



Notice of General Meeting

Australian Dairy Nutritionals Group

A General Meeting of the Securityholders of **Australian Dairy Nutritionals Limited** (ACN 057 046 607) and the General Meeting of unitholders of the **Australian Dairy Farms Trust** (ARSN 600 601 689) will be held at:

Venue: Cashwerkz Limited Board Room, Level 5, 66 Clarence Street, Sydney, NSW 2000

Date: **Tuesday 13 August 2019**

Time: **10:00am (AEST)**

This notice of General Meeting should be read in its entirety. If Securityholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting. Please contact the Company Secretary on +61 7 3020 3030 if you wish to discuss any matter concerning the Meeting.

Australian Dairy Nutritionals Limited and Australian Dairy Farms Trust (together the “Group”)

Notice of General Meeting

Notice is hereby given that the General Meeting of the Securityholders of Australian Dairy Nutritionals Limited (**Company**) will be held in conjunction with the General Meeting of unitholders of the Australian Dairy Farms Trust (**Trust**) (together the Australian Dairy Nutritionals Group). The Meeting will be held at Cashwerkz Limited’s Board Room, Level 5, 66 Clarence Street, Sydney, NSW 2000 on **Tuesday 13 August 2019 at 10:00am (AEST) (Meeting)**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form form part of this Notice of Meeting.

Securityholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than **10:00 am (AEST) on 11 August 2019**.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

Agenda

RESOLUTION 1 - RATIFICATION OF PLACEMENT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Securityholders approve, ratify and confirm the prior issue of 32,657,851 Stapled Securities pursuant to Listing Rule 7.1 on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

A voting exclusion statement is set out below.

RESOLUTION 2 - APPROVAL OF PROPOSED PLACEMENT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of up to 48,220,474 Stapled Securities at an issue price of \$0.12 (12 cents) per Stapled Security, to raise up to \$5.8 million, on the terms set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

A voting exclusion statement is set out below.

RESOLUTION 3 - APPROVAL OF DIRECTOR PARTICIPATION IN PLACEMENT - PAUL MORRELL

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 and for all other purposes, Securityholders approve the issue of 18,288,342 Stapled Securities to Ironbark-Vest Pty Ltd, being an entity associated with Paul Morrell, a Director of the Company, at an issue price of \$0.12 (12 cents) per Stapled Security on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

A voting exclusion statement is set out below.

RESOLUTION 4 - APPROVAL OF DIRECTOR PARTICIPATION IN PLACEMENT - MICHAEL HACKETT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 and for all other purposes, Securityholders approve the issue of 833,333 Stapled Securities to Costine Pty Ltd, being an entity associated with Michael Hackett, a Director of the Company, at an issue price of \$0.12 (12 cents) per Stapled Security on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

A voting exclusion statement is set out below.

RESOLUTION 5 - APPROVAL OF PROPOSED ISSUE OF OPTIONS TO LEAD MANAGER

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.1 and for all other purposes, Securityholders approve the issue of 2,500,000 Options to Blue Ocean Equities Pty Ltd’s nominee, L39 Pty Ltd on the terms set out in this Explanatory Statement which accompanies and forms part of the Notice of this Meeting.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Listing Rules

Under Listing Rule 14.11, the Group will disregard any votes cast on the following Resolutions by or on behalf of the following persons or their respective associates:

Resolution 1 - Ratification of Placement	Persons who participated in the issue
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Resolution 2 - Approval of Proposed Placement	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity)
Resolution 3 - Approval of Director Participation in Placement - Paul Morrell	Ironbark-Vest Pty Ltd, Paul Morrell
Resolution 4 - Approval of Director Participation in Placement - Michael Hackett	Costine Pty Ltd, Michael Hackett
Resolution 5 - Approval of proposed issue of Options to Lead Manager	Blue Ocean Equities Pty Ltd, L39 Pty Ltd

However, the Group need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors.

