



Murray Cod Australia Ltd

ASX:MCA

28 July 2023

June 2023 Quarterly Activities Report

The Board of Murray Cod Australia Ltd ('MCA' or 'the Company') is pleased to provide the following update of operational progress in conjunction with the release of the June 2023 quarterly cashflow report.

Highlights for June 2023 Quarter

- Customer receipts fell 32% compared to the June 2022 quarter
- Cash reserves of \$11 million at 30th June 2023
- Average weight of fish sold for June 2023 quarter was 1.3Kg
- Launch of "Aquna Gold" Caviar
- Planned upgrade to existing hatcheries to be completed in 1st Quarter 2024 and under budget
- Earthworks commenced on new hatchery 1st Quarter 2024
- Development Application for 78 ponds lodged
- Successful recapture of "escapee" fish in ponds
- Successful installation of in-water Stunner
- Growth plans remain on track for ten thousand tonnes in 2030

Customer receipts fell 32% for 3 months to June 23 vs June 22

Receipts fell 32% for the June 2023 quarter compared to the June 2022 quarter.

Supply imbalances due to factors highlighted in previous two quarters has continued to impact fish availability during this period. Based on the current size of fish in the water, as well as the harvest of large female fish (4kg+) that have been held back from sales for our



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caviar project, we anticipate a significant improvement in supply in the 2nd quarter of 2024FY of larger size grades.

Paradoxically, whilst supply is an issue, demand for our product continues to grow domestically and internationally.

Recent seafood expo's such as Boston and Barcelona Seafood expo's, where we showcased our unique product, has significantly increased international awareness of our highly valued rare product. The international demand builds confidence in our belief that Aquana can capitalise on its image as a highly valued luxury product sold at a premium price.

Whilst there are always risks in aquaculture, the company is well positioned to capitalise on the growing demand with a post COVID increase fish stocks, a highly skilled team and cash reserves of \$11 million on hand on 30th June 2023.

Upgrades to existing Silverwater and Eurberta hatcheries on track to be completed before 2023 spawning.

As highlighted in previous quarters, we commenced further upgrades to our existing hatcheries with three main benefits being:

1. Aim to increase MCA's spawning capacity by 33%
2. Mitigate disruptions in production should earthworks at Gogelderie Hatchery be delayed as a result of unfavourable weather conditions during winter/spring of 2023
3. Spread the cost of capital of the new hatchery at Gogelderie over the next few years

Upgrades are anticipated to be completed before spawning in Spring 2023 and at this stage are estimated to be completed under budget.

Earthworks have already commenced on the new hatchery site at Gogelderie.

Planned development of 78 ponds

The property owner of our next proposed site has lodged a Development Application for development of 78 ponds, of which 50 are planned to be built over the course of the 2024 financial year.

Of the recently completed 16 grow out ponds, 6 ponds are stocked with fish for grow out and the remaining 10 free range ponds are to be stocked in spring once the water temperatures rise to the level deemed optimum for stocking.





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AQUNA GOLD Caviar Launched

In keeping with our ethos – luxury and sustainability, MCA has had a ‘soft launch’ of **Aquna Gold** Murray Cod Caviar.

Aquna Gold Murray Cod was developed in conjunction with leading Australian Caviar Company, Calendar Cheese Co.

Aquna Gold Murray Cod Caviar is described as: “Bright, golden, champagne coloured appearance, with a fresh aroma, delicate salty taste with an excellent mouth feel combined with a ‘pop’ sensation when eaten”.

Harvesting the caviar can increase the gross dollar return per female fish by as much as between 50% and 100%, depending upon the yield achieved from each fish.

The availability of source stock is limited with estimated production to be in the hundreds of kilos over the next couple of years, but with an emphasis to grow the product as an export product, achieving premium price. Currently due to limited supply, Aquna Gold is only available to chefs in the wholesale market.





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Supermarket updates

Sales through supermarkets continue to exhibit very positive demand for the product. Supermarkets have asked for more stores to be included to provide greater access for consumers to purchase our current products.

Unfortunately supply issues which have been highlighted have resulted in restricted supply to supermarkets.

Currently sales through supermarket channels comprises a small percentage of overall revenue. To add value to our overall business, and in line with our branding of Aquana as a rare premium product, the company is negotiating price rises with Woolworths and Coles.

Recapture of fish

The company made a provision of \$2.6 million against biological stock for the 30th June 2022. This represented a conservative value of the biomass for fish which had moved outside of faulty nets but are contained within ponds.

Over the last couple of months, we have been recovering these escapees using proprietary technology manufactured in house. In one pond, it was estimated 25,000 fish escaped (from the pens not the ponds) at an average weight of 15 grams in March 2022. In the thirty days during June 2023, we have recaptured over 7,000 fish at an average weight of 200 grams. This has been done using an experimental small-scale system that will now be expanded and implemented on other ponds. Pleasingly, the fish recaptured have exhibited excellent health and have grown considerably whilst outside the nets. In other ponds we have recaptured some larger fish with these scheduled to be harvested and sold over the coming year.

