

Farm Pride Foods Ltd

Notice of 2023 Extraordinary General Meeting Explanatory Statement | Proxy Form

23 February 2023
10.00AM Melbourne time

Address

Hybrid meeting to be held at the office of Pitcher Partners, Level 1 / 80 Monash Drive,
Dandenong South, Victoria and virtually via <https://meetnow.global/MULTAJY>

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Farm Pride Foods Ltd ACN 080 590 030 will be held on Thursday 23 February 2023 at 10.00am (Melbourne time) as a **hybrid meeting (EGM)**.

The meeting will be held at the office of Pitcher Partners, Level 1/80 Monash Drive, Dandenong South, Victoria and virtually via <https://meetnow.global/MULTAJY>

Shareholders are encouraged to arrive 30 minutes before the commencement of the meeting to enable registration processes of both our host and registry to be completed. Online registrations will commence one hour beforehand at 9.00am (Melbourne time).

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

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in

IMPORTANT NOTICE REGARDING ATTENDANCE AND THE HYBRID MEETING

With the potential for impact by the COVID-19 pandemic on the EGM and to protect the health and safety of shareholders, employees and the community, the EGM will be conducted as a hybrid meeting. While Shareholders will be able to physically attend the meeting, we encourage all shareholders to participate virtually where possible.

Shareholder and proxyholders can attend and watch the EGM live in real time on the Share Registry's online platform. All attending shareholders will be given reasonable opportunity to participate in the EGM including the right to vote and ask questions.

Shareholders do not need to attend the meeting physically in order to cast their votes or to participate in the meeting. Accordingly, the Company strongly encourages all Shareholders who wish to vote to do so by:

- (a) returning their completed proxy forms as early as possible prior to the cut-off dates as set out in the Notice; or
- (b) participating in the hybrid meeting and casting a vote online; or
- (c) appointing the Chair as their proxy (and where desired, direct the Chair how to vote on a Resolution) by completing and returning the proxy form.

This Notice of Meeting is given based on circumstances as at 23 February 2023. Should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at www.farmpride.com.au. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

ATTENDING THE MEETING ONLINE

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the EGM, ask the Directors questions online, and submit your vote in real time.

To participate online you will need to visit: <https://meetnow.global/MULTAJY>

You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at www.computershare.com.au/virtualmeetingguide.

Shareholders are also encouraged to submit questions in advance of the EGM to the Company. Questions must be submitted in writing to the Company Secretary, Bruce De Lacy at companysecretary@farmpride.com.au at least 48 hours before the EGM.

The Company will also provide Shareholders with the opportunity to ask questions during the EGM in respect to the formal items of business as well as general questions in respect to the Company and its business.

How to vote

VOTING METHODS

The business of the EGM affects your shareholding and your vote is important.

Shareholders can vote in one of the following ways:

- (a) by attending the online meeting and voting either in person or by attorney or, in the case of corporate shareholders, by a corporate representative;
- (b) by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with this Notice;
- (c) by lodging a proxy vote by mail, fax, online or in person no later than 48 hours before the commencement of the meeting being on 21 February 2023 at 10.00am (AEDT);
- (d) online at www.investorvote.com.au
- (e) by post at GPO Box 242, Melbourne, Victoria 3001;
- (f) by facsimile: Australia – 1800 783 447, overseas - +61 3 9473 2555; or
- (g) custodian voting – for Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Voting Entitlement Deadline

For the purposes of determining voting entitlements at the Extraordinary General Meeting, shares will be taken to be held by the persons who are registered as holding the shares 7:00pm (Melbourne time) on Tuesday 21 February 2023 or if the meeting is adjourned at least 48 hours before its resumption in relation to the adjourned part of the meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the EGM.

Voting in person – individuals and corporate representatives

As the EGM is being held as an online meeting, a company which is a shareholder may appoint an individual to act as its representative. The Proxy holder and Corporate Representative should contact the Share Registry on (+613) 9415 4024 to receive the relevant access code to allow voting on the day of the online meeting.

Proxy voting

Shareholders are entitled to appoint a proxy to attend the hybrid meeting and vote on their behalf.

If you wish to appoint the Chair as your proxy, mark the appropriate box on the proxy form. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chair of the Meeting, please write the full name of that individual or body corporate in the space provided. A proxy need not be a shareholder. Do not write the name of the issuer company or the registered shareholder in the space provided.

Appointment of a second proxy

You are entitled to appoint up to two proxies to attend the hybrid meeting and vote on a poll. If you wish to appoint a second proxy an additional proxy form may be obtained by telephoning the Share Registry on (+613) 9415 4000.