Kate Palethorpe
Company Secretary
Australian Dairy Nutritionals Group
12 July 2019

Australian Dairy Nutritionals Group

Explanatory Statement

1 INTRODUCTION

This Explanatory Statement has been prepared for the information of Securityholders in connection with the business to be conducted at the Meeting to be held at Cashwerkz Limited's Board Room, Level 5, 66 Clarence Street, Sydney, NSW 2000 on **Tuesday 13th August 2019 at 10:00am (AEST)**. The purpose of this Explanatory Statement is to provide information to Securityholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Statement.

Please contact the Company Secretary on +61 7 3020 3030 or shareholders@adfl.com.au if you wish to discuss any matter concerning the Meeting.

Any forward-looking statements in this Explanatory Statement are based on the Group's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of both the Group, and the board, which could cause actual results, performance or achievements expressed or implied by forward-looking statements in this Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional advisor.

2 ACTION TO BE TAKEN BY SECURITYHOLDERS

Securityholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Proxies

All Securityholders are invited and encouraged to attend the Meeting. If a Securityholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Group in accordance with the instructions on the Proxy Form. The Group encourages Securityholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10:00am (AEST) on 11 August 2019. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

Online	www.linkmarketservices.com.au
By Mail	C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235
By Facsimile	+61 2 92870309
By Hand	Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000

Securityholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

2.2 Corporate representatives

Securityholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Group and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Group's securities registry (www.linkmarketservices.com.au).

2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Securityholders are those persons who are the registered holders of Stapled Securities at 10:00am (AEST) on 11 August 2019.

3 BACKGROUND - PLACEMENT

3.1 Placement

As announced on Friday 21 June 2019, the Group has received subscriptions for 100,000,000 new ordinary Stapled Securities at any issue price of \$0.12 (12 cents) per Stapled Security from sophisticated and professional investors (**Placement**). The Placement is expected to raise \$12 million before costs. Approximately \$2.3 million of that amount has been committed by entities associated with Directors of the Group, approval for which is the subject of Resolutions 3-4.

The Placement will be completed in two tranches. The first tranche of 32,657,851 Stapled Securities were issued on 28 June 2019 using the Group's existing authorities under ASX Listing Rule 7.1. The second tranche of 67,342,149 Stapled Securities will be issued provided the Group obtains the relevant approvals of securityholders under ASX Listing Rule 7.1 and ASX Listing Rule 10.11.

Funds raised under the Placement will be applied toward:

- the acquisition of an infant formula plant including mixing plant, dryer and evaporator and associated equipment and services;
- construction of a building for the infant formula plant and reassembly and commissioning works;
- building works for expansion of Camperdown Dairy Company (CDC);
- product and brand development costs; and
- transaction costs and general working capital.

Blue Ocean Equities Pty Ltd (BOEQ) has acted as the Lead Manager for the Placement. The Company has agreed to pay BOEQ an aggregate fee of 5% of the proceeds of the Placement (before costs) and issue the equivalent of 1% of the proceeds of the Placement (before costs) as Options to BOEQ.

3.2 Capital Structure

The table below provides a summary of the capital structure of the Group at the date of this Notice and upon completion of the issues proposed in the Notice of Meeting (assuming all 5 resolutions are passed).

	Stapled Securities/Options
Shares currently on issue	267,336,409
Tranche 1 Placement Securities (LR 7.1 facility) (Resolution 1)	32,657,851

Securities issued to Ultima Capital Partners Pty Ltd under LR 7.1A facility (issue for consultancy services provided to the Group unrelated to the Placement)	150,031
Shares on issue immediately prior to General Meeting	300,144,291
Tranche 2 Placement Securities (Resolutions 2, 3 and 4)	67,342,149
Total Stapled Securities	367,486,440
Existing Options	10,000,000
Lead Manager Options (Resolution 5)	2,500,000
Total Options	12,500,000
Performance Securities	6,250,000

4 RESOLUTION 1 - RATIFICATION OF PLACEMENT

4.1 Introduction

Resolution 1 seeks Securityholder approval to ratify the issue of 32,657,851 Stapled Securities (**Tranche 1 Stapled Securities**) to professional and sophisticated investors, pursuant to tranche 1 of the Placement.

