



Market Update

Wattle Health Australia (**Wattle Health** or the **Company**) (ASX: WHA) was notified on 17 May 2020 that the directors of Organic Dairy Farmers of Australia Limited (**ODFA**) had placed ODFA into voluntary administration on 15 May 2020, and that Mr Ivan Glavas of Worrells had been appointed as the administrator (**ODFA Administrator**). The ODFA Administrator notified Wattle Health by letter dated 18 May 2020 of his appointment.

The milk supply agreement between ODFA and Corio Bay Dairy Group (**CBDG**) remains legally binding. Furthermore, CBDG is now able to source additional fresh organic milk from external parties.

Corio Bay Dairy Group

CBDG continues to work with Shepparton Partners Collective (**SPC**) who remain engaged to arrange up to \$20 million of funding for CBDG, as previously announced to the ASX on 1 May 2020.

Wattle Health, Niche Dairy and SPC intend to proceed with CBDG on the basis described below, subject to due diligence being completed by SPC on CBDG to its satisfaction, definitive legal documentation and regulatory and shareholder approvals being obtained by all parties.

Previously advanced funds by Wattle Health and Niche Dairy, in the form of shareholder loans, to CBDG will convert into ordinary shares in CBDG. Upon conversion, CBDG will release Wattle Health and Niche Dairy from all obligations (including any funding obligations under the facilities agreement). SPC will continue to work with CBDG to facilitate the provision of up to \$20 million debt funding to complete the construction of the spray dryer on the CBDG site and will purchase 50.1% of CBDG for a nominal dollar amount, replacing ODFA as the joint venture partner.

Wattle Health will retain its 45% shareholding in CBDG post the proposed transaction with SPC.

The transaction will allow Wattle Health, CBDG and SPC to work together in completing the construction of the CBDG spray dryer and move forward with the shared commitment of delivering high quality Australian farm products.

Commenting on Wattle Health's relationship with SPC and the decision made by ODFA's board of directors, Wattle Health Chief Executive Officer, Dr Tony McKenna said, "We are very excited about concluding this transaction with SPC, completing the nutritional spray dryer in Geelong and then commencing the manufacture of high-quality organic products. We also remain committed to the development of a strong organic milk supply base and, despite the current challenges of ODFA, dairy farmers will have the opportunity to supply their organic milk into our spray drying facility at CBDG."

The release of this announcement was authorised by the Company's Managing Director and Chief Executive Officer, Dr Tony McKenna on behalf of the WHA Board.

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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.