



Wattle Health Australia Completes A Fully Subscribed Institutional and Sophisticated Placement of Shares

- WHA completes an Institutional and Sophisticated Investor Placement to raise \$4.86 million by the issue of 32.45 million shares at \$0.15 per share
- WHA has also entered into a conditional term sheet with Shepparton Partners Collective Limited (SPC), one of Australia's leading Food Groups, for a Joint Venture and Funding proposal to jointly manage and develop an expanded product portfolio and distribute products collectively, and for SPC to assist WHA in facilitating a loan of up to \$20 million to enable the construction of the Spray Dryer at Corio Bay Dairy Group to be completed.

Investor Placement

WHA has completed a placement 32.45 million shares at \$0.15 per share to institutional and sophisticated investors under the provisions of section 708 of the Corporations Act 2001 (Cth), raising \$4.86 million (the **Placement**).

The Placement was conducted within the 15% placement capacity available to WHA in accordance with Listing Rule 7.1. Interest in the Placement resulted in WHA receiving commitments in excess of the maximum raising of \$4.86 million. The funds will be used to continue the construction of the spray dryer and for working capital.

Wattle Health CEO Dr Tony McKenna said *"We are appreciative of the response and support from investors, particularly in light of the economic conditions prevailing at this time"*

Joint Venture and Funding Proposal

WHA entered into a conditional term sheet with Shepparton Partners Collective Limited (SPC), one of Australia's leading Food Groups, on 3 April 2020 for a funding and Joint Venture proposal to jointly manage and develop an expanded product portfolio and distribute products collectively.

It is intended that the joint venture will hold the brand(s) to market and distribute WHA's current certified Australian organic Infant Formula range, Uganic, as well as future WHA products, taking advantage of WHA's value proposition in the nutritional organic dairy segment. SPC with its established and extensive sales and marketing team, will assist WHA in increasing brand awareness of Uganic and its future products and brands. More importantly, the joint venture will allow WHA to tap into SPC extensive distribution network both domestically and internationally. The arrangements that are in place for the sales and distribution of Uganic will remain unchanged.

SPC as part of its contribution to the joint venture, will assist WHA to procure a line of credit of up to \$20 million on commercial terms to enable completion of the construction of the spray dryer at CBDG. This funding will allow WHA to execute its business plans with confidence in taking advantage of the growth of the organic segment of the dairy market.

It is intended that SPC or its nominee will be issued 40 million fully paid ordinary shares in WHA (subject to shareholder approval) for the recognition of the value that SPC will bring to WHA on the formation of the joint venture. These shares will be escrowed and released against milestones as follows:

- (a) 10,000,000 shares on the joint venture achieving revenue of \$5 million per annum; and
- (b) 10,000,000 shares on the joint venture achieving revenue of \$10 million per annum; and
- (c) 20,000,000 shares on the joint venture achieving revenue of \$20 million per annum.

It is also intended that SPC or its nominee will be issued 30 million fully paid ordinary shares in WHA (subject to shareholder approval) if SPC procures the funding to finish the construction of the CBDG spray dryer.

SPC has been granted an exclusivity period to allow for due diligence, negotiation of the terms and conditions of the joint venture, the procurement of funding, the preparation, negotiation and approval of definitive legal agreements, and all regulatory and statutory approvals, including approval by SPC and WHA directors and shareholders.

Dr McKenna said *"SPC and Wattle Health share a commitment and purpose to develop value added agricultural capability and work with our respective primary industry partners to build viable and long-term and sustainable businesses based on high quality Australian farm products"*

The release of this announcement was authorised by the Company's Non-Executive Director and Company Secretary on behalf of the WHA Board.

ENDS

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About Wattle Health Australia

Founded in 2011 and ASX listed since 2017, Wattle Health Australia aspires to become globally recognised as a producer of sustainable certified organic premium products made in Australia that promotes health and wellness at all stages of life. 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 to deliver the ultimate standard for natural nutrition for the whole family.