



25 July 2019

Wide Open Agriculture Quarterly Report Q2 2019

Highlights

- **Distribution Platform for regeneratively produced, grass-fed meat launched into domestic restaurant & food service channels**
- **New Supply Agreements signed with premium beef & lamb producers committed to regenerative agriculture**
- **Protein snack products in recipe & formulation phase**
- **Farmland portfolio strategy approved by Board**
- **Winter hemp trial completed and summer trial preparation underway**

From the Managing Director

Since listing in July 2018, Wide Open Agriculture (WOA) has moved closer to becoming a leading regenerative food company by forging real partnerships with farmers who are committed to building healthy soil, enhancing biodiversity and restoring the water cycle.

As the world's only publicly listed company seeking to deliver '4 Returns' – measurable outcomes on financial, natural, social and inspirational returns – we are here to make a positive impact.

Our goal is to restore land in our farmland portfolio and create a globally trusted food brand offering regeneratively grown meat and plant-based products to local and international markets.

But what is regenerative agriculture and why does it matter?

'Regenerative' refers to farming practices that seek to rehabilitate and enhance the entire ecosystem of the land by building healthy soil, enhancing biodiversity and stewarding the water cycle.

This fights the climate crisis by pulling carbon from the atmosphere and sequestering it in the ground where it belongs. We believe if we take care of the soil, it will take care of us.

WOA has continued to develop the long-term strategic plan for its farmland portfolio, including the formulation of detailed farmland due diligence processes, acquisition criteria and key legal documents.

This quarter WOA also began providing premium grass-fed, regeneratively farmed beef and lamb to top restaurants across Western Australia.

Our products offer consumers a clear line of sight from regenerative farm to fork and recognise the benefits that regenerative production has in delivering a healthier environment.

Going forward, WOA will launch online sales and grow its line of regenerative animal and plant-based products as our new food brand is launched and retail products are tested and finalised.

We look forward to the future and are excited to be working with our shareholders, customers and regenerative farmer partners to build a new food and farming system for a healthier world.

Dr Ben Cole
Managing Director

Food Brand

Distribution Platform for Regenerative Meat

In May 2019 WOA established a specialised, direct distribution platform to connect farmers who produce meat using holistic and regenerative methods with restaurant, retail and online consumers.

In early June, initial domestic sales of regenerative, grass fed beef and lamb launched into Western Australia's food service and restaurant sectors featuring holistically farmed Blackwood Valley beef and Parron Dorper lamb.

Market response has been positive, and sales continue to grow as buyers connect to the brand story and regenerative provenance of WOA products.

During the quarter more than 25 restaurants and food outlets throughout WA became regular customers including The Reveley, Balthazar, Young George, Bib & Tucker, Vasse Felix, Pinchos, Cook & Mason, Bread in Common and Short Order Burger Company.

Also during the quarter, WOA signed several new Supply Agreements with leading farmers in WA's Wheatbelt and South-West.

Led by WOA Livestock Supply Chain Manager, Warren Pensini, the new Agreements will ensure continuity of supply as the distribution business scales up towards online sales, retail and export distribution.

Preliminary work has also commenced on a selection of value-added regenerative meat products such as sausages and burgers. These products will support the existing range, ensure full utilisation of the animal and maximise value.

Shelf-Stable Product Development

During the quarter WOA continued to develop a balanced portfolio of shelf-stable products including both animal and plant-based protein foods.

In June, feasibility studies of a range of healthy snack products were completed. As part of the next phase of product development, WOA has partnered with a nationally recognised R&D company to create prototypes of specialised, regeneratively produced beef and lamb snacks.

Work is currently focused on product recipe and formulation, with several prototypes currently being tested and refined. Once formulation is finalised and complete, a complete business plan will be prepared and presented to the Board.

Development work has also progressed on a plant-based oat drink. WOA has completed an extensive international competitor review which identified the key product features, flavours, textures and colours that are suitable for the Australian market.

Also, during the quarter, samples of regionally-sourced WA oats were sent to a plant-based milk manufacturer for initial development and testing of a WOA prototype.

Work on the high protein, lupin-based falafel mix has been deferred in the short term as other market opportunities are explored. This product will be re-visited in conjunction with WOA's research projects.

Farmland Portfolio

During the quarter, WOA has continued to develop the long-term strategic plan for its farmland portfolio, including the formulation of detailed due diligence processes, acquisition criteria and key legal documents.

An innovative leasing model has been developed that facilitates a partnership between farming families, WOA and sophisticated investors to own and manage the regeneration of a farmland property together.

Legal frameworks for this model are being finalised and the first of these arrangements is in negotiation.

WOA has undertaken early stage due diligence on three possible farmland assets in Western Australia.

One of these assets has progressed to the stage that investment Prospectus documentation has been presented to several potential investors.

WOA has also begun to implement a regenerative farming framework, planning and impact measurement processes to guide the regenerative management of farmland.

This framework ensures that the company is achieving measurable social and environmental outcomes in the way its farmland is managed.

WOA has also continued to investigate the feasibility of growing fodder shrubs and perennial grasses in the Northern Wheatbelt for livestock production. The feasibility study will investigate the potential of managing breeding livestock that are finished in the south-west region.

Hemp R&D trials

In May WOA signed a Memorandum of Understanding (MOU) with the West Australian Hemp Growers' Cooperative Ltd (HempGro) to take part in WA's largest Industrial Hemp Trial.

