



Notice of Annual General Meeting

The Annual General Meeting of the shareholders of **Australian Dairy Nutritionals Limited** (ACN 057 046 607) and the Annual General Meeting of unit holders of the **Australian Dairy Farms Trust** (ARSN 600 601 689) will be held online at <https://agm.conveneagm.com/adnlagm2020> on:

Date: Thursday 10th December 2020

Time: 11:00am (Melbourne time)

Australian Dairy Nutritionals Limited and Australian Dairy Farms Trust (together the “Group”)

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the shareholders of Australian Dairy Nutritionals Limited (**Company**) will be held in conjunction with the annual general meeting of unit holders of the Australian Dairy Farms Trust (together the **Australian Dairy Nutritionals Group**).

The Meeting will be held online on Thursday 10th December 2020 at 11:00am (**Melbourne time**) (**Meeting**) at <https://agm.conveneagm.com/adnlagm2020>.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Securityholders are urged to vote by attending the Meeting (online) or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum. Proxy Forms must be received by no later than **11:00am (Melbourne time) on Tuesday 8th December 2020**.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

Agenda

ANNUAL REPORT

To receive and consider the financial statements of the Group and the reports of the Directors and Auditors for the financial year ended 30 June 2020.

RESOLUTION 1 REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth), the Remuneration Report set out in the Directors’ Report for the financial year ending 30 June 2020 be adopted.”

Please note that this resolution is advisory only and does not bind the Group or the Directors.

A voting exclusion statement is set out below.

RESOLUTION 2 RE-ELECTION OF DIRECTOR - PAUL MORRELL

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Paul Morrell who, retires from office in accordance with Article 49(b)(ii) of the Company’s Constitution, and being eligible offers himself for re-election, to be elected as a Director.”

RESOLUTION 3 RE-ELECTION OF DIRECTOR - MARTIN BRYANT

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Martin Bryant who, having been appointed by the Board on 11 November 2019, retires in accordance with Article 49(d) of the Company’s Constitution, and being eligible offers himself for re-election as a Director, be elected as a Director.”

RESOLUTION 4 APPROVAL OF AMENDMENTS TO CONSTITUTION

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

“That the Constitution of the Company be amended as set out in the amended Constitution available on the Company’s website in mark-up at <https://adnl.com.au/investor-centre>. A summary of the amendment is provided in the Explanatory Memorandum.”

RESOLUTION 5 APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

“That, for the purposes of Listing Rule 7.1A, the issue of Equity Securities (as that term is defined in the Listing Rules), totalling up to 10% of the issued capital of the Group at the time of the issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 be approved.”

A voting exclusion statement is set out below.

RESOLUTION 6 INCENTIVE PLAN APPROVAL

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and in accordance with Listing Rule 7.2 (Exception 13), sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, the Incentive Plan as described in section of the Explanatory Memorandum, and

the grant of and issue of all securities under the Incentive Plan on the terms and conditions set out in the Explanatory Memorandum, be approved.”

A voting exclusion statement is set out below.

RESOLUTION 7 ISSUE OF PERFORMANCE RIGHTS TO PETER SKENE UNDER THE INCENTIVE PLAN

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“That Securityholders approve for the purposes of Listing Rule 10.14, the issue of 3,000,000 Performance Rights under the Company’s Incentive Plan to Peter Skene, subject to achievement of specific performance conditions set by the Board, on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

RESOLUTION 8 RENEWAL OF PROPORTIONAL TAKEOVER PROVISION

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, for the purposes of Section 648G(4) of the Corporations Act the renewal of Article 81 and Article 82 of the Company’s Constitution as described in the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting be approved.”

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Resolution	Persons Excluded from Voting
Resolution 1 Remuneration Report (Non-Binding)	A vote on this Resolution must not be cast by or on behalf of the following persons: (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such member.
Resolution 5 Approval of 10% Placement facility	The Group will disregard any votes cast in favour of this resolution by any person who is expected to participate in the issue of equity securities under this resolution and any person who will obtain a material benefit if this resolution is passed, except a benefit solely by reason of being a holder of ordinary securities in the Group, and any Associates of those persons. However, as at this time the Group has no proposal to issue any securities under Listing Rule 7.1A.2, no persons are excluded.

Resolution 6 Approval of Incentive Plan	The Group will disregard any votes cast in favour of this resolution by or on behalf of an Eligible Employee, and any Associate of such an Eligible Employee.
Resolution 7 Approval of Performance Rights	The Group will disregard any votes cast in favour of this resolution by or on behalf of Peter Skene and any other director of the Company or Trustee and any Associate of Peter Skene or any other director of the Company or Trustee.

Voting exclusions do not apply

The voting exclusions set out above do not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Key Management Personnel as proxies

In accordance with section 250BD of the Corporations Act, a vote on the following resolutions must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such a Key Management Personnel.

However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

- *Resolution 1 - Adoption of Remuneration Report*
- *Resolution 6 - Approval of Incentive Plan*
- *Resolution 7 - Approval of Performance Rights to Peter Skene*

Definitions

For the purposes of this voting exclusion statement:

Term	Definition
Associate	has the meaning set out in Chapter 19 of the Listing Rules.
Eligible Employee	means an employee of the Group (including a director of the Company or Trustee) or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Plan (capitalised terms have the meaning given to them in the Incentive Plan).
Key Management Personnel	means the Directors and those other persons who have authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, as listed in the Remuneration Report.
Closely Related Party	<p>of a Key Management Personnel means:</p> <ul style="list-style-type: none"> • a spouse or child of such a Key Management Personnel; • a dependent of such a Key Management Personnel or of the spouse of such a Key Management Personnel; or • a company such a Key Management Personnel controls.

By order of the Board of Directors

Kate Palethorpe
 Company Secretary
 Australian Dairy Nutritionals Group
 10 November 2020

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Securityholders in connection with the business to be conducted at the Meeting to be held online at <https://agm.conveneagm.com/adnlagm2020> at 11:00am (Melbourne time) on Thursday 10 December 2020.