4.2 ASX Listing Rules

ASX Listing Rule 7.1 (subject to certain exceptions, none of which are relevant here) requires the prior approval of the shareholders for an issue of equity securities if those equity securities will, when aggregated with the equity securities issued by the Group during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period (**Placement Capacity**).

ASX Listing Rule 7.4 provides that, an issue of equity securities by an entity made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and approval of its ordinary shareholders is subsequently obtained.

The issue of 32,657,851 Stapled Securities pursuant to tranche 1 of the Placement will not breach ASX Listing Rule 7.1 at the time of issue. Ratification of the issue and allotment of the Tranche 1 Stapled Securities is sought to preserve the Group's Placement Capacity following completion of tranche 1 of the Placement.

4.3 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, the following information is provided about the issue:

- (a) 32,657,851 Stapled Securities were issued under the Group's Listing Rule 7.1 capacity on 28 June 2019.
- (b) the Stapled Securities were issued at \$0.12 (12 cents) per Stapled Security.
- (c) the securities issued are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (d) the Stapled Securities were allotted and issued to either sophisticated investors or professional investors within the meaning of sections 708(8) and 708(11) of the Corporations Act or other investors to whom the Group may issues Stapled Securities without disclosure pursuant to section 708 of the Corporations Act, as identified by the Lead Manager.
- (e) the funds raised from the issue will be used as set out in section 3.1 above.
- (f) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 1.

4.4 Directors' recommendation

Failure to ratify the issue of the Tranche 1 Placement Securities would result in the Group being unable to maximise business opportunities by proceeding with a further issue of equity securities within the next 12 month period. Any delay associated with obtaining shareholder approval means that the Company cannot act in an opportunistic manner and potentially puts any such raising at risk through the approval period.

The Board unanimously recommends that Securityholders vote in favour of Resolution 1.

5 RESOLUTION 2 - APPROVAL OF PROPOSED PLACEMENT

5.1 Introduction

Resolution 2 seeks Securityholder approval for the issue of a further 48,220,474 Stapled Securities (**Tranche 2 Placement Securities**) pursuant to tranche 2 of the Placement at an issue price of \$0.12 (12 cents) per Stapled Security to professional and sophisticated investors.

5.2 ASX Listing Rule 7.1

As at the date of this Notice of Meeting the issue of the Tranche 2 Placement Shares will cause the Group to exceed the 15% limit under ASX Listing Rule 7.1 and therefore, the Group is required to obtain shareholder approval prior to the issue of the Tranche 2 Placement Securities.

Shareholder approval for the issue and allotment of the Tranche 2 Placement Securities is sought to preserve the Group's Placement Capacity following completion of tranche 2 of the Placement.

5.3 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) a total of 48,220,474 Stapled Securities will be issued.
- (b) it is anticipated that the Tranche 2 Placement Securities will be issued on a single date within 5 business days after approval is given by Securityholders to the issue of the Tranche 2 Placement Securities under ASX Listing Rule 7.1 and, in any event no later than 3 months after the date of this General Meeting.
- (c) the Tranche 2 Placement Securities will be issued at a price of \$0.12 (12 cents) per Stapled Security.
- (d) the Tranche 2 Placement Securities will be allotted and issued to either sophisticated investors or professional investors within the meaning of sections 708(8) and 708(11) of the Corporations Act or other investors to whom the Group may issue Stapled Securities without disclosure pursuant to section 708 of the Corporations Act, as identified by the Lead Manager.
- (e) the Tranche 2 Placement Securities are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue.
- (f) funds raised from the Placement will be used for the purposes set out in section 3.1 of this Explanatory Statement.
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 2.

5.4 Directors recommendation

Failure to approve the issue of the Tranche 2 Placement Securities would mean that the Group would be delayed in progressing its organic infant formula strategy, in particular, commencement of building works for the recently purchased infant formula plant.

The Board unanimously recommends that Securityholders vote in favour of Resolution 2.