Successful installation of in-water stunner

The help facilitate Murray Cod Australia's commitment to furthering ethical practices in food production we moved to the use of Ace Aquatec in-water humane stunner technology, which was awarded the 2019 Global Aquaculture Innovation Award.

The electric stunner renders the fish unconscious without removing them from the water. This innovation reduces fish stress, improves quality of the flesh, and increases the volume of fish processed per hour. This significant improvement in efficiency will provide an immediate impact in improving safe harvesting practices and a reduction in costs.

The trailer mounted system which integrates the stunner and MCA pumping system was designed and built in partnership between MCA and Aquatec Australian Distributor, Fresh by Design, and will be in use during the 1st half of 2024 financial year.



Growth Plans remain on track for ten thousand tonnes in 2030.

The Company's plans remain on track for MCA to meet its target of producing ten thousand tonnes of Aquana Sustainable Murray Cod by the year 2030.

Conclusion

The management and board of Murray Cod Australia are very pleased with the significant progress that has been made operationally and the continued development of our markets.

We look forward to providing future updates to shareholders on our continued progress.

Related party payments

During the quarter the following payments were made to related parties of the entity and their associates as disclosed in Item 6 of the Appendix 4C;

- Mathew Ryan, Managing Director salary and superannuation \$90,737
- Ross Anderson, Executive Chairman salary and superannuation \$51,850
- Bamford Partners Pty Ltd in respect of Martin Priestley non-executive director fees for \$44,995
- Brigalow Enterprises Pty Ltd in respect of Roger Commins non-executive director fees \$11,000
- Payments to Aquacomm, a related entity of Roger Commins, as a contract grower on commercial terms for fish which were on-sold by MCA, for \$75,187 and
- Payments to Commins Enterprises, which is a related entity of Roger Commins, for engineering and repair works on commercial terms, for \$141,210



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ENDS

This announcement was authorised for release by Ross Anderson, Executive Chairman.

For more information contact:

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Appendix 4C

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

Name of entity

Murray Cod Australia Limited

ABN

74 143 928 625

Quarter ended ("current quarter")

30 June 2023

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	2,358	11,413
1.2 Payments for		
(a) cost of sales – contract grower purchases	<413>	<3,363>
(b) cost of sales – cattle	-	<265>
(c) cost of sales – feed and chemical	<1,200>	<3,414>
(d) cost of sales – other	<285>	<1,131>
(e) operating costs	<1,678>	<5,573>
(f) advertising and marketing	<179>	<519>
(g) leased assets	<208>	<572>
(h) payroll and employment costs	<1,700>	<6,775>
(i) administration and corporate costs	<103>	<518>
Total 1.2	<5,766>	<22,130>
1.3 Dividends received (see note 3)		
1.4 Interest received	2	129
1.5 Interest and other costs of finance paid	<22>	<152>
1.6 Income taxes paid		
1.7 Government grants and tax incentives	1,174	1,325
1.8 Other – Insurance proceeds	1	17
1.9 Net cash from / (used in) operating activities	<2,253>	<9,398>
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) property, plant and equipment	<1,397>	<6,471>
	(d) investments		
	(e) intellectual property	<6>	<6>
	(f) other non-current assets		
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	<1,403>	<6,477>

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		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	-	701
3.6	Repayment of borrowings	<203>	<761>
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	<203>	<60>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,892	26,968
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<2,253>	<9,398>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<1,403>	<6,477>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<203>	<60>
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	11,033	11,033

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	4,071	14,933
5.2	Call deposits	7,000	-
5.3	Bank overdrafts	<39>	<42>
5.4	Other (provide details)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,033	14,892

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 and Item 2

**Current quarter
\$A'000**

415

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

All payments at item 6.1 are made for Directors Fees or in respect of contractual arrangements on arms-length terms.

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	2,894	-
7.2 Credit standby arrangements	2,620	391
7.3 Other (Equipment Finance Facility)	2,214	2,214
7.4 Total financing facilities	7,728	2,605

7.5 **Unused financing facilities available at quarter end** 5,123

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.

7.1 Westpac Bank Bill Business Loan, facility term 5 years, Variable interest rate, secured by land and water assets.

7.2 Westpac Overdraft Facility and Credit Card Facility, Variable interest rate, secured by land and water assets.

7.3 Westpac Equipment Finance Facility.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	<2,253>
8.2 Cash and cash equivalents at quarter end (Item 4.6)	11,033
8.3 Unused finance facilities available at quarter end (Item 7.5)	5,123
8.4 Total available funding (Item 8.2 + Item 8.3)	16,156
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7

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: NA

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: NA

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: NA

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: 28th July 2023



Authorised by:
Ross Anderson Chairman

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.