To appoint a second proxy, you must:

- (a) on each of the first Proxy Form and 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 in the same envelope.

Proxy Votes

Under amendments to the Corporations Act which took effect on 1 August 2011, there will be some changes to the way in which proxy votes are processed:

Directed Proxy Votes

If you appoint someone other than the Chair of the meeting as your proxy and give them voting instructions, the Chair of the meeting must cast those proxy votes on your behalf if your nominated proxy does not do so.

Undirected Proxy Votes

The Chair of the Meeting intends to vote undirected proxy votes in favour of all resolutions (subject to the voting exclusions described below).

Shareholders are encouraged to consider how they wish to direct their proxies to vote. Proxies which are not directed how to vote on an item of business, may vote, or abstain from voting, as that proxy thinks fit. Should any resolution be proposed at the EGM, a proxy may vote on that resolution as they think fit.

Shareholders who are entitled to vote

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the holders of Farm Pride Foods Ltd shares for the purposes of the EGM will be those registered holders as at 7:00pm (Melbourne time) on Tuesday 21 February 2023.

Resolutions

Issue of Placement Shares

1. **Resolution 1 – Approval of issue of Placement Shares**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders of the Company approve:

- (a) *the issue and allotment of up to 63,636,364 ordinary shares in the Company to participants in the private placement announced by the Company to market on 29 December 2022 (**Placement Shares**); and in doing so*
- (b) *the acquisition of a relevant interest in the issued voting Shares of the Company in excess of the threshold prescribed by section 606(1) of the Corporations Act by the recipients of the Placement Shares,*

and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Independent Expert’s Report (IER): When considering this Resolution, Shareholders are recommended to read the IER prepared by RSM Corporate Australia Pty Ltd ACN 050 508 024 (**Independent Expert**) which is included in this Notice of Meeting at Annexure A. The Independent Expert has determined that the proposed acquisition of the voting power and interest by the recipients of the Placement Shares is not fair but reasonable to the non-associated Shareholders.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of the recipients of the Placement Shares or any of their associates.

Appointment of Directors

2. **Resolution 2 – Appointment of Mr Darren Lurie as a Director**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that Mr Darren Lurie, having consented to act, be appointment as a director of Farm Pride Foods Ltd, with effect from the close of this Meeting.”

3. **Resolution 3 – Appointment of Mr George Palatianos as a Director**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that Mr George Palatianos, having consented to act, be appointment as a director of Farm Pride Foods Ltd, with effect from the close of this Meeting.”

Grant of Securities and approval of potential termination benefit to Mr Darren Lurie (or his nominee)

4. **Resolution 4 – Approval of grant of Performance Rights to Darren Lurie (or his nominee)**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the grant of 2,180,000 performance rights, each to acquire 1 fully paid ordinary share in the Company, to Darren Lurie, being a proposed Director of the Company (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who is expected to receive the securities as a result of the proposed issue;
- (b) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (c) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

5. Resolution 5 – Approval of grant of Options to Darren Lurie (or his nominee)

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the grant of 3,600,000 options, each to acquire 1 fully paid ordinary share in the Company, to Darren Lurie, being a proposed Director of the Company (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who is expected to receive the securities as a result of the proposed issue;

(b) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or

(c) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 5 by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or

(b) 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

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) 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

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

(a) the proxy is either:

(i) a member of the Company's Key Management Personnel; or

(ii) a closely related party of a member of the Company's Key Management Personnel; and

(b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

(a) the proxy is the Chair of the Meeting; and

(b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

6. Resolution 6 – Approval of potential termination benefit for Darren Lurie

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of sections 200B(1) and 200E of the Corporations Act, ASX Listing Rule 10.19 and for all other purposes, the giving of benefits to Mr Darren Lurie in connection with Mr Darren Lurie ceasing to hold a managerial or executive office in the Company, be approved on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

(a) an officer of the Company or any of its child entities who is entitled to participate in a termination benefit; or

(b) an Associate of that person or those persons described in (a).

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 200E(2A) of the Corporations Act, a vote on Resolution 6 must not be cast (in any capacity) by or on behalf of:

- (a) Mr Darren Lurie; or
- (b) an associate of Mr Darren Lurie.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of Mr Darren Lurie or an associate of Mr Darren Lurie.

