



**Australian
Agricultural
Projects Ltd**

ABN: 19 104 555 455

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**MARKET UPDATE
QUARTER ENDED 31 DECEMBER 2023**

31 JANUARY 2024

Australian Agricultural Projects Ltd (ASX: **AAP**) (**Company**) is pleased to present its report for the quarter ended 31 December 2023 and advises:

- The orchard is generally in good health and displaying large amounts of new growth in what has been good growing conditions over spring and early summer. This is despite the large amount of rainfall at the orchard since Christmas. We have recorded approximately two thirds of our annual rainfall in this short period and while the orchard has avoided major flooding, this event has had some impact on the orchard, principally:
 - Orchard operations have been delayed as the orchard was largely untrafficable over the wet period;
 - It has been difficult to manage and protect those trees that were already under stress and recovering from the 2022 flood event. These areas will be assessed in the coming weeks; and
 - The cost of water has fallen over the past four weeks reflecting the full dams and the reduced demand for water.
- Flowering at the orchard occurred in early November in very good climatic conditions. Orchard inspections indicate that fruit set is on the good side of expectations which should support management's expectations of final oil production in excess of 600,000 litres in which is an "off" year in the biennial cycle of the orchard. This is above the 2022 harvest which was the last "off" season.
- All of the oil produced last year has been collected. The December quarter receipts include all of the proceeds from the sale of the virgin oil produced as part of the 2023 harvest in addition to the usual monthly instalments for the sale of the extra virgin olive oil. This resulted in the record large amount of cash inflows for the December quarter.
- In December 2023, \$952,564 was received as a consequence of the exercise of options that were issued as part of the rights issue in 2021. This has resulted in 63,504,236 new shares being issued bringing the total number of shares on issue to 368,603,712. The principal benefit of this cash inflow is the strengthening of the Company's balance sheet enabling a restructuring of the Company's banking facilities before regular principal reductions in the debt facility commence.
- World prices for bulk extra virgin olive oil remain very strong largely as a consequence of poor production levels from the European region. This continues to put upward pressure on the retail shelf prices which is the basis of the farm gate price calculation for extra virgin olive oil in our supply agreement. We expect this farm gate price to continue to increase in the short term.

Quarterly cash flow

The operating cash receipts for the December 2023 quarter amounted to \$2,479,000 compared to \$1,213,000 for the same period in 2022. The operating surplus for the past quarter of \$457,000 (YTD: surplus of \$536,000) is in line with management's budgets and the Company continues to forecast an operating surplus through the March 2024 quarter.

The Company generated \$952,564 from the exercise of options in December 2023 and also reduced the short term portion of a shareholder loan by \$150,000 in the same quarter. The cash balance at the end of the quarter was \$1,561,000.

The payments to related parties of the Company set out in section 6 of the attached Appendix 4C relate to salary and superannuation entitlements paid to the Managing Director during the quarter along with contract secretarial fees to a firm associated with a member of the Board.

This announcement was authorised for release by the Board of Directors of the Company.

Enquiries may be directed to:
Paul Challis – Managing Director
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Appendix 4C

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

Name of entity

AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

ABN

19 104 555 455

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	2,479	3,088
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,523)	(1,656)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(174)	(338)
(f) administration and corporate costs	(193)	(275)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(135)	(286)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Government grants)		
1.9 Net cash from / (used in) operating activities	457	536
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(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		
(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	-	-

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	953	953
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(150)	(150)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(4)	(7)
3.10 Net cash from / (used in) financing activities	799	796

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	305	229
4.2 Net cash from / (used in) operating activities (item 1.9 above)	457	536
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

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)	799	796
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,561	1,561

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	1,561	305
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,561	305

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

6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
118
-

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

The amount in item 6.1 includes payment for:

Salary and superannuation	39
Secretarial fees	6
Accrued directors fees	73

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	7,032	6,659
7.2 Credit standby arrangements	-	-
7.3 Other	500	-
7.4 Total financing facilities	7,532	6,659

7.5 Unused financing facilities available at quarter end

873

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.

Bank Loan Facility

- Amount \$5,192,500
- Lender: NAB
- Interest Rate Variable –7.51% pa as at 31 December 2023
- Matures 30 April 2025
- Secured

Shareholder Loan Facility

- Amount \$1,839,000 limit – drawn to \$1,466,000
- Lender Various shareholders
- Interest Rate 9.35% pa (weighted average)
- Matures \$339,000: at call, \$500,000: October 2024, balance: October 2025
- Unsecured

Asset Finance Facility

- Amount \$500,000 – undrawn
- Lender NAB
- Interest Rate n/a
- Matures 30 April 2025
- Secured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	457
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,561
8.3 Unused finance facilities available at quarter end (Item 7.5)	873
8.4 Total available funding (Item 8.2 + Item 8.3)	2,434
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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:

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:

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:

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: 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.