

Appendix 4C

(Amended from the previously lodged Appendix 4C dated 15 April 2020)

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

Name of entity

A1 INVESTMENTS & RESOURCES LIMITED

ABN

44 109 330 949

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	222	643
1.2 Payments for		
(a) research and development	(2)	(2)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(6)	(6)
(d) leased assets	(7)	(7)
(e) staff costs	(69)	(206)
(f) administration and corporate costs	(353)	(739)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(28)	(47)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(243)	(364)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(24)	(26)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	24	180
(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	-	154

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	2,000	2,000
3.6 Repayment of borrowings	-	(372)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
Deposit for share issues	157	695
Subscription in advance	(57)	-
3.10 Net cash from / (used in) financing activities	2,100	2,323

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....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	729	473
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(243)	(364)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	154
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,100	2,323
4.5	Effect of movement in exchange rates on cash held	52	52
4.6	Cash and cash equivalents at end of period	2,638	2,638

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	638	729
5.2	Call deposits	2,000	-
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)	2,638	729

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	(71)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Current quarter \$A'000

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

Note: Payments to the Directors of the company.

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	2,000	2,000
7.2 Credit standby arrangements		
7.3 Other (please specify)	200	-
7.4 Total financing facilities	2,200	2,000

7.5 **Unused financing facilities available at quarter end** 200

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.

Loan Facility

The company has entered a loan facility with WIN Properties Australia Pty Limited in a principal sum of \$2,000,000 at an interest rate of 5%pa paid 6 monthly in advance or 2.5%pa if paid on time, for a term of 3 years commencing on 19 March 2020. The security for the loan is a floating charge over all the assets of the company located in Australia, including any subsidiary but not including any offshore subsidiary or asset.

Other

The company has received advice from related parties to the directors for further equity investment in the company, and the conversion of these funds to ordinary shares subject to shareholder approval and notice to ASIC and the ASX. The funds the subject of this paragraph have not been received by the company, but the company reasonably believes these funds are available and will be provided to the company prior to 30 June 2020.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(243)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,638
8.3 Unused finance facilities available at quarter end (Item 7.5)	200
8.4 Total available funding (Item 8.2 + Item 8.3)	2,838
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	11.7

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:

Clearly the company's answer to 8.5 is not less than 2. However, the Board of the company is of the opinion that without further explanation no comment could be considered misleading to the company's shareholders and potential investors. The company has therefore provided the following further explanation of its plans and its projected expenditure which relates to its further development of its sea cucumber project in Western Australia.

The company is in the process of developing its sea cucumber export business from Western Australia. The company reasonably estimates that the dedicated harvesting and processing contractors of the company will require approximately \$800,000 to complete the processing factory and obtain all the requisite authorities to commence exporting the product in late June or more realistically July 2020. Sea cucumber harvesting and processing is due to commence in the next 3 weeks.

The company's agreement with Tidal Moon Pty Limited ("TM") (the sea cucumber harvesting contractor) and Tidal Moon Australia Pty Limited ("TMA") (the processing contractor) is that TM will supply all its harvested product to TMA at cost plus 20%, and TMA will supply 80% of its processed product to the company at cost plus 20%. The supply agreements provide for a strict and limited definition of cost and positive obligations upon TM and TMA to drive their costs down to ensure a cost effective project for the benefit of the company. To date the company has paid \$374,170 to TM or TMA by way of payments for product in advance of its delivery. The company expects that it will pay a further \$300-400,000 to TMA over the next 3 to 4 months to complete the operational objectives of the project in Western Australia and permit the continuous supply of dried sea cucumber to the company over the long term.

The company notes that its projections are conservative, and consideration has been given to the impact of the coronavirus and its possible further impact to operations in Australia, and the difficulties with managing export logistics to the company's major markets in Asia.

The company expects to utilise its fully drawn down loan facility to meet its cash requirements during this period.

The company is also further exploring further equity from the directors or related parties thereto.

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: The company proposes calling a special general meeting to approve the proposed funding (see Item 7.3) from the directors or related parties thereto. The company reasonably expects the funds referred to be provided.

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 company has sufficient cash to meet all its obligations for the foreseeable future. The company further expects its sea cucumber business to be cash flow positive in the second quarter of the financial year to 30 June 2021.

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.



Peter J Ashcroft

Director

Date: Tuesday, 28 April 2020

Authorised by: .The Board of A1 Investments & Resources Limited
(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.

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