



**Pacific Dairies Ltd**  
**ACN: 095 821 971**

**NEWS RELEASE**  
**PACIFIC DAIRIES LIMITED ANNOUNCES STRATEGY TO CREATE**  
**REGIONAL INTEGRATED DAIRY GROUP**

**Announcement Highlights**

- Pacific Dairies Limited signs MOUs to negotiate substantial interests in dairy companies
  - Operations and asset base to initially include Australia, New Zealand and Fiji
  - Farm gate-to-plate strategy including processing and packaging capabilities
  - Dairy cattle, sheep and goat milk with export market being a key focus
  - Strong intellectual property base
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**Australia, December 17, 2018.** Pacific Dairies Limited (ASX code PDF) (Company) announces a major investment and merger initiative that will potentially see the Company expand operations and assets initially across three countries and become an emerging regional dairy group.

PDF has entered into two memoranda of understanding where the Company's position would end up as follows:

- A substantial shareholding in an incorporated joint venture in Fiji that whereby PDF initially invests approximately \$5m to secure leases to high-quality dairy farmland, and to initiate local production and sales of contract manufactured dairy products,
- A substantial interest in New Zealand Dairy Products ("NZDP") by a direct cash investment and a share swap, the quantum of which is to be finalised.

The Chairman of PDF Mr Paul Duckett said the Company would remain suspended whilst a series of transactions were finalised.

"The transactions are all subject to ongoing due diligence that is to be to the mutual satisfaction of the counterparties," said Mr Duckett.

"These transactions taken together will position the Company with farm operations and processing of cow, sheep and goat's milk and downstream dairy products.

"The transactions will deliver significant intellectual property covering value-added products that include fresh and long-life milk, flavoured milk drinks and yoghurt, cheese and ghee.

"The Company will have high-value and better margin products that will include NZDP's patent pending Shogoa powdered milk."

PDF has appointed BlueMount Capital as its advisors and Lead Manager to advise on the transactions and to structure and implement a financing plan that would see PDF re-list on the ASX in 2019. PDF and its advisors will work together to appoint a broker to the IPO to work with BlueMount Capital.

Mr Duckett said that the Company will be looking to raise a minimum of \$20m with the re-listing. The financing may be a mixture of equity, debt and structured finance.

In addition to the two MOUs signed, PDF and its advisors are actively looking for other dairy companies to include in its aggregation plans as part of a broader regional strategy that may include established Asian dairy companies.

A detailed plan for the re-listing will be announced following the conduct of due diligence.

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### **About Pacific Dairies Limited**

Since receiving shareholder approval in 2016, the Company has focused on capital and debt funding to acquire a dairy hub of 5 farms in the Murray River region of Northern Victoria and Southern NSW. With the signing a Heads of Agreement with Asia Pacific Logistics of Fiji, the Company is assessing the potential to build a dairy operation in Fiji.

### **About New Zealand Dairy Products**

New Zealand Dairy Products is a Company that specialises in the development of proprietary milk product formulations with special emphasis on high-quality sheep and goat milk powder formulations. NZPD has developed several proprietary formulations and has applied to cover these by patents, Trade Marks, and copy right. The Company's objective is to build an integrated goat and sheep dairy company ("Shegoa") from farm to finished product for sale in international markets.

### **About Pacific Dairy (Fiji)**

Pacific Dairies has entered into a Heads of Agreement to re-establish a viable fresh milk production operation into Fiji and a dairy farming operation. Through its partner, Asia Pacific Logistics of Fiji who have extensive experience there, the venture will have a guaranteed market from start-up. The opportunity in re-creating the supply of fresh milk in Fiji is highly attractive.

Other attractions of Fiji include:

- 1) Limited competition and a supportive political environment including tax free concessions, pointing to high profits for fresh milk.
- 2) With the use of external genetics and expertise, there is potential to produce 8,000 litres per Cow per annum compared to 1,500 litres per annum currently produced in Fiji
- 3) Initial studies indicate that this venture, once completed, has the potential to significantly exceed profitability of similar ventures in Australia or New Zealand.

### **Contact Details**

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