The purpose of this Explanatory Memorandum is to provide information to Securityholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of the Explanatory Memorandum.

Please contact the Company Secretary on +61 3 8692 7284 or shareholders@adfl.com.au if you wish to discuss any matter concerning the Meeting.

1 ACTION TO BE TAKEN BY SECURITYHOLDERS

Securityholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.1 Proxies

All Securityholders are invited and encouraged to attend the Meeting. Due to social distancing requirements in Victoria and in the interests of the health and safety of our securityholders and staff, the Board has decided that the Meeting will be held as a virtual meeting at <https://agm.conveneagm.com/adnlagm2020>. If a Securityholder is unable to attend the Meeting, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Group in accordance with the instructions on the Proxy Form. The Group encourages Securityholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 11:00am (Melbourne time) on **Tuesday 8th December 2020**. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

Online	www.linkmarketservices.com.au
By Mail	C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235
By Facsimile	+61 2 9287 0309
By delivery	Link Market Services Limited 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000 * during business hours (Monday to Friday, 9:00 am - 5:00pm)

Securityholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

1.2 Corporate representatives

Securityholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Group:

- via email at shareholders@adfl.com.au; and/or
 - via the registry,
- in advance of the Meeting.

An appointment of corporate representative form is available from the website of the Group's securities registry (www.linkmarketservices.com.au).

1.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Securityholders are those persons who are the registered holders of Stapled Securities at 7:00pm (Melbourne time) on **Tuesday 8th December 2020**.

1.4 Registration on the Meeting technology platform

Securityholders are required to register to submit questions in advance, vote and watch the live webcast of the Meeting. Securityholders should visit <https://agm.conveneagm.com/adnlagm2020> to commence the registration process. To ensure the registration process can be completed each securityholder should ensure the correct details of the individual or entity which holds their AHF securities are provided. Securityholders who have more than one holding in AHF should ensure that **each** holding is registered.

2 ANNUAL REPORT

There is no requirement for Securityholders to approve the Annual Report.

Securityholders will be offered the opportunity to:

- discuss the Annual Report for the financial year ended 30 June 2020 which is available on the Company's website at <http://adnl.com.au/investor-centre> or the ASX platform at www.asx.com.au; and
- ask questions about or make comment on the management of the Company and the Group.

The chair of the Meeting will allow reasonable opportunity for the Securityholders to ask the auditor or the auditor's representative questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- the content of the auditor's report to be considered at the Meeting; and

- (b) the conduct of the audit of the annual financial report to be considered at the Meeting,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Group's registered office or via the platform at <https://agm.conveneagm.com/adnlagm2020>.

3 RESOLUTION 1 - REMUNERATION REPORT

The Remuneration Report is in the Directors' Report section of the Company's Annual Report (see pages 4 to 16).

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2020.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Securityholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

The chair will give Securityholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Pursuant to the Corporations Act, if 25% or more of votes that are cast are against the adoption of the Remuneration Report at two consecutive annual general meetings, a resolution will be proposed to Securityholders at the second of those annual general meetings that a further meeting is held within 90 days of that annual general meeting at which all of the Company's Directors will vacate their office and resolutions to appoint the Company's Directors will be voted on.

The chair intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

4 RESOLUTION 2 - RE-ELECTION OF PAUL MORRELL

4.1 Introduction

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. Furthermore, Listing Rule 14.5

provides that an entity which has directors must hold an election of directors at each annual general meeting.

Article 49(a) of the Company's Constitution requires that a Director (excluding the managing director or an alternate director) must retire no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. Article 49(b) further provides that, if no director is required to retire under article 49(a) but the Listing Rules require an election of Directors, the Director to retire at the meeting is the Director who wishes to retire and offers himself or herself for re-election, otherwise it is:

- (a) the Director who has held office as a Director the longest period of time since his or her last election or appointment to that office; or
- (b) if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.

4.2 Paul Morrell

None of the directors of the Company are required to retire pursuant to clause 49(a) of the Constitution. Both Paul Morrell and Adrian Rowley were re-elected as directors on 29 November 2018, and therefore, have held office for the longest period since their last election. In accordance with article 49(b)(ii) of the Company's Constitution, Paul Morrell has agreed that he will retire from office at this Meeting and, being eligible for re-election, offers himself for re-election as a Director.

Paul Morrell's background has a strong emphasis in lead management in complex construction and people management for large scale enterprises and is combined with a sound knowledge of the manufacturing and on time delivery of services and products including exposure to aspects of food manufacturing and specialty powders.

Paul is a trade qualified Diesel Mechanic with a Certificate IV in Business and Management.

4.3 Directors' Recommendation

The Board (excluding Paul Morrell) recommends that Securityholders vote in favour of Resolution 2.

5 RESOLUTION 3 - RE-ELECTION OF MARTIN BRYANT

5.1 Introduction

Article 48(b) of the Company's Constitution provides that the Board may (subject to article 48(a)) appoint any person as a Director.

Article 49(d) of the Company's Constitution provides that a Director appointed pursuant to article 48(b) must retire at the next annual general meeting occurring after that appointment and is eligible for re-election at that meeting, but is not to be taken into account in determining the number of Directors who are to retire pursuant to article 49(b).

5.2 Martin Bryant

In accordance with article 49(d) of the Company's Constitution, Martin Bryant, who was appointed as a Director by the Board on 11 November 2019, retires from office at the Meeting and offers himself for re-election.

Martin Bryant was appointed to the Board on 11 November 2019 and was appointed Chairman of the Group on 23 December 2019. Martin is a highly skilled senior executive and director with extensive international experience at senior levels. He brings a wealth of strategic and operation experience to the Group with a particular focus on Asia including China, Vietnam and The Philippines. Since being appointed Chairman of the Group in December 2019, Martin has provided valuable insight and leadership to the Board, particularly as it navigates a period of significant investment in strategic capital projects.

