



## Market Update

**Melbourne, 3 April 2020:** Wattle Health Australia Limited (**WHA** or **Company**) advises that following the announcement released to the ASX on 11 March 2020 in relation to the termination by Mason Dairy Holdings Limited (**Mason**) of the Share Purchase Agreement for the acquisition of 75% interest in Blend and Pack (**B&P Transaction**), WHA tendered a new proposal (**New Tender**) to Mason to complete the B&P Transaction. The New Tender was very similar to the previous transaction, but also considered commercial factors that had changed due to the extreme volatility in financial markets (including the impact of COVID-19 and unfavourable foreign exchange movement).

Unfortunately, the New Tender was not accepted by Mason and thus WHA is unable to complete the B&P Transaction. As a result, the Company will immediately cancel the rights issue offer pursuant to the prospectus dated 23 January 2020 (**Rights Issue**). The Company will now work with Computershare to refund all application monies to shareholders who subscribed under the Rights Issue as soon as possible.

In light of the cancellation of the Rights Issue, the Company is currently in discussions with an interested party for a funding package for the group. The Company's shares will remain in voluntary suspension as the Company works through the details of the funding package and is expected to provide a further update to the market by Tuesday 7 April 2020.

### **Mason Deposit Promissory Note**

Under the terms of the Deposit Promissory Note entered into by the Company and Mason on 10 January 2020, while Mason has reserved all rights in respect of the termination of the Share Purchase Agreement, the Company will issue to Mason 17,750,302 WHA shares credited as fully paid in respect of the non-refundable deposit.

Shareholders are reminded that the Company still retains its 5% shareholding in Blend and Pack and will continue to manufacture its products through this facility. Mason retains its 75% shareholding in Blend and Pack with the balance of 20% continuing to be held by the founders.

## **Operations Update**

Further, the Company provides the following information on operations, particularly with respect to the effects of COVID-19:

- The safety and wellbeing of our employees, suppliers and associates is paramount. Wattle Health has implemented appropriate business continuity planning processes and there has been no significant disruption to ongoing business activity. Wattle Health is complying with all requirements, and instituted protocols and practices in line with Government regulations and recommendations. To date, production and sales of our products remain unaffected by Covid-19 related issues and we do not see any disruption to our supply chain in the immediate future.
- Wattle Health's organic infant formula range *Uganic* has been ranged across more than 400 Chemist Warehouse stores in Australia through March.
- Direct sales of both *Uganic* and our healthcare and skincare range *Little Innocents* were ahead of forecast in March.
- Construction work at the Corio Bay Dairy Group facility in Geelong is continuing and remains on schedule to commence operations in July but construction and equipment supplies is of course subject to government policy on lockdowns and general disruptions caused by the impact of COVID-19 .

Wattle Health Australia CEO Dr Tony McKenna commented, *"These have been challenging times for the WHA team, in particular the Blend and Pack outcome. Despite this we are determined to move forward, complete our nutritional spray dryer and get on with increasing sales of our organic product range."*

The release of this announcement was authorised by the Company Secretary and Non-Executive Director, Mr Kobe Li on behalf of the Board.

**ENDS**

For further information, contact:

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## **About Wattle Health Australia**

Founded in 2011 and ASX listed since 2017, Wattle Health Australia aspires to become a company globally recognised as a producer of sustainable certified organic premium products made in Australia that promote health and wellness at all stages of life.

Wattle Health's commitment to traceable and sustainable production has been the motivating factor in delivering Australia's first vertically integrated organic dairy supply chain. Wattle Health are proud of their premium product range developed through their vertical integration process. By embracing local farmers with sustainable organic practices, milk from Australia's oldest and largest Organic Dairy Co-op organic farms is spray dried at a state of the art dedicated organic facility and manufactured in Australia's leading and largest blending and packing facility (by volume) to deliver the ultimate standard for natural nutrition for the whole family.