

Prospectus

Wattle Health Australia Limited

ACN 150 759 363

ASX Code: WHA

An offer by the Company of up to 15,000,000 New Shares at an Issue Price determined from time to time by the Board in accordance with the terms of the Company's Employee Share Plan but with regard to the price of the Company's Shares on the ASX at the time an invitation is made to apply for Shares under this Prospectus.

The offer is only made to and able to be accepted by invitees determined by the Company who receive a personalised Application Form.

This Prospectus is prepared in accordance with Section 708A(11) of the Corporations Act for the purpose of removing trading restrictions on the sale of any Shares issued pursuant to the offer without disclosure under Chapter 6D of the Corporations Act.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

**AN INVESTMENT IN THE COMPANY'S SECURITIES SHOULD BE CONSIDERED
SPECULATIVE**

This Prospectus is an important document and should be read in its entirety. It is a prospectus issued pursuant to Section 713 of the Corporations Act. It does not, itself, contain all the information that is generally required to be set out in a full prospectus, but refers to other documents, the information of which is deemed to be incorporated into this Prospectus. The securities offered by this Prospectus should be considered speculative.

IMPORTANT INFORMATION

This Prospectus is dated 21 November 2017 and was lodged with ASIC on that date. Neither ASIC nor ASX or any of their officers, take any responsibility for the contents of this Prospectus.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

In preparing this Prospectus, regard has been had to the fact that ASX maintains a database of publicly disclosed information about the Company, that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to professional advisors with whom potential investors may consult. This Prospectus has been prepared pursuant to Section 713 of the Corporations Act, which allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. It is intended to be read in conjunction with publicly available information, as described in Section 5.1 below.

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this document under the laws applicable in that jurisdiction. The Offer is only made to and able to be accepted by invitees determined by the Company who receive a personalised Application Form.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company in connection with the Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus except as required by law and then only to the extent so required.

This Prospectus does not take into account the investment objectives, financial situation and particular needs of any person. Professional advice should be sought before deciding to invest in any securities the subject of this Prospectus.

There are risks associated with an investment in the Company and the securities offered under this Prospectus should be regarded as a speculative investment. Some of the key risk factors that should be considered are set out in Section 4 of this Prospectus. The New Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the New Shares.

Certain abbreviations and other defined terms are used throughout this Prospectus. Details of the definitions and abbreviations used are set out in Section 6 of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

This Prospectus may be viewed in electronic form online at the Company's website: www.wattlehealth.com. The information on the Company's website (outside the electronic Prospectus) does not form part of this Prospectus. Additional copies of the Prospectus are available at the registered office of the Company.

Any person may obtain a copy of this Prospectus or any of the documents referred to in Section 5.1 free of charge by contacting the Company via email on: George.k@wattlehealth.com.

Corporate Directory

Directors

- Lazarus Karasavvidis, Executive Chairman and Chief Executive Officer
- Eric Jiang, Independent Non Executive Director
- Peter Biantes, Independent Non Executive Director

Company Secretary & Finance Manager

- George Karafotias

Registered Office

- 71 Victoria Crescent Abbotsford, Victoria 3067

Head office telephone

- +61 3 8399 9419

Head office fax

- +61 3 8692 8676

Website

- www.wattlehealth.com.au

1. SUMMARY OF THE OFFER

Topic	Details	Where to find more information
<p>What is the Offer?</p>	<p>This Prospectus relates to the Offer to be made by the Company of up to 15,000,000 Shares to invitees determined by the Company and at an issue price also determined from time to time by the Board (in its discretion) in accordance with the terms of the Company's Employee Share Plan (Offer).</p>	<p>Section 2</p>
<p>What is the purpose of the Prospectus?</p>	<p>The Company was admitted to the ASX official list on 13 March 2017 and is a "disclosing entity" for the purposes of the Corporations Act. As such the Company has made a number of announcements which are available for review on the ASX announcements platform.</p> <p>Potential investors should review both the Company's IPO Replacement Prospectus dated 1 February 2017 together with all of the Company's announcements available on the ASX announcements platform.</p> <p>This Prospectus has been prepared in accordance with Section 708A(11) of the Corporations Act for the purpose of removing trading restrictions on the sale of any Shares issued pursuant to the Offer.</p>	<p>Section 2</p>
<p>Can I apply for New Shares under the Offer?</p>	<p>You will only be eligible to apply for and receive New Shares under the Offer if you receive a written invitation to apply and personalised Application Form from the Company.</p> <p>An application for Shares can only be made by an investor using an Application Form. A completed Application Form and accompanying cheque must be mailed or delivered to the Company as follows:</p> <p>Post or Delivery to: <i>The Company Secretary Wattle Health Australia Limited 71 Victoria Crescent Abbotsford, Victoria 3067</i></p> <p>Cheques should be made payable to "<i>Wattle Health Australia Limited</i>" and accompany the Application Form to reach the Company no later than the Closing Date</p>	<p>Section 2.3</p>
<p>What is the Opening Date and Closing Date of the Offer?</p>	<p>The Opening Date is 21 November 2017 and the Closing Date is 5.00 pm (AEST) 21 December 2018.</p>	<p>Section 2</p>
<p>Risk Factors</p>	<p>There are risks associated with an investment in the Company. These risks include risks relating to the Company's business, Offer and financial investment</p>	<p>Section 4</p>

	generally. Please refer to Section 4 of this Prospectus for further information.	
Minimum raising	There is no minimum raising under this Prospectus. New Shares will be issued in response to all valid applications received by the Company from its personal invitees.	-
How do the New Shares rank in comparison to existing Shares	All New Shares issued will rank equally in all respects with existing Shares from the date of their issue.	Section 5.5
What is the effect of the Offer on the Company?	The effect of the Offers on the financial position of the Company is detailed in Section 3. If Fully Subscribed, the Offer will not have a material effect on the control of the Company.	Section 3
ASX	<p>The Company is admitted to the Official List of the ASX.</p> <p>Not later than 7 days after the date of this Prospectus, the Company intends to make an application to the ASX for the Official Quotation of the Shares offered under this Prospectus. The fact that the ASX may admit the Shares for Official Quotation is not to be taken in any way as an indication of the value or merits of the Company or of the Shares offered under this Prospectus.</p> <p>Official Quotation, if granted, will commence as soon as practicable after the issue of transaction holding Statements to successful Applicants in respect of the Shares. If permission for quotation of the Shares offered under this Prospectus is not granted within 3 months after the date of this Prospectus, all Application money will be refunded without interest.</p>	-
Enquiries	Any enquiries concerning the Offer should be directed to the Company on +61 3 8399 9419	-

