

10 February 2020

Ms Maria Clemente
Adviser, Listings Compliance
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Maria,

DUXTON BROADACRE FARMS LIMITED ('DBF' or 'Company'): APPENDIX 4C QUERY

We refer to your email of 7 February 2020 noting that DBF may not have sufficient cash to continue funding its operations, we advise as follows:

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

Despite the ongoing impact of severe drought conditions across central New South Wales, Duxton Broadacre Farms expects to deliver positive operating cashflows in the current quarter. Positive cashflow is expected to be achieved through the sale of recently harvested winter cropping produce and livestock.

Duxton Broadacre Farms is an agricultural business which derives the majority of its revenue through crop production. Consequently, cash inflows are highly seasonal due to the inherent nature of the cropping industry.

Furthermore, DBF has made the strategic decision to accumulate livestock to capitalise on favourable market trends. This strategy which encompasses purchase of additional livestock as well as retaining feed has tightened short term cash flow.

2. Has DBF 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?

It is the intention of DBF to take the operational steps outlined in the response to question 1 (above) to fund operations. Duxton Broadacre is also in discussions with its lender to extend the overdraft financing limit. The Company is well within lending covenants and is not aware of any reason for the funding to be denied. The Company is confident that these steps will be successful in funding operations.

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

DBF expects to be able to continue operations and meet its business objectives on the basis that the seasonal sale of produce, and increased overdraft facility will fund these activities.

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

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1. There is no further information about DBF that should be provided to ASX in accordance with the aforementioned rule.

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

The responses to the questions above have been authorised and approved by the appropriate authorised delegate to respond to the ASX on disclosure matters.

Please provide any other information that DBF considers may be relevant to ASX forming an opinion on whether DBF is complying with Listing Rule 12.2 (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).

There is no additional relevant information to disclose.

Yours faithfully



Katelyn Adams

Company Secretary

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7 February 2020

Reference: 13654

Ms Katelyn Adams
Company Secretary
Duxton Broadacre Farms Limited

By email: kadams@hlbsa.com.au

Dear Ms Adams

Duxton Broadacre Farms Limited ('DBF'): Appendix 4C Query

ASX refers to DBF's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 31 January 2020 (the 'Appendix 4C').

ASX notes that DBF has reported:

- negative net operating cash flows for the quarter of \$908,000;
- cash deficiency at the end of the quarter of -\$2,184,000; and
- estimated cash outflows for the next quarter of \$5,606,000.

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

Request for Information

In view of that, ASX asks DBF 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 DBF expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has DBF 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 DBF expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that DBF 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 DBF'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 DBF with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that DBF considers may be relevant to ASX forming an opinion on whether DBF 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 **9:00 AM AEDT Tuesday, 11 February 2020**.

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If we do not have your response by then, ASX will have no choice but to consider suspending trading in DBF'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, DBF'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. 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 DBF'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 DBF'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 DBF'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.

Yours sincerely

Maria Clemente
Adviser, Listings Compliance (Sydney)