

## Appendix 4C

### 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 2021

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(.....months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 124                                | 297   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | -                                  | -   |
| (b) product manufacturing and operating costs             | (309)                              | (362)   |
| (c) advertising and marketing                             | -                                  | -   |
| (d) leased assets   | (9)                                | (26)  |
| (e) staff costs   | (113)                              | (284)   |
| (f) administration and corporate costs                    | (138)                              | (534)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | -                                  | 2   |
| 1.5 Interest and other costs of finance paid              | (26)                               | (53)  |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | -                                  | -   |
| 1.8 Other (provide details if material)                   | -                                  | -   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(471)</b>                       | <b>(960)</b>                                      |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire:                                  |                                    |   |
| (a) entities  | -                                  | -   |
| (b) businesses  | -                                  | -   |
| (c) property, plant and equipment                         | (5)                                | (19)  |
| (d) investments   | -                                  | -   |
| (e) intellectual property                                 | -                                  | -   |
| (f) other non-current assets                              | -                                  | -   |

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>(.....months)<br>\$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)  | -                          | -  |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                      | <b>(5)</b>                 | <b>(19)</b>                              |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>  |                            |  |
| 3.1                                  | Proceeds from issues of equity securities<br>(excluding convertible debt securities)       | 20                         | 220                                      |
| 3.2                                  | Proceeds from issue of convertible debt<br>securities                                      | -                          | -  |
| 3.3                                  | Proceeds from exercise of options  | -                          | -  |
| 3.4                                  | Transaction costs related to issues of equity<br>securities or convertible debt securities | -                          | -  |
| 3.5                                  | Proceeds from borrowings   | -                          | -  |
| 3.6                                  | Repayment of borrowings  | -                          | -  |
| 3.7                                  | Transaction costs related to loans and<br>borrowings                                       | -                          | -  |
| 3.8                                  | Dividends paid   | -                          | -  |
| 3.9                                  | Other (provide details if material)  |                            |  |
|                                      | Deposit for share issues   | -                          | -  |
|                                      | Subscription in advance  | -                          | -  |
| <b>3.10</b>                          | <b>Net cash from / (used in) financing activities</b>                                      | <b>20</b>                  | <b>220</b>                               |
| <b>4.</b>                            | <b>Net increase / (decrease) in cash and cash<br/>equivalents for the period</b>           |                            |  |
| 4.1                                  | Cash and cash equivalents at beginning of<br>period  | 1,928                      | 2,235                                    |
| 4.2                                  | Net cash from / (used in) operating activities<br>(item 1.9 above)                         | (471)                      | (960)                                    |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(.....months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.3                                  | Net cash from / (used in) investing activities<br>(item 2.6 above)  | (5)                        | (19)                                     |
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) | 20                         | 220                                      |
| 4.5                                  | Effect of movement in exchange rates on cash held                   | (7)                        | (11)                                     |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                   | <b>1,465</b>               | <b>1,465</b>                             |

| 5.         | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|------------|--|----------------------------|-----------------------------|
| 5.1        | Bank balances  | 226                        | 289                         |
| 5.2        | Call deposits  | 1,239                      | 1,439                       |
| 5.3        | Bank overdrafts  | -                          | -                           |
| 5.4        | Other (uncleared deposit)  | -                          | 200                         |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter<br/>(should equal item 4.6 above)</b>   | <b>1,465</b>               | <b>1,928</b>                |

**6. Payments to related parties of the entity and their associates**

- |     |   | Current quarter<br>\$A'000 |
|-----|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | (81)                       |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 |                            |

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 to 6.1: Salaried to executive directors (56) & Interest payment to Director related company (25)

**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. The Company notes that it has a fully draw facility of \$2 million. The balance of this facility is the cash amounts set out in item 5.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

|     | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|-----|--|---|
| 7.1 | -  | -   |
| 7.2 | -  | -   |
| 7.3 | -  | -   |
| 7.4 | -  | -   |

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

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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.

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**8. Estimated cash available for future operating activities****\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

(471)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

1,465

8.3 Unused finance facilities available at quarter end (Item 7.5)

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8.4 Total available funding (Item 8.2 + Item 8.3)

1,465

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

3.1

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?

