



ASX: MCA

Quarterly Activities Report

30 July 2018

Murray Cod Australia Limited (ASX:MCA) (the “Company”) is pleased to provide its quarterly activities report for the three months ended 30 June 2018, to be read in conjunction with the Appendix 4C.

Sales Report

During the March quarter revenue increased by 67% over the same period last year with pricing achieved at similar levels to the prior year despite the increased supply. New domestic and international sales enquiries continue to be received each week. Supply to these markets is impacted by availability of suitably sized fish. This strong product demand is extremely encouraging and unpins the Company’s aggressive production expansion plans and its strategy to diversify its product offering from whole fish to a range of processed products, with further details following.

Production and processing facility

MCA has been pleased with results of operations over the last quarter with livestock growth, staff recruitment, training and development activity building strong foundations for the planned future expansion of the Company.

The Company plans to commission its first processing facility over the coming twelve months. This facility will enable the company to engage in value adding activities such as filleting, smoking, skinning and various other processing activities with the aim to target additional product markets [both domestically and internationally] and to increase the sales margin for its Murray cod product. Further, through this processing facility the Company will maintain quality control of its product to ensure that customers’ expectations of a high-quality luxury food product are met or exceeded.

Insurance Update

We refer to prior announcement regarding this issue. After receiving legal advice the Board has resolved to refer this matter to the Insurance Ombudsman.

Westpac Funding

The Company has accepted the funding offer of \$5 million from Westpac as foreshadowed in the January 2018 Activities Report. To date none of the facility has been drawn down and The Company remains with credit funds in the bank as disclosed in the attached Quarterly Cash flow report

Export Markets

MCA continues to pursue high-margin export market opportunities. The Company has been invited to the Tokyo Seafood show in August to display its produce. Meetings in London are scheduled for early August with European distributors.

Aquna Brand

The Aquna brand has been tested on the public with encouraging feedback. It will be the key brand for the Company to use in maintaining its position as a high-quality, luxury food product. Aquna (pronounced A~KUNA) is derived from the aboriginal word meaning “flowing waters”. The four pillars of the brand are shown below.



Smoked Product

The Company has undertaken extensive work in developing smoked Aquna Cod over the last quarter. The smoked product was tested at both the Sydney and Melbourne Good Food and Wine Shows where over 17,000 pieces of fish were sampled by the public. The packaging and market release details for the smoked product are being developed with an expected soft- launch focused initially on the eastern states of Australia in late 2018/early 2019.

**Further Development.**

The Company is in negotiations with two growers around potential lease sites. Soil tests power availability surveys and site inspections have been concluded and were all positive. We are awaiting Site design and planning approvals before the execution of lease agreements on these properties. One of these sites has the potential to be the same size as the Foleys corner site already developed and the other is a proposed super site that will have the capacity of 30-40 dams subject to approvals. Development is proposed to start on one of these sites in late 2018 early 2019.

Non Executive Director Role

As a result of a recent strategic review of roles and responsibilities the Company has increased the level of involvement Mr Martin Priestley will play in the Company and in particular the development of company strategy. As a result of this the Company has agreed to issue (subject to shareholder approval at the next AGM) Mr Priestley with two million options over ordinary shares in the Company. These options will have a strike price of 12.5 cents each and will be exercisable within three years of the date of issue.

For further information, please contact:

Ross Anderson, Chairman

T: (02) 6962 5470

WWW.AQUNA.COM

About the Company

Murray Cod Australia is a vertically integrated producer for the breeding, growing and supply of premium Murray Cod to domestic and export markets. Murray Cod Australia uses an innovative farming technique with market-leading bio-security techniques while being environmentally friendly and sustainable. The Company has developed a land-based aquaculture model, using dams and irrigation water, which allows it to control the breeding, feeding, water conditions and biological inputs throughout the entire lifecycle of the fish, providing confidence for customers in the quality and sustainability of the produce. The business is located in the Riverina region of NSW.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Murray Cod Australia Ltd

ABN

74 143 928 625

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		570	2,050
1.2 Payments for			
research and development			
product manufacturing and operating costs			
advertising and marketing			
leased assets			
staff costs			
administration and corporate costs			
Total 1.2		<1,407>	<4,417>
1.3 Dividends received (see note 3)			
1.4 Interest received		5	24
1.5 Interest and other costs of finance paid			
1.6 Income taxes paid			
1.7 Government grants and tax incentives		77	341
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		<755>	<2,002>
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		<507>	<1,748>
(b) businesses (see item 10)			

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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	<507>	<1,748>

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,750	2,750
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	<145>	<145>
3.5 Proceeds from borrowings	139	139
3.6 Repayment of borrowings	<10>	<42>
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	2,734	2,702

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	605	3,125
4.2 Net cash from / (used in) operating activities (item 1.9 above)	<755>	<2,002>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	<507>	<1,748>
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,734	2,702

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	2,077	2,077

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	2,076	2,076
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – Petty Cash	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,077	2,077

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
74
Nil

All payments were made for Directors Fees or in respect of contractual arrangements on arms length terms.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
112
Nil

All payments were made for Directors Fees or in respect of contractual arrangements on arms length terms.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	500	500
8.2 Credit standby arrangements	2,500	Nil
8.3 Other (please specify)	2,500	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1 Finance Facility made available to Bidgee Fresh Pty Ltd, a subsidiary of MCA. The lender is Ag Finance Specialists Pty Ltd. Interest rate is 6% pa. Funds have been lent on an unsecured basis.
8.2 Westpac overdraft facility. Variable Interest rate. Secured by land and water assets
8.3 Westpac Equipment finance facility. Facility unused at the time of this report.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	15
9.2 Expected Sales Receipts Less Product manufacturing and operating costs	(60)
9.3 Advertising and marketing	80
9.4 Leased assets	-
9.5 Staff costs	220
9.6 Administration and corporate costs	100
9.8 Total estimated cash outflows (Inflows)	355

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.



Sign here:
(Director/Company secretary)

Date: 30 July 2018

Print name: Ross Anderson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.