Martin has a Bachelor of Business from the University of Western Australia and is a Member of the Australian Institute of Company Directors.

5.3 Directors' Recommendation

The Board (excluding Martin Bryant) recommends that Securityholders vote in favour of Resolution 3.

6 RESOLUTION 4 - AMENDMENT OF THE COMPANY'S CONSTITUTION

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by a special resolution of shareholders. A special resolution must be passed by at least 75% of the votes cast by shareholders who are entitled to vote on the resolution.

Resolution 4 is a special resolution which will enable the Company to adopt proposed amendments to its constitution (**Amended Constitution**). The proposed amendments reflect recent developments in or accord with market practice (including addressing the impacts of covid-19 on the conduct of meetings), requirements under the Corporations Act and the Listing Rules and certain other matters.

The Amended Constitution is available on the Company's website in the Corporate Governance section at <http://adfl.com.au/corporate-documents/>. Below is a summary of the material changes to the Constitution:

(a) Virtual/Hybrid Meetings:

Both the Corporations Act and the Constitution already facilitate, to a certain extent, the holding of virtual/hybrid meetings (i.e. general meetings where shareholders can choose to participate in the meeting online rather than attend the physical location of the main meeting).

Amendments to the Constitution have been proposed to further clarify that the Company may conduct virtual/hybrid meetings and to clarify the status of Shareholders who attend a general meeting online.

(b) Vote by poll:

Amendments to the Constitution have been proposed so that voting at meetings of Shareholders is to take place by poll instead of a show of hands, unless the Chairperson determines that a show of hands vote is appropriate as the vote is in relation to procedural matters. This is required by the Listing Rules (where it relates to matters governed by the Listing Rules) and reflects good corporate governance.

(c) Casting vote of Chairperson:

The Amended Constitution removes the ability for the Chairperson of the Board to have a casting vote, if necessary, at Board Meetings, reflecting good corporate governance.

(d) Restricted Securities:

There were changes to the Listing Rules commenced on 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding Restricted Securities (as that term is defined in the Listing Rules) on issue. With effect from 1 December 2019, ASX applies a two-tier escrow regime, where ASX can require more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the Listing Rules, as is currently the case. However, for less significant holders of Restricted Securities, ASX instead permits entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of Restricted Securities and to simply give a notice to such holders in the form set out in Appendix 9B of the Listing Rules, advising them of those restrictions.

The new Listing Rule 15.12 requires the constitution of listed entities to reflect the modified escrow regime. It is proposed that the Constitution is amended so that it contains the provisions required by Listing Rule 15.12 to enable it to issue restricted securities if required in the future.

(e) Common seal:

The provisions regarding the Company having a common seal have been removed in the Amended Constitution.

7 RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

7.1 General

The Group seeks Securityholder approval to issue Equity Securities up to 10% of its issued securities capital through placements over a 12-month period following Securityholder approval (**Placement Facility**). The exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 7.3(a) below) and the calculations in the examples below.

The effect of Resolution 5 being passed will be to allow the Directors to issue Equity Securities up to 10% of the Group's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after this Meeting, without subsequent Securityholder approval and without using the Group's 15% annual placement capacity under Listing Rule 7.1.

If Resolution 5 is not passed, the Group will not be able to access the additional 10% Placement Capacity and will remain subject to the 15% on issuing Equity Securities without Securityholder approval set out in Listing Rule 7.1. If the Group then needs to issue additional Equity Securities it will need to call a Securityholder meeting to seek that approval, attracting the relevant costs and time delay and associated risks from that delay.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Securityholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Securityholder, by a corporate representative).

7.2 Directors' recommendation

The Board unanimously recommends that Securityholders vote in favour of Resolution 5. This will allow the Group flexibility to issue securities and raise funds whilst preserving the Group's 15% annual limit permitted by Listing Rule 7.1. This is particularly important for small companies and is why Listing Rule 7.1A was implemented.

7.3 Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued securities capital through placements over a 12-month period following Securityholder approval by way of a special resolution. The Placement Facility is in addition to the Group's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1.A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Group is currently an eligible entity as it is not included in the S&P/ASX 300 Index and as at 23 October 2020 has a market capitalisation of \$26 million based on a price of \$0.07 per Stapled Security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Group currently has one class of quoted Equity Securities, being fully paid ordinary shares in the capital of the Company stapled to fully paid ordinary units in the Trust (ASX Code: AHF).

(a) Maximum number of Equity Securities which may be issued

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

“A” the number of securities on issue 12 months before the date of issue or agreement:

- (A) plus, the number of fully paid ordinary securities issued in the previous 12 months under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- (B) plus, the number of partly paid ordinary securities that become fully paid in the 12 months;
- (C) plus, the number of fully paid ordinary securities issued in the previous 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
- (D) plus, the number of fully paid ordinary securities issued in the previous 12 months under an agreement to issue securities within Listing Rule 7.3 exception 16 where:
 - the agreement was entered into before the commencement of the previous 12-month period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
- (E) plus, the number of fully paid ordinary securities issued in the 12 months with approval of holders of securities under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid securities under the entity’s 15% placement capacity without Securityholder approval;
- (F) less the number of fully paid ordinary securities cancelled in the 12 months.

“D” is 10%

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of

issue or agreement to issue that are not issued with the approval of Securityholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.

As at the date of this Notice of Meeting, the Group has on issue 371,486,440 Stapled Securities.

The Group has not issued any Stapled Securities under Listing Rule 7.1A since the 2019 AGM held on 29 October 2019. As a result, the Group has a capacity to issue a total of 92,871,610 Equity Securities comprising:

- (i) 55,722,966 Equity Securities under Listing Rule 7.1; and
- (ii) 37,148,644 Equity Securities under Listing Rule 7.1A (which will expire on the date of this Meeting).