2. Overview

2.1 Introduction

This Prospectus relates to the Offer to be made by the Company of up to 15,000,000 New Shares pursuant to the Company's Employee Share Plan. The Company is already included in the Official List of the ASX and the ASX Listing Rules apply to all securities issued by the Company.

The New Shares are offered only to invitees determined by the Company (in its absolute discretion) who will receive a personalised Application Form. The New Shares will be issued to provide incentives to employees, consultants, directors or officers of the Company.

The Shares are to be offered at an Issue Price determined from time to time by the Board in accordance with the terms of the Company's Employee Share Plan but with regard to the price of the Company's Shares on the ASX at the time an invitation is made to apply for Shares under this Prospectus. There is no minimum subscription amount, and no amount will be raised by the issue.

The opening date of the Offer is 21 November 2017 (**Opening Date**) and the closing date of the Offer is 5.00 pm (AEST) 21 December 2018(**Closing Date**). The Company reserves the right to close the Offer early without notice.

The Offer is not underwritten and there is no sponsoring broker.

2.2 The purpose of the Offer

The purpose of the Offer is to:

- » permit New Shares to be offered and issued to invitees determined by the Company (in its absolute discretion); and
- » remove the trading restrictions on the sale of any New Shares issued pursuant to the Offer without a disclosure document in accordance with Section 708A(11) of the Corporations Act.

No cash funds are received on allotment of any securities under the Offer - rather the Issue Price is satisfied by way of the Loan provided in accordance with the Employee Share Plan. On repayment of the Loan, the Company will receive the principal amount which is the subject of the relevant Loan.

2.3 Applications

Applications for New Shares under the Offer must be made using the Application Form accompanying this Prospectus in accordance with the instructions set out in the Application Form and invitation to receive New Shares.

The Directors reserve the right to issue New Shares pursuant to the Offer at their absolute discretion. Accordingly, please do not submit an Application Form unless directed to do so by the Directors.

3. Effect of the Offer on the Company

3.1 Incentivise current Company employees, officers and consultants

The Offer will enable the Company to provide an equity non cash incentive to certain employees, consultants or officers of the Company in a manner which promotes alignment of their interests with Shareholder interests. Please see Section 5.4 of this Prospectus for more information.

3.2 Effect on financial position of the Company

The purpose of the Offer as described in Section 2.2 of this Prospectus is to permit New Shares to be issued to invitees determined by the Company and to remove the trading restrictions on the sale of the New Shares. As such, it is not anticipated that there will be any proceeds or funds raised from the Offer.

It is estimated that the expenses of this Offer will amount to approximately \$30,000. The effect on the financial position of the Company by a full subscription for all the New Shares pursuant to the Offer (**Fully Subscribed**) will be to decrease the Company's cash reserves by \$30,000.

The Company will pay the costs of the Offer from existing funds.

3.3 Effect on the capital structure of the Company

The following table sets out the:

- » existing capital structure of the Company as at market close on 20 November 2017; and
- » maximum number of New Shares that may be issued under this Prospectus on Closing of the Offer.

The below table assumes that prior to the Closing Date there will be no other Share issues by the Company and that there will be no securities convertible into Shares issued and converted prior to the Closing Date.

Capital Structure	Number on Issue
Shares currently on issue - quoted	78,890,178
Shares currently on issue - unquoted (restricted)	59,106,250
New Shares to be issued pursuant to this Prospectus (assuming Full Subscription)	15,000,000
Total Shares (assuming Full Subscription)	152,996,428

As at the date of this Prospectus, there are nil options on issue.

As at the date of this Prospectus there are no convertible securities on issue.

3.4 Potential effect on control of the Company

As at market close on 20 November 2017, the relevant interests and voting power of the top 20 shareholders of the Company (based on the last substantial shareholding notice or change

of director's interest notice lodged with the Company and after aggregation of one shareholder's interests) are as follows:

Shareholder	Number of shares	Voting power
WATTLE TRADING PTY LTD	22,027,890	15.96
JAMATA Pty Ltd + LLEA LK PTY LTD <LMB WATTLE TRADING UNIT A/C>	11,986,844	8.69
GGP INVESTMENTS PTY LTD <GPP SUPERANNUATION FUND A/C>	11,950,130	8.66
GREGORY RASMAS <OLLIFENT INVESTMENT A/C>	7,342,630	5.32
BRILLIANT RIVER LIMITED	7,304,000	5.29
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,396,252	3.19
JP MORGAN NOMINEES AUSTRALIA LIMITED	2,864,202	2.08
JB ADVISORY PTY LIMITED <CALLANAN FAMILY A/C>	2,500,000	1.81
ACEE GROUP PTY LTD	1,872,371	1.36
UBS NOMINEES PTY LTD	1,845,000	1.34
ELZED HOLDINGS LIMITED	1,812,500	1.31
CITICORP NOMINEES PTY LTD	1,667,023	1.21
NATIONAL NOMINEES LIMITED	1,618,215	1.17
JB ADVISORY PTY LTD	1,515,605	1.10
GAASP HOLDINGS PTY LTD	1,454,014	1.05
PAGONDAS PTY LTD	937,500	0.68
MR CHRIS TSAKLAS + MRS ROCHELLE ANN TSAKLAS	762,832	0.55
MR ANTHONY VAYNOR BILL + MS KYLEE JOANNE DEBNEY	700,000	0.51
DAVSMS INVESTMENTS PTY LTD	625,000	0.45
DAVSMS INVESTMENTS PTY LTD <D&A KOUTSANTONIS S/F A/C>	615,000	0.45

If Fully Subscribed, the Offer will not have a material effect on the control of the Company.

