

**Australian
Agricultural
Projects Ltd**

ABN: 19 104 555 455

Head Office
Suite 2, 342 South Road
Hampton East VIC 3188

E:admin@voopl.com.au

10 August 2015

ASX Ltd
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Attn: Mr Dale Allen

by email: Dale.Allen@asx.com.au

Dear Dale

RE: APPENDIX 4C QUERY

We acknowledge receipt of your letter dated 6 August 2015 regarding the Company's quarterly report for the period ended 30 June 2015, released to ASX Limited ("ASX") on 31 July 2015 (the "Appendix 4C").

In response to each of your questions, we advise as follows:

1. The cyclical nature of the Company's business is such that the June quarter each year is the quarter with the least cash receipts, as the last of the previous year's harvest is sold, and when the additional expenditure associated with the annual harvest is incurred. The resultant produce is on-sold to the Company's major customer, in accordance with the Olive Oil Supply Agreement in place with them, and revenues are received over the course of the ensuing 10 months.

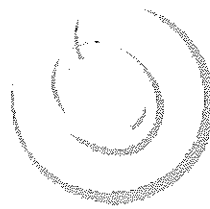
We note the market update accompanying the 4C referred to this operating cycle, and the pertinent commentary is reproduced below:

The Company incurred a net operating deficit for the quarter of \$472,000. This period includes most of the costs associated with the annual harvest while the receipts of just \$217,000 represented the last instalment of the sale of the previous year's harvest. The operating cashflow for the full 12 months amounted to a surplus of \$199,000, less than the \$607,000 for the previous year as a consequence of the lower than expected 2014 harvest.

During the quarter the Company reduced its outstanding hire purchase and commercial bill liabilities by a further \$64,000 with a year to date total reduction of \$378,000.

The expectation for the next 12 months is that the business will operate in a similar manner with operating cash surpluses in the first three quarters and then a deficit in the fourth quarter resulting in an overall operating cash surplus greater than the past year as a consequence of the better than expected 2015 harvest.

2. Refer to Response 1 above. The Company anticipates positive operating cash flows over the foreseeable future and does not believe there is any requirement to seek additional funding in order to continue operations.



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3. The Company continues to operate its business in accordance with its business objectives. The negative operating cash flow for the June quarter was consistent with management's expectations and the Company does not believe that it need change its operations or take any additional steps in order to meet these business objectives.
4. The Company confirms that, to its best knowledge and belief, it is in compliance with ASX Listing Rules and in particular, Listing Rule 3.1.
5. The Company's financial position and performance has continued to improve over the past 24 months. Specifically, total liabilities have decreased, operating cashflows have been positive and in June 2015 the Company completed the largest harvest to date at its orchard. While profitability and future cashflows will always be dependent upon agricultural outcomes, the Company believes that it has consistently complied with Listing Rule 12.2.

Yours sincerely

Paul Challis
Managing Director



6 August 2015

Mr Kimberley Hogg
Company Secretary
Australian Agricultural Projects Limited

By email: *kim@anthonyho.com.au*

Dear Kimberley

Australian Agricultural Projects Limited (the "Entity")

I refer to the Company's quarterly report for the period ended 30 June 2015, released to ASX Limited ("ASX") on 31 July 2015 (the "Appendix 4C").

ASX notes that the Appendix 4C reported the following as at 30 June 2015:

1. Receipts from customers of \$217,000.
2. Negative operating cash flow expenditure for the June quarter of \$472,000.
3. Overdrawn cash balance of \$430,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. ASX is concerned that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the following two quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to dale.allen@asx.com.au. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 pm WST on Wednesday, 12 August 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any further queries please let me know.

Yours sincerely,

[sent electronically without signature]

Dale Allen
Senior Adviser, Listings Compliance (Perth)