7.4 Specific information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:

- (a) Under Listing Rule 7.1A.3, Equity Securities will be issued using the Placement Facility must be at an issue price of not less than 75% of the VWAP for the Group's Equity Securities in that class, calculated over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) There is a risk of economic and voting dilution to existing Securityholders in approving the Placement Facility, including the risks that:
 - (i) the market price for the Group's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Securityholders' approve the Placement Facility (being the date of this Meeting); and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Group's Equity Securities on the issue date or issued for non-cash consideration for the acquisition of a new asset.

The following is a table that sets out the potential dilution of existing Securityholders if Equity Securities are issued under the Placement Facility:

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.035 50% decrease in Issue Price	\$0.070 Issue Price	\$0.140 100% increase in Issue Price
Current Variable A	10% Voting Dilution	37,148,644	37,148,644	37,148,644
371,486,440	Funds Raised	\$1,300,203	\$2,600,405	\$5,200,810
50% increase in current Variable A	10% Voting Dilution	55,722,966	55,722,966	55,722,966
557,229,660	Funds Raised	\$1,950,304	\$3,900,608	\$7,801,215
100% increase in current Variable A	10% Voting Dilution	74,297,288	74,297,288	74,297,288
742,972,880	Funds Raised	\$2,600,405	\$5,200,810	\$10,401,620

The table has been prepared on the following assumptions:

- The Group issues, or agrees to issue, the maximum number of Equity Securities available under the Placement Facility.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued security capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The issue of Equity Securities under the Placement Facility consists only of Stapled Securities.
- The current number of Stapled Securities on issue is the Stapled Securities on issue as at 23 October 2020.
- The issue price is \$0.07, being the closing price of Stapled Securities on 23 October 2020.

The table does not show an example of dilution that may be caused to a particular Securityholder by reason of placements under the Placement Facility, based on that Securityholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Securityholders should note that there is a risk that:

- the market price for the Stapled Securities may be significantly lower on the issue date than on the date of this Meeting; and
- the Stapled Securities may be issued at a price that is at a discount to the market price for those Stapled Securities on the date of issue.

- (c) The Equity Securities may be issued under the Placement Capacity commencing the date of this Meeting and expiring on the first to occur of the following:
- (i) 12 months after the date of this Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the date of approval by Securityholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking), (after which date, an approval under Listing Rule 7.1A ceases to be valid),
or such longer period if allowed by ASX.
- (d) The Equity Securities may be issued for cash consideration only, in which case the Group intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), and expenditure on the Group's current assets and/or general working capital.

The Group will comply with the disclosure obligations under Listing Rule 7.1A(4) upon issue of any Equity Securities.

- (e) The Group is yet to identify the persons to whom Equity Securities will be issued to under the Placement Facility. The Group's policy for allocating Equity Securities issued under the Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
- (i) The fundraising methods available to the Group, including but not limited to, rights issue or other issue which may minimise dilution to Securityholders.
 - (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition, including the need for certainty of funding and timely execution.
 - (iii) The effect of the issue of the Equity Securities on the control of the Group.
 - (iv) The financial situation and solvency of the Group.
 - (v) Advice from corporate, financial and broking advisers (if applicable).
- (f) Listing Rule 7.1A approval was obtained by the Group at its 2019 AGM. The Group has not issued any Equity Securities in the 12 months preceding the date of the Meeting under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice.

- (h) At the date of the Notice, the Group has not approached any particular existing Securityholder or an identifiable class of existing Securityholder to participate in the issue of the Equity Securities, and no existing Securityholder's votes will be excluded under the voting exclusion in the Notice.

7.5 Directors' Recommendation

The Board recommends that Securityholders vote in favour of Resolution 5.

8 RESOLUTION 6 -INCENTIVE PLAN APPROVAL

8.1 Introduction

On 12 February 2018, the Group's Securityholders approved the Incentive Plan under Listing Rule 7.2 (under what was previously Exception 9 before the Listing Rules were amended on 1 December 2019).

The Incentive Plan allows the Group to issue various types of LTI Securities (as defined in Schedule 2 of this Explanatory Memorandum) to eligible participants thereby providing eligible participants with a tangible incentive to participate and contribute to the future growth of the Group. The Incentive Plan also assists in attracting and retaining employees by giving eligible participants a direct financial interest in the performance of the Group and closely aligns the interests of those participants with the interests of Securityholders.

Under Exception 13 to Listing Rule 7.2, securities issued under an employee incentive scheme approved by shareholders within the previous 3 years are not counted in reducing an entity's 15% and 10% placement capacities under Listing Rules 7.1 and 7.1A respectively. Therefore, if this resolution is passed LTI Securities can be issued under the Incentive Plan without using up any of the Group's 15% under Listing Rule 7.1 or 10% limit under Listing Rule 7.1A (assuming that Resolution 5 is passed) on issuing equity securities without shareholder approval.

The approval granted by Securityholders at the General Meeting held on 12 February 2018 will lapse on 11 February 2021 (**Lapse Date**), meaning any securities issued under the Incentive Plan after the Lapse Date will reduce the Group's 15% and 10% placement capacities under Listing Rule 7.1 and 7.1A if Securityholders do not refresh the approval of the Incentive Plan under Listing Rule 7.2, Exception 13(b).

8.2 Approval for the purposes of the Corporations Act - Financial Assistance

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or

- (b) the assistance is approved by shareholders under section 260B; or
- (c) the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides for certain specific instances of exempted financial assistance, including a special exemption for employee share schemes that have been approved by a resolution passed at a general meeting of the company (section 260C(4)).

It is possible that the Financial Assistance that the Company may provide to eligible participants under the terms and conditions of the Incentive Plan could be determined to be the provision of financial assistance by the Company for the purposes of section 260A of the Corporations Act.

While the Directors do not believe that the provision of this financial assistance will materially prejudice the interests of the Company or its shareholders or the Company's ability to pay its creditors, the Directors have recommended that Securityholders approve the Incentive Plan to ensure that the Incentive Plan qualifies for the special exemption under section 260C(4) of the Corporations Act.

8.3 Approval for the purposes of the Corporations Act - Taking security

Section 259B of the Corporations Act provides that a company may not take security over its own shares.

