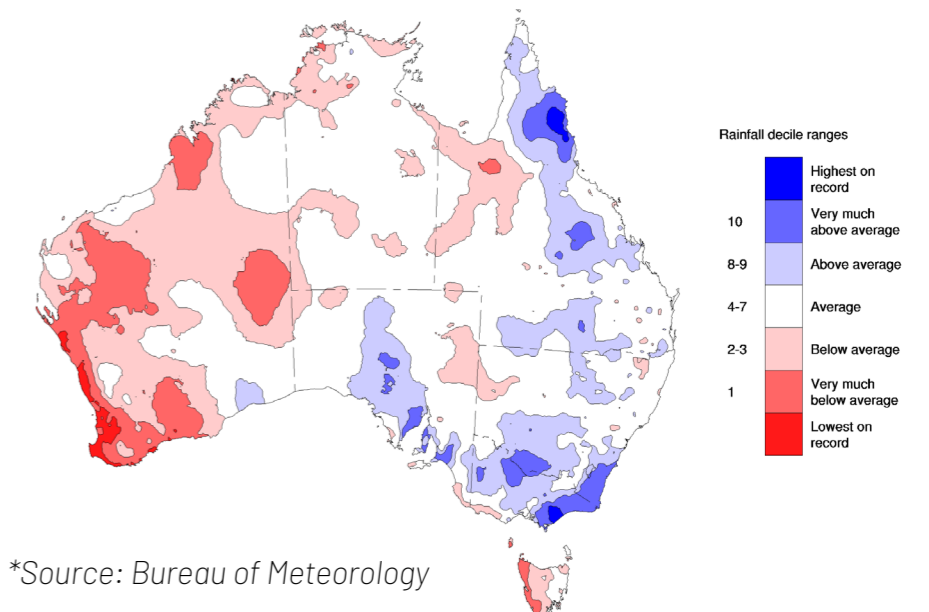
For Australia as a whole, total rainfall was 1.9% below the 1961- 1990 average for December. Rainfall in December was above average for much of northern, eastern and south-western Queensland, most of Victoria and South Australia, parts of southern New South Wales, and areas in south-eastern Western Australia and the western Top End in the Northern Territory. Rainfall was below average for large parts of western and northern Western Australia, Northern Territory and north-western Queensland, and for an area of western New South Wales extending into eastern South Australia. Australia's national area-average mean temperature was 1.60 °C above the 1961-1990 average, the fourth-warmest December on record.



The national area-average mean maximum temperature was 1.92°C above average. The national area-average mean minimum temperature was 1.27°C above average. Mean maximum temperatures were above average across the Northern Territory and Tasmania, for most of Western Australia, New South Wales and Queensland, large parts of northern South Australia and an area of north-western Victoria. Mean maximum temperatures were below average for parts of coastal South Australia and north-western Western Australia and for an area of central northern Queensland.

Mean minimum temperatures were above average across New South Wales, Victoria and Tasmania, for much of Western Australia, the Northern Territory and Queensland, and large parts of western and eastern South Australia. Mean minimum temperatures were below average for some coastal areas of Western Australia and an area of southern Northern Territory.¹

*RAINFALL DECILES - OCT - DEC 2023



¹ Bureau of Meteorology, 2024, *Australia in December*

GLOBAL MARKET INSIGHTS

In the southern hemisphere, harvest is ongoing in Australia, Argentina, and Brazil. In the northern hemisphere, winter sowing is wrapping up under mixed conditions, particularly in Europe and the Black Sea region. In the northern hemisphere, the corn harvest is wrapping up under generally favourable conditions. In the southern hemisphere, sowing of spring-planted crops is progressing. In China, harvesting late-season rice. In India, harvesting of Kharif rice continues. In Southeast Asia, wet-season rice is harvesting in the northern countries, while in Indonesia, dry-season rice harvesting is wrapping up.²



COMPANY QUARTERLY CASH FLOW COMMENTARY

The company recorded an operating cashflow surplus for the quarter ending 31 December 2023 of \$4,116,000 which can be primarily attributed to commencement of sale of the winter crop with harvest completed in December.

As announced to the market on 27 November 2023 the Company has commissioned LAWD Pty Ltd to conduct a campaign to sell its Timberscombe property. The sale is being conducted as part of the Board's strategy to rebalance the Company's portfolio toward growth projects that expand and broaden Duxton Farms' exposure to the Australian agricultural sector. Proceeds will be used to invest in existing growth strategies focusing on expanding its operations in Victoria, Northern Territory, and other growth opportunities.

The Board also expects to use proceeds to reduce the Company's debt and may seek to pay shareholders a dividend.

Related party transactions of \$481,000 in 6.1 of the quarterly cashflow report represent \$322,000 paid to Duxton Capital (Australia) Pty Ltd for financial services and management fees for acting as Investment Manager. Amounts totalling \$159,000 were paid to Duxton Water Ltd for water charges. An amount of \$2,500,000 (at item 6.2) relates to the Company's investment in Duxton Dried Fruits Pty Ltd referred to above.

DISCLAIMER

This quarterly update is prepared by Duxton Capital (Australia) Pty Ltd [ACN: 164 225 647; AFSL no. 450218] ("Duxton Capital (Australia)"). Duxton Capital (Australia) is the Investment Manager of Duxton Farms Limited [ACN 129 249 243] ("Duxton Farms"). This monthly update has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in Duxton Farms.

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





DUXTON
F A R M S

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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,010	11,186
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,185)	(6,683)
(c) advertising and marketing	(50)	(50)
(d) leased assets	(282)	(288)
(e) staff costs	(776)	(1,357)
(f) administration and corporate costs	(589)	(1,316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(134)	(862)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	59	163
1.8 Other (provide details if material)	63	78
1.9 Net cash from / (used in) operating activities	4,116	871
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5,837)	(15,128)
(d) investments	(2,500)	(2,500)
(e) intellectual property	-	-
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	10	10
	(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	(8,327)	(17,618)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(54)	(99)
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	4,700	23,165
3.6	Repayment of borrowings	(135)	(247)
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	4,511	22,819

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(5,705)	(11,477)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,116	871
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,327)	(17,618)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,511	22,819
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(5,405)	(5,405)

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	668	737
5.2	Call deposits	-	-
5.3	Bank overdrafts	(6,073)	(6,442)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(5,405)	(5,705)

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	481
6.2	Aggregate amount of payments to related parties and their associates included in item 2	2,500
<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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	70,000	65,450
7.2 Credit standby arrangements	10,000	6,073
7.3 Other (please specify)	3,000	1,815
7.4 Total financing facilities	83,000	73,338
7.5 Unused financing facilities available at quarter end		9,662
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.	<p>CBA Overdraft \$10,000,000: Rate 7.22% maturity at call CBA Term Debt Facility \$70,000,000: Variable Rate 5.45%% maturing 31/12/24 CBA Asset Finance Facility \$3,000,000: Variable Rates of 3.38% to 7.50% maturing 31/12/24</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)	4,116
8.2 Cash and cash equivalents at quarter end (item 4.6)	(5,405)
8.3 Unused finance facilities available at quarter end (item 7.5)	9,662
8.4 Total available funding (item 8.2 + item 8.3)	4,257
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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 is going to give volatile results due to the timing of when revenue and expenses fall across the year.</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: Not at this stage, although the Company will be refinancing its debt facilities this financial year.</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 winter harvest and continued sales of livestock.

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 January 2024

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.