4. Risk factors

This section identifies some of the major risks associated with an investment in the Company. Intending Applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which WHA intends to operate before any decision is made to subscribe for shares.

4.1 Speculative nature of investment

Any potential investor should be aware that subscribing for New Shares involves various risks. The New Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. The Company's business is in its early growth stage, where it is continuing to build its branding and market penetration. An investment in WHA should therefore be considered very speculative.

4.2 Business risks associated with the Company

- (a) **Sufficiency of funding:** WHA has limited financial resources and will need to raise additional funds from time to time to finance the complete development and commercialisation of its products and its other longer-term objectives. WHA may never achieve profitability. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of WHA and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by WHA on favourable terms, if at all.
- (b) **Business strategy execution risk:** The Company's future growth and financial performance is dependent on the Company's ability to successfully execute its business strategy. This will be impacted by a number of factors, including the Company's ability to:
- expand through new distribution channels and develop direct within Australian domestic and export markets for its current commercialised products;
 - ability to successfully commercialise its current formulations and being able to distribute these products;
 - innovate and successfully commercialise new products that are appealing to the consumer;
 - comply with regulatory requirements (reflecting the sensitive regulatory nature or highly regulated environment in which the Company's domestic and export infant formula are sold).

There can be no assurance that WHA can successfully achieve any or all of the above initiatives / strategies. The failure by WHA to successfully execute its business strategy could have a material adverse effect on the Company's business, financial condition and results of operations.

- (c) **Limited history in the nutritional health and food products market risk:** WHA is relatively a new entrant in the market of quality nutritional health and food products (FMCG category). It therefore faces the risks common to any new company including:
- building its depth and infrastructure;
 - successfully obtaining market penetration and strategic partners to secure market share;

- increasing its product / brand recognition; and
- obtaining acceptance by the end consumers.

Investors should consider WHA's business and prospects in light of the risks, uncertainties, expenses and challenges that it may face as an early-stage business. If WHA is not successful in addressing such risks, WHA's business prospects and financial performance may be materially and adversely affected.

- (d) **Manufacturing/production risks:** The manufacturing of quality nutritional health and food products is very complex and associated with uncertainties in relation to issues such as the costs of goods, manufacturing capacity for large scale manufacturing and the environment. The Company currently intends to source its products from external third party manufacturers and suppliers. WHA has currently entered into a manufacturing / supply agreement with Blend and Pack which is a CNCA accredited manufacturer for the manufacture of WHA's Export Infant Formula product range. Details of the current Blend and Pack Nutritional Powders Supply Agreement have previously been disclosed to the market. WHA has also entered into a non-exclusive manufacturing / supply agreement with Nature One Dairy for its Australian and New Zealand operations (being the supply of its domestic infant formula product range). Should difficulties or delays occur in the production of the Company's products (e.g. mechanical breakdowns), any increases in the cost of manufacturing such products or if adverse weather (such as fire, drought and flooding) halts or reduces production, such occurrences are likely to have an adverse material impact on the financial performance of the Company.
- (e) **Reliance on major suppliers:** WHA is not a manufacturer, thus relies on third party manufacturers to supply all its products. For the Australian domestic market, WHA has an ongoing supply agreement for the production of its domestic infant formula products with Nature One Dairy. The supply agreement with Nature One Dairy does not cover the manufacture of WHA's China CIQ commercialised product being its export infant formula product range, as Nature One Dairy is not a CNCA approved manufacturer. CNCA approval is required for the exportation of WHA's export infant formula range into China. The Company sources its export infant formula product range (which is CIQ registered) from a CNCA accredited manufacturer, Blend and Pack. However, it is important to note that Blend and Pack has no contractual obligation to continue to supply WHA with its export infant formula product range. Where Blend and Pack accepts a product order from WHA, the order is fulfilled on the terms of a Blend and Pack supply agreement which is entered into on an order by order basis. In this regard, WHA does not have an ongoing manufacturing agreement with any CNCA accredited manufacturer or its export infant formula product range. Accordingly, there is a material risk to the Company's business if a significant supplier / manufacturer for any reason is unable or refuses to supply / manufacture the products for WHA as required, breaches or terminates any supply arrangement with the Company.
- (f) **Dependence on service providers:** As outlined, the Company's sourcing and product distribution is reliant on third party service providers. Thus, WHA intends to operate a significant amount of its key activities through a series of contractual relationships with independent contractors and suppliers. Typically, outsourced arrangements carry a risk that the third parties may not adequately or fully comply with its or their respective rights and obligations. A failure may lead to termination and/or significant damage to the Company's business including loss of profit and business/sale opportunities. Additionally, while WHA intends to source its products from a range of suppliers, a loss of one or multiple suppliers, or a significant disruption in the supply chain could have a material adverse effect on the Company.
- (g) **CIQ registration risk:** WHA has CIQ registration (valid until 1 January 2018) for three infant formulations. WHA's current CIQ registration of its export infant formula range

requires WHA to obtain such products from Blend and Pack (a CNCA accredited manufacturer). CIQ registration is required for the exportation of particular food products into China and enables those products to be sold in all traditional retail channels. The rigorous requirements which must be satisfied in order to obtain CIQ registration may act as a barrier to entry for many other competitor businesses wanting to export their goods into China. Accordingly, the Company's CIQ registration for a number of its products is an important competitive advantage to WHA. However, the process required to maintain the CIQ registration is onerous and includes regular audits by the relevant authorities. If WHA were to lose its current CIQ registration for its three export infant formula products (for example, where CIQ registration was not renewed in January 2018 or as a result of a change in government, legislation, or breach in its licence condition) or if it became easier for competitors to obtain CIQ registration due to regulatory changes, this would adversely impact the financial performance of the Company in its ability to access the export markets in Asian countries. Presently CIQ registration is only required for sales into China and lack of CIQ registration would not prohibit or prevent sales into other Asian countries.