Section 259B(2) of the Corporations Act includes a special exemption to the basic rule that a company may not take security over its own shares for employee share schemes that have been approved by a resolution passed at a general meeting of the company.

It is possible that administration of the Incentive Plan on behalf of participants under the Incentive Plan could be determined to be the Company taking security over its own shares for the purposes of section 259B.

Accordingly, the Directors have recommended that the Securityholders approve the Incentive Plan to ensure that the Incentive Plan qualifies for the special exemption under section 259B(2) of the Corporations Act.

8.4 Specific information required by Listing Rule 7.2 (Exception 13(b))

For the purpose of Listing Rule 7.2, Exception 13(b), the following information is provided:

- (a) the Group has not amended the terms of the Incentive Plan as adopted by Securityholders at the General Meeting held on 12 February 2018. A summary of the terms of the Incentive Plan is set out in Schedule 1 of this Explanatory Memorandum;
- (b) 22,200,000 LTI Securities have been issued under the Incentive Plan since the Incentive Plan was approved on 12 February 2018;

- (c) the maximum number of Equity Securities proposed to be issued under the Incentive Plan following approval is 18,574,322; and
- (d) a voting exclusion statement is included in the Notice.

8.5 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of resolution 6.

9 RESOLUTION 7 - APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO PETER SKENE

Securityholder approval under Listing Rule 10.14 is sought to issue the Performance Rights set out in Resolution 7 to Peter Skene.

9.1 Requirement for Securityholder approval

Listing Rule 10.14

Listing Rule 10.14 prohibits an entity from issuing securities to a director of the entity or any associate of a director under an employee incentive scheme without Securityholder approval.

If Securityholder approval is obtained under Listing Rule 10.14, Securityholder approval is not required under Listing Rule 7.1 and the proposed issue will not count in reducing the Group's 15% and 10% placement capacities under Listing Rule 7.1 and 7.1A.

Chapter 2E of the Corporations Act - Related party provisions

Chapter 2E of the Corporations Act (as modified by Part 5C.7) prohibits a public company from giving a financial benefit to a related party of the company or giving a financial benefit out of scheme property to a related party by a responsible entity of a registered scheme unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provision, including where the benefit is remuneration to a related party as an officer or employee of the public company or the responsible entity of the registered scheme and to give the remuneration would be reasonable given the circumstances of the public company or the responsible entity of the registered scheme giving the remuneration and the related party's circumstances (including the responsibilities involved in the office or employment); or
- (b) prior Securityholder approval is obtained to the giving of the financial benefit.

9.2 Directors' remuneration and other interests

Details of Peter Skene's remuneration and interest in securities of the Group are listed in section 9.3(e) below.

The Company's Directors and the directors of the Trustee consider the financial benefit given by the Group under the Incentive Plan to be reasonable remuneration given the circumstances of the Group and Peter Skene's responsibilities so that Securityholder approval is not required under Chapter 2E from the Group's Securityholders.

9.3 Information required by Listing Rule 10.15

For the purposes of Listing Rule 10.15, the following information is provided about the proposed issue of Performance Rights under the Incentive Plan:

- (a) The Performance Rights will be issued to Peter Skene;
- (b) Peter Skene is a director of the Company as well as the Trustee who is entitled to participate in the Incentive Plan. He falls under the category of persons in Listing Rule 10.14.1;
- (c) If Resolution 7 is approved Peter Skene will be issued 3,000,000 Performance Rights. Each Performance Right will entitle Peter Skene to be issued one (1) Stapled Security, subject to satisfaction of the relevant Performance Conditions. If the relevant Performance Conditions are satisfied, each Stapled Security issued on conversion of a Performance Right will be issued on the same terms as ordinary fully paid stapled securities. The maximum number of Stapled Securities which may be issued to Peter Skene if all of the Performance Rights converted to Stapled Securities is 3,000,000.
- (d) A summary of the terms of Performance Rights issued under the Incentive Plan is set out in the summary of the Incentive Plan in Schedule 1.

A summary of the Performance Conditions is set out in section 9.4 below.

- (e) Details of Peter Skene's current total remuneration package and Stapled Security interest are as follows:

Director	Salary (excluding superannuation)	Stapled Securities Interests (as at date of Notice of Meeting)	Other security interests
Peter Skene	\$365,000 3,000,000 Performance Rights (subject to approval of this resolution 7)	12,515,385 Stapled Securities (includes 7,000,000 Loan Securities)	Nil

- (f) Details of all securities previously issued to Peter Skene under the Incentive Plan are set out below:

Date Issue	of	LTI Security	No. Securities	Price (\$)	Vested/ Unvested
19 September 2016		Stapled Securities	1,000,000	Nil, in consideration of performance measures achieved under employment agreement.	On issue
21 September 2016		Performance Options	8,120,000	Nil	Cancelled 12 February 2018
12 February 2018		Stapled Securities	1,000,000	Nil, in consideration of performance measures achieved under employment agreement.	On issue
2 July 2018		Stapled Securities	3,000,000	Nil, in consideration of performance measures achieved under employment agreement.	On issue
12 February 2018		Loan Securities	7,000,000	\$0.125 per Stapled Security payable in accordance with the terms of the Incentive Plan	On issue

- (g) A summary of the material terms of the Performance Rights is set out in clause 6 of Schedule 1 of this Explanatory Memorandum. The Performance Rights will be issued to Peter Skene to provide him with a tangible incentive to contribute to the growth of the Group and focus his efforts on the achievement of the Group's key operational and strategic objectives for financial year 2021 (reflected in the Performance Conditions attached to the Performance Rights summarised in section 9.4 below). The Performance Rights also give Peter Skene a direct financial interest in the performance of the Group and closely aligns his interests with those of the Securityholders.
- (h) It is intended the Performance Rights referred to in Resolution 7 will be issued to Peter Skene within 3 months after the date of the Meeting and in any event no later than 3 years after the date of the Meeting without further Securityholder approval.

