



21 May 2018

Dear Shareholder,

### **2018 Non Renounceable Rights Issue Offer**

As announced on 21 May 2018, Wattle Health Australia Limited (**Company**) is undertaking a \$37.9 million non renounceable pro-rata rights offer (the minimum raise being \$30 million) to the Company's eligible shareholders (**Offer**), as detailed in a prospectus dated 21 May 2018 and lodged with ASIC and ASX that day (**Prospectus**).

At the same time the Company announced it had received commitments for a \$20.0 million institutional placement to institutional investors at the same price as the Offer, namely \$1.25 per fully paid ordinary share (**Placement**). As the shares to be issued under the Placement are not scheduled to be issued until after the Record Date, subscribers under the Placement will not qualify to subscribe under the Offer.

The Offer is open to all eligible shareholders of the Company whose name is recorded on the share register as at 7.00pm on 24 May 2018 (**Record Date**) and who have a registered address in Australia or New Zealand (**Eligible Shareholder**). The Company is seeking to raise a total of approximately \$37.9 million from the Offer (including the Additional Shares, as described below), being up to approximately 30.3 million fully paid ordinary shares (**New Shares**) will be issued pursuant to the Offer.

The Offer is not underwritten, but the Company has appointed Ord Minnett Limited and JB Advisory Pty Ltd to act as joint lead managers (**JLM**) for the Offer and the Placement.

Under the terms of the Offer, each Eligible Shareholder will have the right to subscribe for New Shares in the Company on the basis of a non-renounceable Rights Issue of 1 new shares for every 5 shares held as at the Record Date (rounded up to the nearest share) at a price of \$1.25 per new share. Provided Eligible Shareholders have subscribed for their full entitlement under the Offer, they may at the same time also apply for additional New Shares at the same price of \$1.25 per New Share (**Additional Shares**). The Board reserves the right to allocate (in conjunction with the JLM's) all Additional Shares in its absolute discretion and may scale back some or all of an Eligible Shareholders application for Additional Shares (and refund the subscription moneys corresponding to any scale back).

Proceeds raised from the Offer (less costs) will be applied by the Company (in conjunction with the Loan (announced on 21 May 2018) and the Placement) to working capital and towards funding the design, construction and operation of the CBDG JV facility, via the Company's obligations to provide the Facility Loan and the Working Capital Loan (for the CBDG JV with Organic Dairy Farmers of Australia Limited), as described in the Company's announcements to the market made on 10 April 2018 and 21 May 2018, and as further detailed in the Prospectus.

If the Company does not raise a minimum of \$30 million under the Offer then the Offer will not proceed and all application monies will be returned to respective shareholders.

The anticipated timetable for the Offer is as follows:

Rights Issue announced and Company resumes trading upon opening.	21 May 2018 (Pre opening)
Letter sent to Shareholders advising of Rights Issue Appendix 3B information and timetable	22 May 2018
'ex' date	23 May 2018
Record Date to determine entitlements under the Rights Issue Offer	7.00pm on 24 May 2018
Rights Issue Prospectus dispatched to shareholders and Rights Issue Offer opens	29 May 2018
Rights Issue Offer closes	8 June 2018
Rights Issue securities quoted on a deferred settlement basis	12 June 2018
Settlement of Rights Issue Offer. Settlement of Placement Shares.	14 June 2018
Allotment of New Shares issued under the Rights Issue Offer. Allotment of Placement Shares Deferred settlement trading ends.	15 June 2018

The above timetable is indicative only and subject to change. Subject to the *Corporations Act 2001* and the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date. The Directors also reserve the right not to proceed with the Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.

The total Shares on issue as at the date of the Announcement of the Rights Issue on 21 May 2018 was 91,465,178 quoted Shares (plus 59,968,750 unquoted Shares). If the Offer is fully subscribed, the effect of the Offer would be the issue of an additional 30,286,785 New Shares (excluding the 16,000,000 Placement Shares), resulting in an estimated total share capital (including unquoted shares) as at the date holding statements are despatched for the New Shares of 181,720,713 (excluding the 16,000,000 Placement Shares). As the Offer is only not underwritten, there is no guarantee of the number of New Shares which may be applied for and issued pursuant to the Offer, so the Company cannot guarantee what the total issue capital of the Company will be after the close of the Offer.

Details of the Offer are contained in the announcement made on ASX on 21 May 2018. Full details of the Offer, together with all other relevant information relating to the Offer, are contained in the Prospectus available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) as from 21 May 2018. The Prospectus and the Entitlement and Acceptance Form will be sent to all Eligible Shareholders on the opening of the Offer, namely, 29 May 2018.

Please ensure you read the Prospectus in its entirety and refer to the Company's ASX announcements before considering whether to participate in the Offer. If in any doubt you should consult your professional advisor.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

If you have any questions, please call the WHA Offer Information Line on 1300 850 505 (local call cost within Australia) or +61 3 9415 4000 outside Australia) at any time between 8.30am to 5.00pm (AEDT) Monday to Friday during the Offer period. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial advisor or other professional advisor.

On behalf of the Board of the Company, I thank you for your continued support as a shareholder.

A handwritten signature in black ink, appearing to read 'G. Karafotias', with a stylized, flowing script.

George Karafotias

Company Secretary

Wattle Health Australia Limited