- (h) **CNCA manufacturing risk:** From 1 January 2018, each manufacturer of infant formula must register each of its products with the CFDA in order for that infant formula to be sold in China. Additionally, each manufacturer of infant formula can only register three brands and nine different products with the CFDA. As there are only eight Australian CNCA accredited manufacturers which each will be limited to three brands and nine products, there is a material risk that a CNCA manufacturer will not choose to manufacture or register with the CFDA WHA's branded Export Infant Formula. If this were to occur, from 1 January 2018, WHA would not be able to sell its infant formula into China but would still be free to sell its infant formula into other Asian countries. This may adversely impact the financial performance of the Company and its ability to access the export markets in China.
- (i) **Logistics risk:** WHA is reliant on out-sourced logistics. Accordingly, if an adverse event occurs such as a strike, poor logistics technology, increases in the price of energy, changes in transport services and the physical destruction of infrastructure (e.g. roads and railways), WHA (or its third party providers) may not be able to efficiently supply and deliver the Company's products. This may have an adverse impact on the Company's financial performance.
- (j) **Reduced demand for the Company's products:** The future success of WHA will be reliant on the sustained and potential growth in demand for its products primarily in Australian domestic markets and export markets (in Asian countries). There is a risk that demand for such products may decrease for reasons outside the Company's control including the introduction of new taxes, aggressive selling by other countries and similar / substitute products being made available. This may adversely affect the Company's financial performance.
- (k) **Competition risk:** The sale of quality nutritional health and food products in the FMCG category is highly competitive and includes large multinational consumer product companies with significantly greater financial, technical, human, development and marketing resources than the Company. Some of these competitors may be able to respond more effectively to changing business and economic conditions. Competition in nutritional health and food products is largely based on branding presence, pricing of products, quality of products, perceived value of products, in-store presence and visibility and, promotional activities (including online advertising). WHA cannot predict what its competitors will do in these areas or whether new competitors offering comparable products at more attractive prices will emerge. As a consequence, the Company's current and future products may become uncompetitive, resulting in adverse effects on revenue, margins and profitability. Additionally, WHA's ability to compete will also depend on a number of other factors such as the continued strength of the

Company's brand and products and its ability to enter into new markets and increase its presence in existing markets.

- (l) **Product safety and liability risk:** Adverse events could expose WHA to product liability claims or litigation, resulting in product recall and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage. Additionally, product safety or quality failures (whether actual or perceived) or allegations of defective products, even when false or unfounded could significantly damage the Company's reputation and reduce consumer demand for the Company's products resulting in adverse effects on revenue margins, profitability, the business and its operations.
- (m) **New product risk:** There is no guarantee WHA products as commercialised will be successful. Any failure to successfully launch and commercialise a new product may have a material adverse effect on WHA including loss of business opportunity and profitability. The risks with supplying a new product include but are not limited to costs (including advertising, promotional and marketing expenses) exceeding expectations and sales being less than expected due to customers not being willing to pay for the products.
- (n) **Customer credit risk:** A general decline in economic conditions or business downturn may negatively impact an existing retailer customer's ability to purchase the Company's products. Such financial difficulties could result in WHA reducing or ceasing its business with that retailer customer. Alternatively, WHA may extend further credit to its retailer customers. The Company's inability to collect such receivables (i.e. bad debts) from one or a group of retailer customers could have a material adverse effect on the Company's financial performance. If a retailer customer were to go into liquidation, WHA could incur additional costs if WHA decides to buy back the retailer customer's inventory of the Company's products to protect its brand.
- (o) **Currency risk:** Revenue and expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. Where a material proportion of the Company's revenue is in the future generated in foreign currencies, the Company will be exposed to the risk of changes in exchange rates of such foreign currency against the Australian dollar. WHA has no plans at this stage to hedge its foreign currency payments.
- (p) **Reputational risk:** WHA's failure to protect its reputation or the failure of its third party suppliers or distributors to protect their reputation or failure in product quality from WHA's sourced manufacturers - all could have a material adverse effect on WHA including its brand and profitability. The Company's brand could be jeopardised if it fails to maintain a supply of high quality products or if the Company, or the third parties with whom it does business, fail to comply with regulations or accepted business practices (including ethical, social, product, labour and environmental standards, or related political considerations). Additionally, WHA depends on the reputations of its third party suppliers, which can be affected by matters outside of the Company's control. If damage were to occur to the Company's or the reputation of its third party suppliers, the demand for the Company's products may be reduced and/or the Company's products may be boycotted. This will likely have an adverse effect on revenue margins, profitability and the Company's operations.
- (q) **Business disruption risk:** WHA is engaged in the development, sourcing and sale of quality nutritional health and food products. Accordingly, WHA is subject to the risks inherent in such activities, including environmental events, strikes and other labour disputes, industrial accidents, disruptions in supply chain, product quality control, safety and regulatory issues and other events outside of the Company's control including natural disasters.