6 RESOLUTIONS 3 & 4 - APPROVAL OF DIRECTOR PARTICIPATION IN PLACEMENT

6.1 Chapter 2E (as modified by Part 5.7C) of the Corporations Act

Subject to certain exceptions, section 208 of the Corporations Act requires a public company to obtain the approval of the public company's members in the manner set out in section 217 to 227 of the Corporations Act if that public company intends to give a financial benefit to a related party of the public company. Part 5.7C of the

Corporations Act modifies the public company related party transaction provisions in Chapter 2E to apply to the giving of a financial benefit by the Trust to a related party.

The definition of related party is contained in section 228 and modified by section 601LC of the Corporations Act, in the case of the Trust. These provisions provide that an entity controlled by a director of a listed entity (or responsible entity) is a related party of the listed entity (or responsible entity) unless the entity is also controlled by the listed entity (or responsible entity).

Directors, Paul Morrell and Michael Hackett have applied to participate in the Placement through the issue of Stapled Securities to entities which they are a director and shareholder (**Director Entities**). None of the Director Entities are controlled by the Group. Therefore, by virtue of their relationship with each Director, each Director Entity is a related party of the Group.

A financial benefit is defined in section 229 of the Corporations Act in broad terms and includes the issue of Stapled Securities.

Section 210 of the Corporations Act provides that member approval is not needed to give a financial benefit to a related party if the public company (or Trust) and the entity are dealing at arm's length or, the terms are less favourable to the related party.

The Group is of the view that Securityholder approval pursuant to Chapter 2E and Part 5.7C of the Corporations Act is not required in respect of Resolutions 3 and 4 because the terms on which the Stapled Securities are being issued to each Director Entity are the same as those being issued to non-related party participants in the Placement, and therefore are at arms length.

6.2 Listing Rule 10.11

ASX Listing Rule 10.11 (subject to certain exceptions, none of which are relevant here) requires the prior approval of the shareholders of a listed entity for an issue of equity securities to a related party of the listed entity or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The ASX Listing Rules define 'related party' in the same manner as the term is defined in the Corporations Act. As noted in section 6.2 above, each Director Entity is a related party of the Group pursuant to section 228(4) of the Corporations Act and therefore will also be a related party for the purposes of ASX Listing Rule 10.11.

Accordingly, Securityholder approval of Resolutions 3 and 4 is required pursuant to ASX Listing Rule 10.11. If approval is given under Resolutions 3 and 4, approval is not required under Listing Rule 7.1 for the issue (as per exception 13 of Listing Rule 7.2) and will not be included in the calculation of the Placement Capacity.

7 RESOLUTION 3 - APPROVAL OF DIRECTOR PARTICIPATION IN THE PLACEMENT - PAUL MORRELL

7.1 Introduction

Ironbark, an entity controlled by Director Paul Morrell has subscribed for 18,288,342 Stapled Securities in the Placement (**Morrell Securities**), subject to Securityholder approval. Further details of the Placement are set out in section 3.1.

Resolution 3 seeks Securityholder approval for the issue of the Morrell Securities to Ironbark pursuant to ASX Listing Rule 10.11.

7.2 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the issue:

- (a) the Morrell Securities are being issued to Ironbark. Mr Paul Morrell is a director and shareholder of Ironbark and therefore Ironbark is a related party of the Group;
- (b) the maximum number of Stapled Securities to be issued is 18,288,342;
- (c) the Morrell Securities will be issued no later than one month after the Group obtains Securityholder approval for the issue of the Morrell Securities. The Group expects to issue the Morrell Securities within 5 business days after the date of the Meeting;
- (d) the issue price of the Morrell Securities is \$0.12 (12 cents) per Stapled Security.
- (e) the Morrell Securities to be issued are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue;
- (f) funds raised from the issue of the Morrell Securities will be aggregated with and used for the purposes set out in section 3.1 of this Explanatory Statement; and
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 3.

7.3 Director's Recommendation

Failure to approve the issue of the Morrell Securities to Ironbark would result in Mr Paul Morrell being unable to participate in the Placement, thereby limiting the alignment of Mr Paul Morrell's interests with that of the Group and the Securityholders.