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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?

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

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### 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: Tuesday, 20 April 2021



Peter J Ashcroft

Director

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

### 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.

Tuesday, 20 April 2021

## ASX ANNOUNCEMENT

### Quarterly Activity Statement to 31 March 2021

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The Company advises its operational activities for the quarter to 31 March 2021 as follows;

#### Sea Cucumber Project

The travel bans to Western Australia which commenced in late March 2020 have continued to significantly restrict our ability to manage our businesses in WA and for those businesses to complete all their respective requirements to operate. In late March this year the management of the Company was finally able to return to WA.

The dispute with our dedicated contractor at Shark Bay remains unresolved, despite our best efforts. At all times we have sought to encourage our partner to perform including at least the supply of limited product as a demonstration by it, that it was willing to meet some of our supply objectives and its past promises. A conference with Tidal Moon's lawyers took place in Perth in March 2021 and little progress took place, although the parties continue to discuss and continue to seek some interim solution.

The Company continues to pursue other supply possibilities in Western Australia but a meeting with senior WA government officials in March left the company underwhelmed by the government's support, or indeed lack of support of a sea cucumber industry in WA.

The Company has strengthened its relationships with the local Aboriginal community leaders and we now await confirmation of the local community obtaining further rights to harvest sea cucumbers in WA. Throughout the past 9 months we have supported local Aboriginal persons in their endeavours to better understand the sea cucumber resources in Shark Bay and subject to the weather the Company has continued to support this process through summer.

Throughout 2020 and the quarter to 31 March 2021 the Company has continued to investigate and settle its manufacturing contractor in Japan, maintain and expand its sales leads throughout Japan, the PRC and other parts of Asia. The Company has on sold some wholesale product and generated sales of \$188,000 in Japan (July 2020 to 31 March 2021). The Company is now completing the design of its new products and has commenced manufacturing ready for a product launch in late May or early June 2021.

The Company is sourcing raw dried sea cucumber from other suppliers to meet its demand. The first 3 tons of product from Peru has been delivered to our Japanese subsidiary and further deliveries of tons is scheduled for delivery in this quarter.

#### Blue Ocean Japan

The Company notes that its wholly owned subsidiary in Japan, Blue Ocean Japan commenced active trading under the supervision of the Company's Managing Director, Mr Nakamura who was in Japan until late February 2021 when he was finally able to return to Australia. Mr Nakamura is now managing all BOJ operations from Australia.

The Company has put in place a strong management and operational team in Japan and we have confidence that this team will be able to undertake the manufacturing, sales and marketing of products including the product launch in this quarter.

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The Company is looking for Japan and Australia to reach an agreement during 2021 for both companies to comprise a further travel bubble which would allow the management from the company to readily travel to Japan to assist in the management of BOJ. The Company is very supportive of an arrangement that could see the management quarantine at home when returning from Japan. The Company does recognise that we are some months away from such a solution and we have in place plans to effectively manage the businesses remotely from Australia.

#### **Sandalwood Project**

The Company has completed its due diligence into a manufacturer to undertake the production of sandalwood oil in NSW from WAS native sandalwood. The Company is continuing to pursue the supply of reasonably priced raw material from WA.

#### **Bundybunna**

The Company continued to seek clarification of the timing of the termination of the winding up and the cash flow needs of the project, post termination. The Company is currently undertaking a thorough review of the Bundybunna project.

There have been no significant changes to the Company's operations since the annual general meeting of the Company on 26 November 2020.

The Company does not need to remind its shareholders of the hardships of 2020. The coronavirus has had a significant impact on the Company's operations over the past 3 months and this continues to be the position.

The Company does not expect any substantial change to these issues over the coming months, despite the vaccine for COVID 19 becoming available. The Company remains disappointed at Australia's poor vaccine roll out.

The Company is encouraging all its staff and the staff of its dedicated contractors, including in Japan to get vaccinated as soon as possible.



Peter J Ashcroft

Director

Date: Tuesday, 20 April 2021

Authorised by: The Board of A1 Investments & Resources Limited

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