Issue of Shortfall Shares to Directors

7. Resolution 7 – Approval of issue of Shortfall Shares to Gavin Bruce De Lacy (or his nominee)

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the grant of up to 57,021 Shares to Gavin Bruce De Lacy, being a Director of the Company (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) a person who is expected to receive the securities as a result of the proposed issue;
- (b) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (c) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 7 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (b) 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

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. **Resolution 8 – Approval of issue of Shortfall Shares to Malcolm Ward (or his nominee)**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the grant of up to 592,600 Shares to Malcolm Ward, being a Director of the Company (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) a person who is expected to receive the securities as a result of the proposed issue;
- (b) a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (c) an Associate of that person or those persons described in (a) or (b).

However, this does not apply to a vote cast in favour of Resolution 8 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Increase in Non Executive Director Fee Pool

9. **Resolution 9 – Approval of increase in Non Executive Director Fee Pool**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of Listing Rule 10.17, clause 10.9 of the Constitution and all other purposes, effective from the close of the Meeting, the total amount that may be paid in aggregate in any one year by the Company to its non-executive Directors as remuneration for services be increased by \$250,000 from \$250,000 to \$500,000."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of a Director or any of their Associates.

However, this does not apply to a vote cast in favour of Resolution 9 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with direction given to the proxy or attorney to vote on the Resolution in that way; or
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 9 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Dated 20 January 2023

BY ORDER OF THE BOARD

Bruce De Lacy
Interim Company Secretary



Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.00am (Melbourne time) on 23 February 2023 as a **hybrid meeting** at the office of Pitcher Partners, Level 1, 80 Monash Drive, Dandenong South, Victoria and virtually via <https://meetnow.global/MULTAJY>

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the General Meeting are set out below.

Resolutions

Issue of Placement Shares

1. Resolution 1 – Approval of issue of Placement Shares

Background

As announced to market on 29 December 2022, subject to obtaining shareholder approval, the Company proposes to undertake a placement of approximately 63.6 million new shares at \$0.055 (5.5 cents) per share to raise gross proceeds of \$3.5 million (before costs) (**Placement**). In conjunction with the Placement, the Company has also launched a 7:12 pro rata non-renounceable entitlement offer of approximately 32.2 million new shares (**New NREO Shares**) to eligible shareholders at an issue price of \$0.055 (5.5 cents) per New NREO Share to raise up to \$1.77 million (before costs) (**NREO**).

The Company is seeking Shareholder approval to issue and allot up to 63,636,364 Placement Shares to participants under the Placement. The table below sets out details of the sophisticated and professional investors from whom the Company has received binding commitments to participate in the Placement (**Placees**) as well as the number of Placement Shares they have each applied for and the aggregate subscription amount payable by each Placee.

Placee	Placement Shares	Subscription amount
Bait of Brets Pty Ltd ACN 603 944 707 as trustee for Willow Investments Trust (Bait of Brets)	21,818,182	\$1,200,000
Dr Philip Currie and Mrs Anne Jennifer Currie as trustee for Currie Family Superannuation Fund (Currie)	21,818,182	\$1,200,000
Gavin Bruce De Lacy (De Lacy)	1,818,182	\$100,000
Jadig Superannuation Pty Ltd ACN 122 506 432 as trustee for the Gringlas Family Superannuation Fund (Jadig)	3,636,364	\$200,000
LDL Custodians Pty Ltd ACN 154 486 656 as trustee for 17 Holroyd Trust (LDL Custodians)	14,545,454	\$800,000
Total	63,636,364	\$3,500,000

As a condition of the Placement, the Company has agreed to appoint Mr Darren Lurie (being an associate of LDL Custodians) as the Company's Managing Director (**MD**) and Mr George Palatianos (being an associate of Bait of Brets) as a non-executive Director. In addition to a base salary of \$350,000 (excluding superannuation), subject to obtaining Shareholder approval pursuant to Resolution

2 and 3 below, the Company has agreed to grant Mr Lurie 2.18 million performance rights and 3.6 million options.

The participation of the Placees in the Placement is conditional upon non-associated Shareholders approving the issue of the Placement Shares. The Placement is also conditional on Mr Lurie's appointment as Managing Director which requires the approval of Resolutions 2, 4, 5 and 6.

Approval for the issue of the Placement Shares is being sought under item 7 of section 611 of the Corporations Act. An Independent Expert's Report (IER) has been prepared by RSM Corporate Australia Pty Ltd ACN 050 508 024 (**Independent Expert**) to assess the fairness and reasonableness of the proposed acquisition of the voting power and interest by the Placees. The Independent Expert has determined that the proposed acquisition of the voting power and interest by the Placees is not fair but reasonable to the non-associated Shareholders. The IER is annexed to this Notice of Meeting as Annexure A and Shareholders are advised to carefully read the IER before deciding on how to vote on this Resolution.