- (r) **Growth risk:** Where commercialisation and market penetration of a product is successful, WHA may through lack of availability of products, materials, packaging, human resources or other unforeseen circumstances be unable to supply its products in a timely manner to meet the demand of its customers. Alternatively even with market penetration, demand for food products similar to WHA's products may reduce for reasons not in the control of WHA. Such events could have an adverse effect on the reputation of WHA as well as its profitability.
- (s) **Reliance on key personnel:** WHA currently employs a number of key management personnel and the Company's future depends on retaining and attracting suitably qualified personnel. WHA has included in its employment with key personnel provisions aimed at providing incentives and assisting in the recruitment and retention of such personnel. It has also, as far as legally possible, established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these measures, however, there is no guarantee that WHA will be able to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects.
- (t) **Market and consumer trend risk:** The Company's continued success depends on its ability to anticipate, react and adapt quickly to changes in industry trends as well as consumer preferences / attitudes toward its products. WHA must continually work to develop, commercialise and market new products and enhance the recognition of its branding. Failure to anticipate, react and adapt to industry trends in a timely and cost effective manner may affect the Company's financial results. Additionally, the increasing use of social media (such as Facebook, Instagram, Twitter, WeChat and Weibo) by consumers affects the speed at which information and opinions are shared, which may result in the rapid change of industry trends / consumer preferences. If WHA is unable to anticipate, respond and adapt to new trends in the market / changes to consumer preferences, the Company's financial performance may suffer.
- (u) **Regulatory risks:** WHA and its products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirements, labelling / packaging, regulations, import and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Company's financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdiction's regulatory requirements (e.g. product registration requirements). Additionally, if WHA fails to remain up to date with these various regulatory requirements, there is a risk that the Company's financial performance could be adversely affected.
- (v) **Changes to import or export trade barriers:** Any adverse changes to trade tariffs or duties, the subsidisation of local producers or the introduction of other important trade barriers could reduce the Company's profitability and make the exportations of such products financially unsustainable.
- (w) **Insurance coverage risk:** While WHA currently has in place what it reasonably believes to be sufficient levels of insurance to cover general and product liability, directors' and officers' liability and workers compensation claims, there is a possibility that events may arise which are not covered by the Company's insurance policies. In those circumstances, WHA will be liable to cover such costs regardless of the quantum. This could affect the Company's ability to conduct and operate its business.
- (x) **Information technology risks:** WHA relies and uses information technology in conducting its business including (but not limited to) using the internet to process, transmit and store electronic and financial information, for digital marketing purposes, to

manage a variety of business processes and activities such as inventory control, financial management and reporting database management. If WHA is unable to protect against service interruptions, data corruption, cyber security breaches or network security breaches, the Company's business operations could be negatively affected. The Company's information technology systems (some of which may be managed by a third party), may be vulnerable to disruptions, damage or shutdowns as a result of failures during the process of upgrading or replacing software, computer viruses, power outages, hardware failures, computer hacking, user errors or other similar events. If the Company's information technology systems suffer severe damage, disruption or shutdown and WHA does not efficiently resolve such issues, the sale of the Company's product may be materially and adversely affected. While WHA will use all reasonable endeavours to prevent such security breaches, if WHA fails to do so, it may suffer financial and reputational damage and potentially penalties because of the unauthorised use and disclosure of confidential information belonging to WHA or to its distributors, customers or suppliers.

- (y) **Force majeure:** WHA may be adversely impacted by risks outside the control of WHA including labour, unrest, war, sabotage, extreme weather conditions (e.g. fires and floods), quarantine restrictions, explosions or other similar incidents.
- (z) **Counterfeit products risk:** Third parties may distribute and sell counterfeit versions of the Company's products, which may be inferior in quality and/or pose safety risks for consumers. Consumers could confuse the Company's products with these counterfeit products, which could cause them to refrain from purchasing the Company's brands in the future or turn to the Company's competitors. Such an occurrence could adversely affect the Company's financial performance. The presence of counterfeit versions of the Company's products in the market could also dilute the value of the Company's brands or otherwise have a negative impact on its reputation and business. WHA may be unable to prevent all counterfeiting of its products or the infringement of its intellectual property rights.

4.3 Market for Shares

The Company's shares only began trading on 15 March 2017. No assurance can be given that an active market will develop in the Shares or that the Shares will trade at or above the Offer Price.

4.4 Stock market Volatility

Regardless of the performance of the Company, the day to day performance of the share market and general share market conditions may affect WHA and the price at which its shares trade on a share market, such as that, the ASX. The share market has in the past and may in the future be affected by a number of matters including:

- economic conditions, in general terms and in particular to the industry that a business operates in;
- interest rates;
- market confidence;
- supply and demand for money;
- currency exchange rates;
- general economic outlook; and

- changes in government policy.

4.5 Prospective Information

No assurance as to future profitability or dividends can be given as they are dependent on successful product development, future earnings and the working capital requirements of the Company.

There can be no guarantee that the assumptions on which the financial forecasts and development strategies of the Board, or those upon which WHA bases its decisions to proceed, will ultimately prove to be valid or accurate. The forecasts and development strategies depend on various factors many of which are outside the control of the Company.

Changes in interest rates, exchange rates, government budgetary measures, relevant taxation and other legal regimes and Government policies may adversely affect the Company.

The Board can give no assurance, however, that WHA's current business objectives can be met without future financing or, if future financing is necessary, that it can be obtained on favourable terms.

4.6 Concluding Comment

The above list of risk factors ought not to be taken as an exhaustive one of the risks faced by WHA or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of WHA and the value of the Shares offered under this Prospectus. Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Investment in WHA must be regarded as highly speculative and neither WHA nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objectives of WHA will be achieved or that any particular performance of WHA or of the New Shares, including those offered by this Prospectus, will be achieved.

5. Additional information

5.1 Continuous disclosure and documents available for inspection

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with the ASIC (including the Constitution) in relation to the Company may be obtained from or inspected at, an office of ASIC.

Upon request, the Company will provide you with a copy (free of charge during the Offer period of this Prospectus) of:

- » the annual financial reports most recently lodged with ASIC for the financial year ended 30 June 2017 (**2017 Annual Report**);
- » half year financial report lodged with ASIC after lodgement of the 2017 Annual Report, when completed and lodged with ASX;
- » all continuous disclosure notices given by the Company after lodgement of the 2017 Annual Report with ASIC on 28 September 2017.

