



Corio Bay Dairy Group Secures Organic A2 Fresh Milk Supply

- **Corio Bay Dairy Group (CBDG) has secured Australia's first organic A2 fresh milk supply from Organic Dairy Farmers of Australia (ODFA).**
- **The proposed new range of organic A2 nutritional dairy products will be supplied by CBDG, exclusively to Wattle Health Australia (WHA) – 45% equity holder of CBDG – under contractual arrangements.**
- **Under this arrangement, WHA will be the first nutritional dairy company in Australia with the capability to produce organic and organic A2 nutritional dairy products.**

25 March 2019: Wattle Health Australia Limited (WHA:ASX) is pleased to announce Corio Bay Dairy Group — a joint venture between WHA, Niche Dairy and Organic Dairy Farmers of Australia (**ODFA**) — have signed a variation to the *Supply Agreement* with ODFA, to provide for the first ever commercial quantity of organic A2 fresh milk to be processed into organic A2 nutritional dairy powder.

CBDG is currently well advanced in constructing Australia's first dedicated organic nutritional spray dryer. Once completed, the facility will process both existing organic fresh milk from ODFA, and the newly sourced, organic A2 fresh milk supplied.

CBDG has finalised building contracts for construction of the nutritional spray dryer and earth works are underway on the site, next to Organic Dairy Farmers of Australia's manufacturing facility in North Geelong, Victoria.

Exclusive-supply contractual arrangements have been struck between CBDG and WHA — 45% equity holder in CBDG — giving WHA 'first rights' on all products produced by CBDG, which will be the major ingredient of WHA's nutritional dairy range.

With CBDG's supply of Australia's first commercial supply of organic A2 fresh milk, WHA will become the first nutritional dairy company offering nutritional dairy products in an Australian Organic A2 range.

No competitor has brought to market an organic A2 nutritional dairy product. This is a unique and valuable position for WHA and is anticipated to substantially increase both brand awareness and potential sales both domestically and internationally, for WHA products.

This unique and valuable position is something no competitor has brought to market an Organic A2 nutritional dairy product, and it is anticipated to substantially increase brand awareness and more importantly future potential sales, both domestically and internationally for WHA's product ranges.

Mr Lazarus Karasavvidis, Executive Chairman WHA said, "*Corio Bay Dairy Group's securing organic A2 fresh milk from respected partner—Organic Dairy Farmers of Australia, is significant, and further strengthens WHA's ambition to be the premier organic nutritional dairy company in Australia.*

To be first to market with the highly valued organic A2 product—is testament to the quality and value all joint venture parties bring to Corio Bay Dairy Group. This allows WHA to further differentiate ourselves from our competitors."

Mr Jeff Cole - CEO ODFA said, "*Organic Dairy Farmers of Australia is pleased to support Wattle Health Australia, in their goal to bring organic A2 products to market, through increased partnerships with our farmers and the joint venture in Corio Bay Dairy Group.*

ODFA (Organic Dairy Farmers of Australia Ltd) are continuously looking for opportunities to ensure we remain the leaders in organic milk production and that we develop and invest in projects that continue to add value for our members. It's an exciting time to be part of the

organic dairy industry in Australia as the unprecedented demand for organic products we are currently experiencing continues to rise.”

About Organic Dairy Farmers of Australia (ODFA)

ODFA is 100% owned by the family farmers who supply their organic milk.

It's a Co-operative formed in 2001 by a group of innovative farmers who wanted to do things differently and establish organic dairy farming in Australia to differentiate their dairy products from commodity markets. In turn maximising the organic milk price for its members.

As a leading supplier of organic milk in Australia, ODFA farms across Victoria, NSW and Tasmania are Certified Organic. Each farm complies with a strict set of organic standards, in addition to ODFA's sustainability guidelines.

These standards do not allow use of synthetic or artificially produced pesticides, herbicides, fertilisers or genetically modified, transgenic organisms (GMOs). Cows enjoy roaming and feeding on pasture that is completely GMO free. And, this pasture makes up most of the cows' diet.

With a genuine concern for the long-term health of land, and the welfare of their herds, their contented cows produce remarkable organic milk and other organic milk products such as cheeses and butter, including those carrying the True Organic brand mark. Organic production is a holistic system designed to optimise the productivity and fitness of diverse communities within the agro-ecosystem, including soil organisms, plants, livestock and people. Organic farming systems aim to develop family-farmer enterprises that are sustainable for future generations and harmonious with the environment.

The business is experiencing strong growth in demand and has made a strategic decision to focus on being an ingredient supplier to customers seeking organic milk and dairy powder products.

Until 2015, the ODFA co-operative relied mostly on contract manufacturing to create added value to its farmers, increasing organic milk returns and managing the milk supply. A number of joint ventures were established for the production and marketing of cheese and butter products.

In 2016, ODFA made a capital investment in a milk processing plant in North Geelong, a definitive moment, for the longer-term future of the Co-operative. This plant also provided manufacturing capability for a range of organic dairy products, in addition to milk processing.

Today, Australia's Organic Dairy Centre receives, processes, separates and bottles milk; produces speciality cheeses; pasteurises; and, manufactures bulk and retail butter products.

ODFA has a diverse business model with established long-term strategic partnerships with customers. The Co-operative supplies unique organic milk and dairy ingredients to companies in Australia and overseas who in turn carry the ODFA license brand, 'True Organic', as a mark of quality and integrity.

About Corio Bay Dairy Group

Corio Bay Dairy Group (CBDG) is a joint venture between Wattle Health Australia (WHA), Niche Dairy (ND) and Organic Dairy Famers of Australia. CBDG is currently constructing Australia first dedicated organic nutritional spray dryer to process the largest pool of fresh organic milk through an exclusive supply agreement with ODFA. WHA has entered into an agreement to have exclusive supply of all products produced by CBDG to be used in WHA's nutritional dairy range.



Figure 1. Commencement of construction of spray dryer

Figure 2. Preparation of CBDG site for commencement of building works

About WHA

Wattle Health aspires to become a company globally recognised for offering superior quality, organic and sustainable products which promote health and wellness at all stages of life.

Wattle Health uses natural ingredients derived from Australia's pure water, clean air and organically fertile soils. We carefully prepare and pack in ways designed to preserve nutrients. Wherever possible, we source certified organic ingredients which are totally free of fertiliser or pesticide residues. Our pristine Australian provenance and quality-assured supply chain guarantees the highest possible standards of purity.

We support Australian farmers who embrace these soil management practices. We translate consumer demand for pure organic nutrition into a reward for maintaining soil biodiversity, to produce naturally superior products which can be enjoyed for generations to come. Ultimately, our aim is to make the sustainable Australian goodness of certified organic health and wellness products widely available to families across the globe.

George Karafotias

Company Secretary

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