The Board (excluding Mr Paul Morrell) unanimously recommend that Securityholders vote in favour of Resolution 3.

8 RESOLUTION 4 - APPROVAL OF DIRECTOR PARTICIPATION IN THE PLACEMENT - MICHAEL HACKETT

8.1 Introduction

Costine, an entity controlled by Director Michael Hackett has subscribed for 833,333 Stapled Securities in the Placement (**Hackett Securities**), subject to Securityholder approval. Further details of the Placement are set out in section 3.1.

Resolution 4 seeks Securityholder approval for the issue of the Hackett Securities to Costine pursuant to ASX Listing Rule 10.11.

8.2 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the issue:

- (a) the Hackett Securities are being issued to Costine. Mr Michael Hackett is a director and shareholder of Costine and therefore a related party of the Group;
- (b) the maximum number of Stapled Securities to be issued is 833,333;
- (c) the Hackett Securities will be issued no later than one month after the Group obtains Securityholder approval for the issue of the Hackett Securities. The Group expects to issue the Hackett Securities within 5 business days after the date of the Meeting;
- (d) the issue price of the Hackett Securities is \$0.12 (12 cents) per Stapled Security;
- (e) the Hackett Securities to be issued are stapled fully paid ordinary shares in the capital of the Company and fully paid units in the Trust and will rank equally with all existing Stapled Securities on issue on and from the date of issue;
- (f) funds raised from the issue of the Hackett Securities will be aggregated with and used for the purposes set out in section 3.1 of this Explanatory Statement; and
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 4.

8.3 Director's Recommendation

Failure to approve the issue of the Hackett Securities to Costine would result in Mr Michael Hackett being unable to participate in the Placement, thereby limiting the alignment of Mr Michael Hackett's interests with that of the Group and the Securityholders.

The Board (excluding Mr Michael Hackett) unanimously recommend that Securityholders vote in favour of Resolution 4.

9 RESOLUTION 5 - APPROVAL OF ISSUE OF OPTIONS TO LEAD MANAGER

9.1 Introduction

As set out in the Group's announcement on 21 June 2019, the Company appointed Blue Ocean Equities Pty Ltd (**BOEQ**) to act as lead manager for the Placement. The Company agreed to pay BOEQ an aggregate cash fee of 5% on funds raised under the Placement and issue BOEQ (or its nominee) the equivalent of 1% of the total proceeds of the Placement (before costs) as Options, following successful completion of the Placement (**Lead Manager Options**). The terms of the Lead Manager Options are set out in Schedule 1 to this Explanatory Statement.

9.2 ASX Listing Rule 7.1

As at the date of this Notice of Meeting, the issue of the Lead Manager Options will cause the Group to exceed the 15% limit under ASX Listing Rule 7.1 and therefore, the Group is required to obtain shareholder approval prior to the issue of the Lead Manager Options.

Shareholder approval for the issue and allotment of the Lead Manager Options is sought to preserve the Group's Placement Capacity following the issue of the Lead Manager Options.

9.3 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) the maximum number of Options to be issued is 2,500,000 representing 1% of the total proceeds of the Placement (before costs) calculated using the Black-Scholes method.
- (b) the issue price is \$0.048 (4.8 cents) per Option.
- (c) it is anticipated that the Lead Manager Options will be issued on a single date within 5 business days after approval is given by Securityholders to the issue of the Lead Manager Options under ASX Listing Rule 7.1 and, in any event no later than 3 months after the date of this General Meeting.
- (d) the Lead Manager Options will be issued to BOEQ's nominee, L39 Pty Ltd ACN 152 101 392 (**L39**). Neither L39 or BOEQ is a related party of the Group.
- (e) The terms on which the Options are issued are set out in Schedule 1 of this Explanatory Statement.
- (f) no funds will be raised from the issue of the Lead Manager Options as they are being issued to the Lead Manager as consideration for providing lead manager services in connection with the Placement.
- (g) refer to the voting exclusion statement in the Notice of Meeting for details of those persons or entities which will be excluded from voting on Resolution 5.