5.2 ASX Announcements

The following ASX announcements have been made by the Company to the ASX since its admission to the official list of the ASX as at close of market on 20 November 2017:

Date	ASX Announcement title
20 Nov 2017	Results of Annual General Meeting
20 Nov 2017	AGM Presentation
20 Nov 2017	Chairman's Address - AGM
20 Nov 2017	CFDA Update
6 Nov 2017	Response to ASX Price Query
26 Oct 2017	Quarterly Activities and Cashflow Statement
20 Oct 2017	Notice of Annual General Meeting/Proxy Form
28 Sep 2017	Appendix 4G
28 Sep 2017	Corporate Governance Statement
28 Sep 2017	Annual Report to Shareholders
28 Sep 2017	WHA Completes Acquisition of Blend and Pack
21 Sep 2017	Appendix 3B
20 Sep 2017	WHA Launches New Website
15 Sep 2017	Results of Meeting
31 Aug 2017	Preliminary Final Report - Commentary
31 Aug 2017	Preliminary Final Report)
14 Aug 2017	Notice of General Meeting/Proxy Form
10 Aug 2017	Prospectus
10 Aug 2017	Appendix 3B
10 Aug 2017	Completion of Placement
08 Aug 2017	WHA Incorporates Vietnam Subsidiary
07 Aug 2017	Change in substantial holding
03 Aug 2017	Investor Presentation
03 Aug 2017	Reinstatement to Official Quotation

03 Aug 2017	WHA Successfully Closes Commitments for Placement
28 Jul 2017	Appendix 4C - quarterly
27 Jul 2017	Voluntary Suspension
25 Jul 2017	Trading Halt
19 Jul 2017	Appendix 3B
19 Jul 2017	WHA Signs HOA with Organic Dairy Farmers of Australia
13 Jul 2017	Tesco Lotus Ranges WHA Products
12 Jul 2017	Reinstatement to Official Quotation
12 Jul 2017	WHA Acquires Strategic Holding in Blend and Pack
07 Jul 2017	Voluntary Suspension
05 Jul 2017	Trading Halt
26 Jun 2017	WHA Signs Supply Agreement with Metcash
27 Apr 2017	WHA Signs Distribution Agreement with Malaysian Distributor
27 Apr 2017	Appendix 4C - quarterly
18 Apr 2017	WHA signs HOA with Major Chinese Retailer
12 Apr 2017	Change in substantial holding
29 Mar 2017	WHA Signs Supply Agreement with Baby Mode
15 Mar 2017	Initial Directors Notice - Eric Jiang
15 Mar 2017	Initial Directors Notice - Peter Biantes
15 Mar 2017	Initial Directors Notice-Lazarus Karasavvidis
15 Mar 2017	Wattle Health Australia Commences Trading on the ASX
14 Mar 2017	Pre-Quotation Disclosure Letter with Various Confirmations
14 Mar 2017	Reviewed Accounts Half Year 31 December 2016
14 Mar 2017	Audited Accounts Period End 31 October 2016
14 Mar 2017	Audited Accounts Year End 30 June 2016
14 Mar 2017	Audited Accounts Year End 30 June 2015
14 Mar 2017	Top 20 Shareholders and Distribution Schedule
14 Mar 2017	Corporate Governance Policy (inclusive of trading policy)
14 Mar 2017	Constitution
14 Mar 2017	Information Form and Checklist
14 Mar 2017	Appendix 1A
14 Mar 2017	Replacement Prospectus
14 Mar 2017	ASX Notice - Admission and Quotation
14 Mar 2017	Admission to the Official List

The Company may make further ASX announcements after 20 November 2017.

Copies of the abovementioned announcements (as well as any further announcements) will be available on the ASX website, www.asx.com.au under the Company's code "WHA". You are advised to refer to the ASX's website and the Company's website for announcements or updates relating to the Company.

5.3 Information excluded from continuous disclosure notices

As at the date of this Prospectus, there is no information that has not been disclosed under the continuous disclosure requirements of the Listing Rules and which the Board considers would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to New Shares in the Company.

5.4 Terms of the New Shares

The New Shares will be issued pursuant to the Company's Employee Share Plan and Loan Agreement.

The Employee Share Plan empowers the Board to exercise its discretion to issue fully paid ordinary shares in the Company to employees, officers or consultants who qualify to participate in the Employee Share Plan (**Participant**), upon the basis that the Company advances the Participant the funds to purchase the shares pursuant to the terms of the limited recourse Loan Agreement between the Participant and the Company and that the Participant enters a restriction agreement with the Company.

Further information with respect to the Employee Share Plan and Loan Agreement terms is set out in Annexure 1.

5.5 Rights Attaching to New Shares

The New Shares will rank equally in all respects with existing Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours. In applying for New Shares, the Applicant agrees that it and the New Shares to issue upon that exercise are bound by the terms of the Constitution.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

General Meetings and Notice

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- » each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- » on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder entitled to vote has one vote; and
- » on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder entitled to vote shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

Dividend Rights

While there is no guarantee of any dividends or distributions by the Company, the Directors may from time to time declare dividends in compliance with the Corporations Act.

Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

Variation of Rights

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of Shareholders in the affected class, vary or abrogate the rights attaching to Shares.

5.6 Interests of Directors

Other than as announced to ASX, set out below or elsewhere in this Prospectus, no Director, or any entity in which a Director is a partner or director, has or has had in the 2 years before the date of this Prospectus, any interest in:

- » the formation or promotion of the Company;
- » property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- » the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or to any entity in which a Director is a partner or a Director, either to induce him to become, or qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offer.