Supported by the Western Australian Department of Primary Industries and Regional Development, WOA has collaborated with HempGro in the 'Right Seed for the Right Region' project, a state-wide trial to identify the most suitable industrial hemp seed varieties for various WA conditions.

As part of the Winter Trial phase of the project, WOA tested several internationally sourced hemp varieties over the cooler months at its shade house facilities at Arthur River, in WA's Wheatbelt.

This Winter Trial, conducted throughout the quarter from April to June, is now complete. The varieties tested during the trial recorded limited growth and went to seed prior to significant stem and leaf production.

The next phase - Summer Trials - will focus on open field production and identification of suitable sites has now commenced. The open field site will be selected on the basis that it will provide the most useful findings for regenerative farmers in the south-west of Western Australia.

WOA's Shade House will not be utilised during the summer trials due to restricted water supply following a late break to the rainfall season across the region.

Commercial Shade House

A Detailed Feasibility Study into a possible commercial shade house was completed in May 2019.

A farm layout was developed to enable the most productive and economically viable design. The recommended design was a ~2ha retractable roof shade house, designed to effectively enable Certified Organic Production.

The key limitation identified was the ability to attract and retain management personnel (Head Grower, Assistant Head Grower & Operations Manager) to the northern Wheatbelt site.

The Study found that identifying an experienced, co-founding partner (with access to key management personnel) would be essential to a commercial shade house project.

The Board has agreed to continue discussions with local and international horticultural companies to explore partnerships with experienced, co-founding partners.

Corporate

Entitlement Options

During the quarter WOA completed a pro-rata non-renounceable entitlement issue. A total of 5,605,766 Applications were received under the Offer raising \$56,057 for the Company.

As per Section 4.4 of the Prospectus, the Directors reserved the right within 3 months of the Closing Date, to issue the Shortfall at the discretion of the Directors on the same terms as being offered to Eligible Shareholders under the Prospectus. 1,687,591 Shortfall Options were subscribed for raising a further \$16,876 and the Options were issued on 24 July 2019.

The Company was successful in its application to have the Options listed on the Australian Securities Exchange and are currently trading under the ASX ticker WOA.O.

Cash at bank \$3,280,078 as at 30 June 2019.

Outlook

WOA has set the following key future milestones for the coming quarter:

- Continued growth in regenerative beef & lamb restaurant/food service sales
- Launch of new food brand
- Launch of website to showcase brand/portal for online regenerative beef and lamb sales
- Farmland investment opportunities identified and targeted to investors
- Summer Trial of industrial hemp to commence

About Wide Open Agriculture Ltd

Wide Open Agriculture (WOA) is a regenerative food and farming company based in the Wheatbelt region of Western Australia. The Company's business comprises farmland assets and a food brand.

WOA operates under a '4 Returns' framework and seeks to deliver measurable outcomes on financial, natural, social and inspirational returns. The Company manages farmland under the framework of identifying 3 zones (economic, combined and natural zones).

WOA is listed on the Australian Securities Exchange (code: WOA) and the Frankfurt Stock Exchange (code: 2WO) and is the world's first '4 Returns' publicly listed company.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Wide Open Agriculture Ltd

ABN

86 604 913 822

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	28,133	28,639
1.2 Receipts from rental income	-	177
1.3 Payment to suppliers and employees	(658,223)	(1,753,335)
1.4 Interest received	26,990	56,077
1.5 Interest and other costs of finance paid	-	(202)
1.6 Other - Grants	-	176,485
1.7 Net cash from / (used in) operating activities	(603,101)	(1,492,229)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3,079)	(43,693)
2.2 Net cash from / (used in) investing activities	(3,079)	(43,693)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	55,974	37,999
3.2 Proceeds from exercise of share options	-	1,063
3.3 Transaction costs related to issues of shares, convertible notes or options	-	(98,623)
3.4 Proceeds from borrowings	-	46,781
3.5 Repayment of borrowings	(14,021)	(296,732)
3.6 Net cash from / (used in) financing activities	41,953	(309,512)

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
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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	3,844,306	5,125,512
4.2 Net cash from / (used in) operating activities (item 1.7 above)	(603,101)	(1,492,229)
4.3 Net cash from / (used in) investing activities (item 2.2 above)	(3,079)	(43,693)
4.4 Net cash from / (used in) financing activities (item 3.6 above)	41,953	(209,512)
4.5 Cash and cash equivalents at end of quarter	3,280,078	3,280,078

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	Previous quarter \$A
5.1 Bank balances	680,078	2,044,306
5.4 Term deposit	2,600,000	1,800,000
5.5 Cash and cash equivalents at end of quarter (should equal item 4.5 above)	3,280,078	3,844,306

6. Payments to directors of the entity and their associates	Current quarter \$A
6.1 Aggregate amount of payments to these parties included in item 1.3	79,471
6.2 Aggregate amount of cash flow from loans to these parties included in item 2	NIL
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1.1	Current quarter \$A
a) Wages paid to directors	73,351
b) Superannuation paid to directors	6,120

7. Payments to related entities of the entity and their associates	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	NIL
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	NIL
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

NIL

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	NIL	NIL
8.2 Credit standby arrangements	NIL	NIL
8.3 Other (please specify)	N/A	N/A
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	10
9.2 Product manufacturing and operating costs	140
9.3 Advertising and marketing	20
9.4 Leased assets	1
9.5 Staff costs	280
9.6 Administration and corporate costs	300
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	751

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

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: ...25 July 2019.....

Print name:Mr Ben Cole.....

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.