- (i) The Performance Rights will be issued for nil cash consideration and, subject to satisfaction of the relevant Performance Conditions, no cash consideration will be payable upon the conversion of the Performance Rights and subsequent issue of Stapled Securities (if any). Accordingly, no funds will be raised from the issue or conversion of the Performance Rights.
- (j) Schedule 1 contains a summary of the material terms of the Incentive Plan. A copy of the Incentive Plan can also be found on the Company's website at www.adnl.com.au/investor-centre;
- (k) No loans are applicable to the issue of the Performance Rights to Peter Skene;
- (l) Details of any Performance Rights issued under the Incentive Plan will be published in the annual report of the Group relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of LTI Securities under the Incentive Plan after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.
- (n) A voting exclusion statement is included in the Notice in respect of this resolution.

9.4 Performance Conditions

The Performance Rights entitle the holder to be issued one Stapled Security for each Performance Right, subject to satisfaction of specific Performance Conditions. A Performance Right will only vest where the Performance Condition(s) and any other relevant conditions attached to the Performance Right when granted have been satisfied (**Vest**).

One (1) Stapled Security will be allocated for each Performance Right which has Vested without any further action on the part of the holder.

A summary of the key Performance Conditions attached to the Performance Rights to be issued to Peter Skene is set out below:

(a) EBITDA Target

The Group's audited, operating EBITDA for the financial year ending 30 June 2021 is in line with or exceeds the approved budget for the Group for the relevant period.

(b) Total Shareholder Return (TSR)

TSR \geq 25 at any time during the period from 1 July 2020 to 30 June 2021 (inclusive) where:

TSR is calculated as:

$$\text{TSR} = \frac{A - B + \text{Dividends}}{B}$$

A means the 15 Day VWAP for any 15 Day period during the period from 1 July 2020 to 30 June 2021 (inclusive)

B means the 15 Day VWAP prior to the date of the Meeting

15 Day VWAP means the volume weighted average market price (as defined in the Listing Rules) for Stapled Securities calculated over the 15 trading days on which trades of Stapled Securities were recorded

(c) Infant Formula Plant

Construction of the building for the Stage 1 Infant Formula Plant (**Plant**) and installation and commissioning of the Plant to produce infant formula is complete, or substantially complete, by 30 June 2021. The Board (excluding Mr. Skene) has discretion to determine that the Performance Condition has been met if the commissioning is significantly progressed, and any resulting delay was outside the reasonable control of the CEO.

(d) Material Transaction

Completion or significant progression toward completion of a material and significant transaction to the Group.

(e) Service Period

All holders of Performance Rights must be an employee or officer of the Group as at 1 July 2021.

(f) Application of Performance Conditions to Performance Rights

The Performance Conditions attach to the grant of Performance Rights as follows:

Performance Condition	Number of Performance Rights attached to Performance Condition
EBITDA Target	1,000,000
Total Shareholder Return	500,000
Material Transaction	500,000
Infant Formula Plant	1,000,000
Service Period	Applies to all Performance Rights

9.5 Directors' recommendation

The Directors (excluding Peter Skene) recommend Securityholders vote in favour of Resolution 7.

10.1 Background

Article 81 and Article 82 of the Company's Constitution contain provisions dealing with approval requirements if there was to be any partial takeover bids for the Company's securities (**Proportional Takeover Provisions**).

A "proportional takeover bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all shareholders of that class, only part of the securities each holds.

Section 648G(1) of the Corporations Act provides that these Proportional Takeover Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of members. The Board believes it is appropriate that the Proportional Takeover Provisions of the Company's Constitution be renewed.

10.2 Information required by Corporations Act

In seeking Securityholder approval for the renewal of the Proportional Takeover Provisions, the Corporations Act requires the below information to be provided to Securityholders.

(a) Effect of provisions proposed to be renewed:

Article 81 of the Constitution provides that the Company is prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until after the proportional takeover proposed transfer has been approved by a resolution passed in accordance with Article 82 of the Constitution.

Article 82 of the Constitution provides that each person who holds bid class securities at the end of the day on which the first offer under the bid is made are entitled to vote (**Approving Resolution**). This excludes the person making the offer for the securities or their associates. The Approving Resolution will be passed if more than 50% of votes cast are in favour of the Approving Resolution, otherwise it is taken to be rejected. If an Approving Resolution has not been voted on by the end of the 15th day before the last day of the bid period under the proportional takeover bid, or a later day allowed by the Australian Securities and Investments Commission, then the resolution is taken to have been passed.

(b) Reason for the resolution:

The Proportional Takeover Provisions are required to be renewed as they have not been renewed since the Company's constitution was adopted. Section 648(G)(1) of the Corporations Act provides that Proportional Takeover Provisions cease to apply at the end of 3 years from their adoption (or their last renewal). Section 648(G)(4) enables shareholders to approve a renewal of Proportional Takeover Provisions.

The Board believes that Securityholders should have the choice of considering whether to accept a bid for what might become control of the Company without the Securityholders having the opportunity to dispose of all of their Stapled Securities (rather than just some of their Stapled Securities, as would be the case under a proportional takeover bid). To have this choice, the Proportional Takeover Provisions need to be renewed. If the Proportional Takeover Provisions are not renewed and any proportional takeover bid is made, each Securityholder will still have the right to make a separate decision about whether to accept the proportional takeover bid for their own Stapled Securities.

(c) Awareness of current acquisition proposals:

As at the date of this Explanatory Memorandum, none of the Directors are aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Group.

(d) Advantages and disadvantages of the Proportional Takeover Provisions since last renewed:

As there have been no takeover bids made for the Group since the last renewal of the Proportional Takeover Provisions, there has been no application of the Proportional Takeover Provisions. It may be argued that the potential advantages and disadvantages described below have also applied for the period since the adoption of the Proportional Takeover Provisions.

(e) Potential advantages and disadvantages of the proposed resolution for both directors and Securityholders:

Renewing the Proportional Takeover Provisions allows the Board to assess the Securityholders' acceptance or otherwise of a proportional takeover bid, should one be made. Otherwise, the Directors consider that the proposed renewal of the Proportional Takeover Provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved or rejected.