5.7 Interests in existing securities

(a) Interests of Directors – Existing Shareholdings

The interests of the Directors (including via controlled entities) in the securities of the Company as at market close on 20 November 2017 are as follows:

Director	Direct interest	Indirect interest
Lazarus Karasavvidis	34,014,734*	N/A
Eric Jiang	1,872,371	N/A
Peter Biantes	Nil	50,000

*Jointly held with Martin Glenister (sales executive)

(b) Interests of Directors – Participation in the Offer

None of the Directors will participate in the Offer.

(c) Remuneration of Directors

The Directors are currently entitled to the following remuneration or directors' fees:

Director	Remuneration
Lazarus Karasavvidis	\$602,250**
Eric Jiang	\$52,000
Peter Biantes	\$52,000

**Lazarus Karasavvidis' employment agreement include cash bonus structures based on WHA's gross revenue.

5.8 Related Party Transactions

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

5.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- » person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- » promoter of the Company; or
- » underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue
- » holds, or has held in the 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:
- » the formation or promotion of the Company;
- » property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer or the Offer itself; or
- » the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares or otherwise) and no other benefit has been given or agreed to be given to any of the above persons for services

rendered by him or by the entity in connection with the formation or promotion of the Company or the Offer.

5.10 Restricted securities

The Company has 59,106,250 of its issued securities as 'restricted securities' (as defined in the Listing Rules).

5.11 Broker handling fees

No handling fees are payable in connection with the Offer under this Prospectus.

5.12 Offers outside Australia

This Prospectus does not, and is not intended to, constitute an offer of securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue / distribute this Prospectus.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

5.13 Taxation

The Directors do not consider that it is appropriate to provide investors with advice regarding the taxation consequences of accepting the Offer under this Prospectus. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to investors in respect of any issue.

5.14 Privacy disclosure

By filling out the Application Form you are providing personal information to the Company through its Share Registry. The Corporations Act requires the Company to include information about each security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if you cease to be a security holder in the Company. The Company, and the Registry on its behalf, may collect, hold and use that Information in order to process your Application, facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements. Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

If you do not provide the information requested in the Application Form, the Company and the Registry may not be able to process or accept your Application.

5.15 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$30,000 comprising ASIC lodgement fees, legal fees, accounting fees, share registry fees and printing and other administrative expenses.

5.16 Legal proceedings

To the Director's knowledge, there is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

5.17 Material Contracts

The Company has not entered into any material contracts other than those which have been the subject of ASX announcements or referred to in this Prospectus.

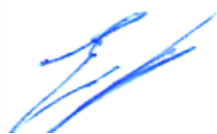
5.18 Authority of Directors

The Directors have made all reasonable enquiries in the preparation of this Prospectus and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of New Shares pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Dated 21 November 2017



By: **Eric Jiang**
Director
For and on behalf of Wattle Health Australia Limited

6. Definitions

\$ or A\$ or AUD means references to dollar amounts in Australian currency;

AEDT means Australian Eastern Daylight Time;

ASIC means the Australian Securities and Investments Commission;

Applicant means the person completing an Application Form;

Application Form means the form which is attached to this Prospectus;

ASX means ASX Limited ACN 008 624 691;

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532;

ASX Settlement Operating Rules means the operates rules of ASX Settlement from time to time;

Business Day means a day that is not a Saturday, Sunday or a public holiday in Melbourne, Victoria;

Closing Date means 5.00 pm (AEST) 21 December 2018;

Company or WHA means Wattle Health Australia Limited ACN 150 759 363;

Constitution means the constitution of the Company;

Corporations Act means the *Corporations Act 2001*(Cth);

Directors or Board means the board of directors of the Company;

Employee Share Plan means the Company's Employee Share Plan described in Annexure 1 to this Prospectus;

Issue Price means the issue price for New Shares which is determined by the Board in accordance with the Employee Share Plan but with reference to the market price of the Company's Shares on the ASX as at the time an invitation to made by the Board to apply for Shares under this Prospectus;

Listing Rules means the listing rules of ASX;

Loan Agreement means the limited recourse loan agreement described in Annexure 1 to this Prospectus;

New Share means a Share issued pursuant the Offer under this Prospectus;

Offer means the offer described in Section 1 of this Prospectus;

Opening Date means 21 November 2017;

Prospectus means this prospectus as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time;

Section means a section of this Prospectus;

Share means a fully paid ordinary share in the issued capital of the Company.

ANNEXURE 1 - SUMMARY OF THE EMPLOYEE SHARE PLAN AND LOAN AGREEMENT TERMS

The Employee Share Plan empowers the Board to exercise its discretion to issue fully paid ordinary shares in the Company (**Loan Shares**) to employees, directors and consultants who qualify to participate in the Employee Share Plan (**Participant**), upon the basis that the Company advances (**Loan**) the Participant the funds to purchase the Loan Shares pursuant to the terms of a limited recourse loan agreement between the Participant and the Company (**Loan Agreement**) and that the Participant enters a Restriction Agreement (where necessary / required) with the Company (**Restriction Agreement**).

Under the Employee Share Plan, the Company has discretion regarding key terms of any Loans. The Board envisages that the Loans will be interest free and limited recourse such that the Company will accept in full satisfaction of repayment of a Loan, the amount of the market value of the shares (and the after tax amount of any cash dividend or distribution received in respect of these shares) at the time the Loan is due to be repaid in the event that the market value of the shares is less than the amount of the Loan outstanding.

The key terms and conditions of the Employee Share Plan are set out below (**Loan Terms**):

- (a) the Loan may only be applied towards the subscription price for the Loan Shares;
- (b) the Loan will be interest free, provided that if the Loan is not repaid by the repayment date set by the Board, the Loan will incur interest at the default interest rate set from time to time under Victorian legislation after that date (which will accrue on a daily basis and compound annually on the then outstanding Loan balance);
- (c) by signing and returning a limited recourse Loan application, the Participant of the Employee Share Plan acknowledges and agrees that the Loan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Loan is repaid in full to the Company;
- (d) the Company has security over the Loan Shares as security for repayment of the Loan;
- (e) the Participant may enter into a Restriction Agreement with the Company in accordance with the terms of the Employee Share Plan (where required);
- (f) the Loan becomes repayable on the earliest of:
 - (i) 3 years from the date on which the Loan is advanced to the Participant;
 - (ii) 90 days after the date of the Participant ceases for any reason to be employed or engaged by the Company;
 - (iii) by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death; or
 - (iv) a material breach by the Participant of the terms of the Loan Agreement, any security provided pursuant to the Loan Agreement or any Restriction Agreement,

the earliest date being the **Repayment Date**.