9.4 Directors' recommendation

The Lead Manager played an important role in securing the successful completion of the Placement through its network of professional and sophisticated investors and should be remunerated for the services provided. Additionally, failure to approve the issue of the Lead Manager Options may cause the Group to breach the terms of its engagement letter with the Lead Manager.

The Board unanimously recommends that Securityholders vote in favour of Resolution 5.

10 ADDITIONAL INFORMATION

There is no information material to a decision by a Securityholder whether or not to approve the Resolution (being information that is known to any of the Directors and which has not previously been disclosed to Securityholders) other than as disclosed in this Explanatory Statement.

11 DEFINITIONS

In this Notice and Explanatory Statement:

AEST	means Australian Eastern Standard Time.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Company	means Australian Dairy Nutritionals Limited (ACN 057 046 607).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Costine	Costine Pty Ltd ACN 010 907 669.
Director	means a director of the Company.
Director Entity	has the meaning given in clause 6.2, and: (a) in relation to Mr Paul Morrell, means Ironbark; and (b) in relation to Mr Michael Hackett, means Costine.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Statement	means this explanatory statement.
Group	means the stapled entity comprising the Company and the Trust.

Ironbark	Ironbark-Vest Pty Ltd ACN 621 469 592.
Lead Manager or BOEQ	means Blue Ocean Equities Pty Ltd ACN 151 186 935.
Listing Rule	means the listing rules of the ASX.
Meeting	means the General meeting of the Securityholders of the Company which will be held in conjunctions with the General meeting of unitholders of the Trust (as adjourned from time to time).
Notice	means this notice of meeting.
Option	means an option to purchase a Stapled Security.
Placement	has the meaning given in section 3.
Proxy Form	means the proxy form attached to this Notice.
Resolution	means a resolution set out in the Notice.
Securityholder	means a holder of Stapled Securities.
Stapled Security	means a stapled fully paid ordinary share in the Company and a fully paid unit in the Trust.
Trust	means the Australian Dairy Farms Trust (ARSN 600 601 689).

SCHEDULE 1 -TERMS OF LEAD MANAGER OPTIONS (RESOLUTION 5)

The terms of the issue of the Lead Manager Options are:

1.1 Definitions

Words with capitalized letters in these Terms have the following meaning, unless the context requires otherwise:

Deal	means to sell, transfer, assign, novate, vary, mortgage, encumber, create any equitable interest, share any rights, otherwise deal with any right, title or interest, or agreement to do any of those actions.
Group	means Australian Dairy Farms Limited and the Australian Dairy Farms Trust.
Holder	means a holder of Options.
Option	means an option to purchase a Stapled Security issued on the terms and conditions detailed in these Terms.
Securityholder	means a holder of Stapled Securities.
Shares	means fully paid ordinary shares in the capital of the Company.
Stapled Security	means a stapled fully paid ordinary share in the Company and a fully paid unit in the Trust.
Terms	means these terms of issue which apply to the Options.
Trust	means the Australian Dairy Farms Trust.
Units	means fully paid units in the Trust.

1.2 Interpretation

Grammatical variations of any words or phrases defined in paragraph 1.1 have a corresponding meaning.

1.3 Lead Manager Options

- (a) The Lead Manager Options are issued with the rights and on the terms detailed in this schedule.
- (b) These terms have been determined by the Directors in accordance with clauses 8 of the Company's constitution and clause 4.4 of the Trust's Trust Deed.
- (c) These Terms prevail to the extent of any inconsistency with the Constitution or the Trust Deed.

1.4 Entitlement and Exercise Price

- (a) Each Option entitles the Holder to subscribed for one (1) Stapled Security upon exercise of the Option.
- (b) Subject to paragraph 1.9, the amount payable upon exercise of each Option will be \$0.18 (18 cents) (**Exercise Price**). There may be a change in the Exercise Price or the number of underlying securities over which an Option can be exercised, in accordance with the formula set out in ASX Listing Rule 6.22.