The potential advantages of renewing the Proportional Takeover Provisions for Securityholders are:

- (i) they allow Securityholders a decision in determining whether a proportional takeover bid should proceed;
- (ii) they may discourage the making of a proportional takeover bid which may be opportunistic and prevent control of the Group passing without the payment of an appropriate control premium;
- (iii) they may prevent Securityholders being locked in as a minority interest;
- (iv) they may assist in ensuring that any proportional takeover bid is adequately priced;

- (v) knowing the view of the majority of Securityholders may assist each individual Securityholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that bid.

Some potential disadvantages of the renewal of the Proportional Takeover Provisions for Securityholders are that the Proportional Takeover Provisions:

- (i) may discourage the making of proportional takeover bids in respect of the Group and may reduce any speculative element in the market price of the Group's Stapled Securities arising from the possibility of a takeover bid being made;
- (ii) may depress the price of the Stapled Securities or deny Securityholders the opportunity of selling some of their Stapled Securities at a premium;
- (iii) may reduce the likelihood of a proportional takeover bid being successful; and
- (iv) may be considered to constitute an unwarranted restriction on the ability of Securityholders to deal freely with their Stapled Securities.

10.3 Special Resolution

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Securityholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Securityholder, by a corporate representative).

10.4 Board Recommendation

Balancing the above advantages and disadvantages, the Board is of the view that the advantages of renewing the Proportional Takeover Provisions outweigh any disadvantages and unanimously recommend the renewal. Accordingly, Securityholder approval is sought pursuant to this Resolution 8.

The chair of the meeting intends to vote undirected proxies in favour of this Resolution 8.

11 DEFINITIONS

In this Notice and Explanatory Memorandum:

Incentive Plan	means the Long-Term Incentive Plan approved by the Group's Securityholders at the general meeting held on 12 February 2018, the terms of which are summarised in Schedule 2 of this Explanatory Memorandum.
Placement Facility	has the meaning given in section 7.1 of this Explanatory Memorandum.

AEDT	means Australian Eastern Daylight Time (Daylight Saving Time).
Annual Report	means the 2020 annual report of the Company.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Group.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	means Australian Dairy Nutritionals Limited (ACN 057 046 607).
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Memorandum	means this explanatory memorandum.
Group	means the Company and the Trust.
Group Entity	means either the Company or any of its subsidiaries.
Key Management Personnel or KMP	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rule	means the listing rules of the ASX.
Lapse Date	has the meaning set out in clause 8.1 of the Explanatory Memorandum.
Loan Security	means an offer to acquire a Stapled Security subject to financial assistance provided by the Company pursuant to the Incentive Plan.
LTI Security	means a Stapled Security, a Performance Right or an Option offered under the Incentive Plan.
Option	means an option to acquire a Stapled Security, subject to satisfaction of applicable conditions including any Performance Conditions, under the Incentive Plan.
Performance Right	means a right to acquire a Stapled Security, subject to satisfaction of applicable conditions including any Performance Conditions, under the Incentive Plan.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice.
Securityholder	means a holder of Stapled Securities.
Stapled Security	means a fully paid ordinary share in the capital of the Company stapled to a fully paid ordinary unit in the Trust.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
Trust	means the Australian Dairy Farms Trust (ARSN 600 601 689).
Trustee	means Dairy Fund Management Limited (ABN 14 140 957 286)
VWAP	means volume weighted average price.

SCHEDULE 1 - SUMMARY OF KEY TERMS OF THE INCENTIVE PLAN

1. Purpose

The purpose of the Incentive Plan is to allow the Board to make offers to Eligible Employees to acquire Stapled Securities, Performance Rights or Options (each an **LTI Security**) in the Group. Offers of Stapled Securities may be made through the provision of financial assistance provided by the Group to the Eligible Employee (**Loan Security**).

2 Eligible Employees

The Incentive Plan is open to employees of the Group, including a director of the Company or the Trustee, or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Incentive Plan (**Eligible Employees**).

3. Grant

The Board may, from time to time and in its absolute discretion, invite Eligible Employees to participate in a grant of LTI Securities (**Offer**) on the terms set out in the Incentive Plan and any additional terms as the Board determines.

4. Information provided when grant is made

The Board must advise each Eligible Employee of the following minimum information in connection with the grant (**Offer**):

- (a) the number of LTI Securities being offered, or the method by which the number will be calculated;
- (b) the amount (if any) that will be payable for the grant or issue of LTI Securities;
- (c) when LTI Securities may vest;
- (d) the procedure for exercising an Option (including any exercise price that will be payable) following vesting and the period(s) during which it may be exercised;
- (e) the circumstances in which Performance Rights and/or Options will lapse;
- (f) any Performance Conditions or other conditions that apply and when such conditions must be satisfied by;
- (g) any restrictions (including the period of restriction) on dealing in relation to a LTI Security allocated to the Eligible Employee;
- (h) any financial assistance that is offered in connection with the issue of Stapled Securities (including any restricted period); and
- (i) any other terms and conditions that the Board decides to include or is required by the Listing Rules.

5. Acceptance of Offer

- (a) Acceptance of an offer of LTI Securities must be made by the Eligible Employee in accordance with the instructions that accompany the offer or any other way the Board determines.
- (b) The Board may only allow the participation of an Eligible Employee where that Eligible Employee continues to satisfy any relevant conditions imposed by the Board (which may include, without limitation that the Eligible Employee continues to be an employee of the Group at the time of grant).