- (g) notwithstanding paragraph (f) above, the Participant may repay all or part of the Loan at any time before the Repayment Date; and
- (h) the Loan will be limited recourse such that on the Repayment Date the repayment obligation under the Loan will be limited to the lesser of

- (i) the outstanding balance of the Loan, and
- (ii) the realisable value of the Loan Shares on that date.

In addition, where the Participant has elected for the Loan Shares to be provided to the Company in full satisfaction of the Loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the Loan.

Rights attaching to the Loan Shares

The Loan Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of Loan Shares will be entitled to exercise all voting rights attaching to those Shares in accordance with the Company's constitution. In addition, holders of Loan Shares will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

Sale of the Loan Shares

The Loan Shares may only be sold by a Participant (who has been granted a limited recourse loan) where the Loan has been repaid in full (otherwise any dealing by the Participant in the Loan Shares is prohibited without the prior written consent of the Company).

If the Loan becomes due and payable under the Loan Agreement and the Participant has not repaid the amount of the Loan in full within 21 days of the due date, then the Participant will forfeit their interest in the Loan Shares as full consideration for the repayment of the outstanding Loan balance, and the Company may either (at its election) take such action in the Participant's name or direct that the Participant take such action in relation to the Loan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back of the Loan Shares or selling the Loan Shares.

APPLICATION FORM

To:

The Directors

Wattle Health Australia Limited ACN 150 759 363

71 Victoria Crescent Abbotsford, Victoria 3067

The Offer is only able to be accepted by eligible recipients of an invitation from the Company, using this personalised Application Form.

Recitals

- A. **Wattle Health Australia Limited** ACN 150 759 363 (**Company**) has agreed on the terms and conditions of the limited recourse loan agreement with the successful Applicant dated 21 November 2017 (**Loan Agreement**) to provide a loan (**Loan**) to the Applicant for the sole purpose of the Applicant subscribing for a number of ordinary shares in the Company (specified in the Schedule below) under the Company's Employee Share Plan (**Employee Share Plan**). A copy of the Employee Share Plan and the Loan Agreement has been provided to the Applicant.
- B. The Loan will be secured by the Company against all of the resulting shares issued to the Applicant pursuant to this Application (**Loan Shares**) pursuant to the terms described in the Loan Agreement (**Security**) and the Applicant will be required to provide such security as described in the Loan agreement and may execute a restriction agreement (generally in the form of Appendix 9B of the ASX Listing Rules) (**Restriction Agreement**), if required by the Company, with respect to the Loan Shares.

Application

1. I (being the person named in item 1 of the Schedule) accept the offer of New Shares described in the prospectus dated 21 November 2017 lodged with ASIC (**Prospectus**) to which this Application forms part. The expiry date of the Prospectus is 21 December 2018. I understand that this Application for the New Shares is also an application for a loan of the Loan Amount (specified at item 5 of the Schedule) pursuant to the terms of the Loan Agreement. A copy of the Loan Agreement and Restriction Agreement, each executed by me, accompanies this Application.
2. I understand that the Company makes no representation or guarantee in respect of any investment in New Shares.
3. I agree that any New Shares described in this Prospectus are issued subject to and bound by the terms of this Prospectus, the Employee Share Plan, Loan Agreement, the Restriction Agreement (if applicable), the Constitution of the Company (as amended from time to time) and the ASX Listing Rules.
4. I acknowledge that whilst the New Shares are intended to issue subject to the fulfilment of any issuing conditions, if any, specified at item 7 of the Schedule (**Issue Conditions**) on the date specified at item 6 of the Schedule (after the Company accepts this Application) and that the New Shares will only vest upon the fulfilment of vesting condition(s) (if any) specified at item 8 of the Schedule (**Vesting Conditions**).
5. I acknowledge that:

- (a) the Prospectus (referred to above) has been lodged by the Company with ASIC in respect of the offer of the New Shares described in the Prospectus;
 - (b) I have read, understood and obtained independent legal and financial advice concerning the Prospectus and this investment in the New Shares;
 - (c) I make this application for New Shares pursuant to the terms of the Prospectus;
 - (d) by lodging this Application Form and a cheque for the Application Monies I apply for the number of New Shares specified in this Application Form or such lesser number as may be allocated by the Directors;
 - (e) an investment in the Company is speculative and there is no guarantee that there will be any return on Shares (whether by way of dividends or return of capital or any other manner whatever); and
 - (f) there is no guarantee that there will be any market (whether official or unofficial) for trading of the Company Shares generally.
6. This Application is irrevocable and unconditional.
7. The validity and construction of this Application and, where the Application is accepted, the terms on which New Shares are allotted to the Applicant is governed and construed in accordance with the laws of the State of Victoria.

SCHEDULE 1

1. **Name and address of Applicant:**

2. **Contact Details:**

Daytime contact:

Email contact:

3. **CHESS Details:** PID.....HIN.....

4. **Number of New Shares:**

5. **Total Subscription Price (Loan Amount): \$**

6. **Intended Issue Date:**

7. **Issue Conditions:**

8. **Vesting Conditions:**

7. Cheque details: Drawer:

Bank and Branch:

Dated: # # 201

Execution

Signed Sealed and Delivered by
#[insert] in the presence of:

.....
Signature of Applicant

.....
Signature of witness

.....
Name of witness
(please print)