1.5 Expiry Date

Each Option will expire at 5:00pm (AEST) three (3) years from the date of issue (**Expiry Date**). An Option that has not been exercised after Vesting and before the Expiry Date will automatically lapse on the Expiry Date.

1.6 Vesting

The Options will vest when the Stapled Security Price is \$0.18 or more for a period of 5 consecutive trading days (**Vesting**).

1.7 Exercise of Options

- (a) The Options are exercisable at any time from the date of Vesting in accordance with paragraph 0 up until the Expiry Date (**Exercise Period**).
- (b) The Options may be exercised during the Exercise Period by the Holder providing:
 - (i) notice in writing to the Company in the manner specified in the Option certificate (**Exercise Notice**); and
 - (ii) payment of the Exercise Price for each Option, payable in Australian dollars by electronic funds transfer, bank cheque or otherwise in cleared funds.
- (c) A Notices of Exercise is only effective on and from the later of the date of receipt of the:
 - (iii) Exercise Notice; and
 - (iv) payment of the Exercise Price for each Option the subject of an Exercise Notice (**Exercise Date**).
- (d) A Holder may issue one or more Exercise Notices prior to the Expiry Date.

1.8 Issue of Stapled Securities on exercise of an Option

- (a) Within 10 Business Days after the Exercise Date, the Group will:
 - (i) issue the number of Stapled Securities required under these Terms in respect of the Options specified in the Exercise Notice and for which cleared funds have been received by the Company;

- (ii) apply for official quotation on ASX of the Stapled Securities issued pursuant to the exercise of the Options within the timeframe required by the Listing Rules.
- (b) The Group will issue each Holder with a new holding statement for Options (if not all Options are exercised) and Stapled Securities within 10 Business Days after the issue of the Stapled Securities issued on exercise of an Option.
- (c) Stapled Securities issued on exercise of the Options rank equally with all other Stapled Securities.

1.9 Reconstruction of Capital

If at any time the issued capital of the Group is reconstructed, all rights of a Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of reconstruction.

1.10 Voting rights

Each Holder has the right to receive notice of and attend but may not vote at any meeting of Securityholders.

1.11 Dividends

The Options do not have any right to receive dividends (whether cash or non-cash) from the profits of the Group at any time.

1.12 Dealings

A Holder must not Deal with Options without the prior written consent of the Group.

1.13 Access to documents and information

A Holder has the right to receive notices of general meetings and financial reports and accounts of the Group that are circulated to Securityholders, and a right to attend Securityholder meetings.

1.14 Other terms and conditions

- (a) A Holder will not be entitled to a return on capital, whether in a winding up, upon reduction of capital or otherwise.
- (b) A Holder will not be entitled to participate in the surplus profit or assets of the Group upon a winding up.
- (c) There are no participating rights or entitlements inherent in the Options and Holders will not be entitled to participate in new issues (such as bonus issues) or pro-rata issues of capital to Securityholders without exercising the option.
- (d) The Options will be unquoted.

- (e) An Option does not give the Holder any other rights other than those expressly provided by these Terms and those provided at law where such rights cannot be excluded.
- (f) The Terms may be amended as necessary by the Directors to comply with the Listing Rules or any directions of ASX regarding the Terms.



Australian Dairy Nutritionals Group

Australia Dairy Nutritionals Limited ABN 36 057 046 607 and
Dairy Fund Management Limited ABN 14 140 957 286 ASFL 498896 as
Responsible Entity for the Australian Dairy Farms Trust ARSN 600 601 689

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Australian Dairy Nutritionals Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Australian Dairy Nutritionals Group and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the
Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10.00am (AEST) on Tuesday, 13 August 2019 at Cashwerkz Limited's Board Room, Level 5, 66 Clarence Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 3 & 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 3 & 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

1 Ratification of placement

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

5 Approval of proposed issue of options
to lead manager

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Approval of proposed placement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Approval of Director participation in
placement – Paul Morrell

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Approval of Director participation in
placement – Michael Hackett

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, all securityholders must sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

AHF PRX1901C



HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10.00am (AEST) on Sunday, 11 August 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Australian Dairy Nutritionals Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**