6. Performance Rights

- (a) Unless the Board determines otherwise, no payment is required for the grant of a Performance Right and Performance Rights may not be registered in any name other than that of the Eligible Employee.
- (b) Subject to sub-clause (e), a Performance Right only vests where any Performance Condition or any other relevant conditions advised to the participant by the Board when the grant was made has been satisfied.
- (c) On vesting of a Performance Right, a Stapled Security will be allocated without any further action on the part of the Participant.
- (d) A Performance Right will lapse on the earlier of:
 - (i) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period; and
 - (ii) the Performance Right lapsing under clauses 5 (financial assistance), 7 (Board discretion for inappropriate benefits), 8 (cessation of employment) and 9 (Take-overs, Scheme of Arrangement and Winding Up) of the Incentive Plan.
- (e) The terms on which a Performance Right vests can be changed in the event of cessation of an Eligible Employee's employment (clause 5), the occurrence of a takeover, scheme of arrangement or winding up (clause 6) or waiver of terms and condition in relation to an Incentive Plan Security by the Board (clause 16.4).

7. Options

- (a) Unless the Board determines otherwise, no payment is required for the grant of Options and Options may not be registered in any name other than that of the Eligible Employee.
- (b) Subject to clause 7, an Option only vests where any Performance Condition or any other relevant conditions advised to the participant by the Board when the grant was made has been satisfied.
- (c) The exercise of any Option granted under the Incentive Plan will be effected in the form and manner determined by the Board, and must be accompanied

by payment of the relevant exercise price (if any) advised to the Eligible Employee.

- (d) On exercise of an Option the Board must issue or transfer the number of Stapled Securities in respect of the which the Options have been exercised to the Eligible Employee.
- (e) An Option will lapse on the earliest to occur of:
 - (i) 5 years or any other date nominated as the expiry date in in the offer letter;
 - (ii) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period; and
 - (ii) the Option lapsing under clauses 5 (financial assistance),⁷ (Board discretion for inappropriate benefits),⁸ (cessation of employment) and 9 (Take-overs, Scheme of Arrangement and Winding Up) of the Incentive Plan.

8. Stapled Securities and Financial Assistance

- (a) Where an Eligible Employee has accepted an offer to participate in an issue of Stapled Securities, the Board will issue Stapled Securities to the Eligible Employee.
- (b) The Board may determine that Stapled Securities will be acquired through a loan by the Group to the Eligible Employee on an interest free basis, unless otherwise specified (**Financial Assistance**). Financial Assistance may only be provided in respect of Stapled Securities.
- (c) Financial Assistance will be repayable by the Eligible Employee in accordance with the terms on which the Financial Assistance is provided to the Eligible Employee however, the Board may, in its discretion, extend the period for repayment of the Financial Assistance or otherwise vary the terms of the Financial Assistance for the benefit of the Eligible Employee.
- (d) An Eligible Employee may voluntarily repay Financial Assistance to the Group at any time in respect of Stapled Securities to which Performance Conditions do not apply.

9. Repayment of Financial Assistance

Unless the terms of an Offer specify otherwise, Financial Assistance must be repaid in full immediately on the earliest of:

- (a) 5 years from the date the relevant Stapled Securities are acquired with Financial Assistance;
- (b) the Eligible Employee's Stapled Securities being bought back or transferred under rule 15 of the Incentive Plan (where the Financial Assistance is repayable or the Performance Conditions related to the Financial Assistance have not been satisfied),

- (c) failure to satisfy any Performance Conditions imposed on any Stapled Securities to which the Financial Assistance relates;
- (d) months (or a longer period set out in an Offer or determined by the Board in its discretion) after the Eligible Employee ceases to be an Employee;
- (e) any material breach by the Eligible Employee of the Incentive Plan where the breach is not remedied within 30 days of the Group's notice to the Eligible Employee to rectify; or
- (f) an application being made to a court or an order, or an order being made that the Eligible Employee be made bankrupt;

10. Repayment Amount and Dividends

- (a) If Financial Assistance becomes repayable the Group must accept in full and final satisfaction of the Eligible Employee's indebtedness and obligations:
 - (i) if the Performance Conditions have been satisfied, the total amount owing to the Group in cash or other means agreed between the parties;
 - (ii) in any case, the transfer to the Group of the Stapled Securities to which the Financial Assistance relates.
- (b) The Group may retain or pay to itself any moneys, dividends or capital distributions that become payable in respect of the Stapled Security to which Financial Assistance applies.
- (c) An Eligible Employee may not participate in any dividend reinvestment plan (or similar plan) until the Financial Assistance is repaid in full.

11. Security and Limited Recourse

- (a) As security for Financial Assistance provided by the Company, each Eligible Employee grants to the Group a security interest over the Stapled Securities provided under the Incentive Plan and over all dividends and other amounts payable on the Stapled Securities.
- (b) The Group may retain holding certificates or place a holding lock on any Stapled Securities the subject of Financial Assistance.
- (c) The Eligible Employee must not create, other than in favour of the Group, any security interest over any Stapled Securities without consent of the Board
- (d) If Financial Assistance is discharged or repaid in accordance with section 7 or 8 (above), then no further amount will be repayable by the Eligible Employee and no further amount will be recoverable by the Group in respect of the Financial Assistance.

12. Stapled Securities issued on exercise of LTI Securities

Any Stapled Security issued under the Incentive Plan will rank equally in all respects with other Stapled Securities for the time being on issue by the Group except as

regards any rights attaching to such Stapled Securities by reference to a record date prior to the date of their issue.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



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BY HAND

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

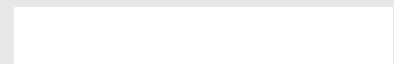
I/We being a member(s) of Australian Dairy Nutritionals Group and entitled to attend and vote hereby appoint:

APPOINT A PROXY



**the Chairman of the
Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (Melbourne time) on Thursday, 10 December 2020 online at <https://agm.conveneagm.com/adnlagm2020>** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 6 and 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6 and 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report (non-binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Paul Morrell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Incentive Plan approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Martin Bryant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Performance Rights to Peter Skene under the Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of amendments to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Renewal of proportional takeover provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)



Joint Securityholder 2 (Individual)



Joint Securityholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, all securityholders must sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11.00am (Melbourne time) on Tuesday, 8 December 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Australian Dairy Nutritionals Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**