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company, as a listed company, must not issue equity securities to persons in a position of influence without Shareholder approval.

A person in a position of influence for the purposes of Listing Rule 10.11 includes:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an Associate of a person referred to in (a) to (c) above; and
- (e) a person whose relationship with the Company or a person referred to in (a) to (d) above is such that, in the ASX's opinion, the issue or agreement should be approved by Shareholders.

Pursuant to Listing Rule 10.12, Exception 6, Listing Rule 10.11 does not apply to an issue of equity securities approved for the purposes of item 7 of section 611 of the Corporations Act. Therefore, the Company is not required to seek Shareholder approval under Listing Rule 10.11 for the issue of the Placement Shares to the Placees, which includes Gavin Bruce de Lacy, being a Director of the Company.

Additionally, if approval is obtained under item 7 of section 611 of the Corporations Act, in accordance with Listing Rule 7.2 (exception 8), separate approval is not required under Listing Rule 7.1.

If this Resolution and Resolutions 2 to 5 (inclusive) are passed, the Company will be able to proceed with the proposed issue of the Placement Shares to the Placees, which includes Gavin Bruce de Lacy, being a Director of the Company, upon receipt of the Placement proceeds of \$3.5 million.

If this Resolution or Resolutions 2 to 5 (inclusive) are not passed, the Company will not be able to proceed with the proposed issue of the Placement Shares to the Placees and will not receive the Placement proceeds of \$3.5 million.

Section 611 (item 7)

Section 606(1) of the Corporations Act states that a person must not acquire a relevant interest in the issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf of, the person and because of the transaction, that person's or someone else's voting power in the Company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a Company involves determining the voting shares in the Company in which the person and the person's associates have a "relevant interest".

A person (**Second Person**) will be an 'associate' of the other person (**Primary Person**) if one or more of the following paragraphs applies:

- (a) the Primary Person is a body corporate and the Second Person is: (i) a body corporate the Primary Person controls;
 - (i) a body corporate that controls the Primary Person; or
 - (ii) a body corporate that is controlled by an entity that controls the Primary Person;
- (b) the Second Person has entered or proposes to enter into a relevant agreement with the Primary Person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs;
- (c) the Second Person is a person with whom the Primary Person is acting or proposed to act, in concert in relation to the Company's affairs.

A person has a "relevant interest" in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with Shareholder approval.

The following information is required to be provided to shareholders pursuant to the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining Shareholder approval under the exception for the passing of this Resolution 1. Shareholders are also referred to the Independent Expert's Report (**IER**) contained in Annexure A of this Notice of Meeting.

Material terms of the proposed acquisition of the Placement Shares:

Information	Details																					
Identity of persons proposing to make the acquisition	The allottees of the Placement Shares as well as the number of Placement Shares that each Placee has applied for and the subscription amount payable is set out in the table below:																					
	<table border="1"> <thead> <tr> <th>Placee</th> <th>Placement Shares</th> <th>Subscription amount</th> </tr> </thead> <tbody> <tr> <td>Bait of Brets</td> <td>21,818,182</td> <td>\$1,200,000</td> </tr> <tr> <td>Currie</td> <td>21,818,182</td> <td>\$1,200,000</td> </tr> <tr> <td>De Lacy</td> <td>1,818,182</td> <td>\$100,000</td> </tr> <tr> <td>Jadig</td> <td>3,636,364</td> <td>\$200,000</td> </tr> <tr> <td>LDL Custodians</td> <td>14,545,454</td> <td>\$800,000</td> </tr> <tr> <td>Total</td> <td>63,636,364</td> <td>\$3,500,000</td> </tr> </tbody> </table>	Placee	Placement Shares	Subscription amount	Bait of Brets	21,818,182	\$1,200,000	Currie	21,818,182	\$1,200,000	De Lacy	1,818,182	\$100,000	Jadig	3,636,364	\$200,000	LDL Custodians	14,545,454	\$800,000	Total	63,636,364	\$3,500,000
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Gavin Bruce De Lacy is a Director of the Company.																						
Bait of Brets and LDL Custodians are related parties of the Company on the basis that they are entities associated with proposed Directors Mr George Palatianos and Mr Darren Lurie respectively.																						
Currie and Jadig are not related parties of the Company.																						

Information	Details																																																							
Maximum extent of the increase in voting power of the person	<p>As at the date of this Notice, apart from Gavin Bruce De Lacy, none of the Placees (or their associates) hold any Shares.</p> <p>The table below sets out the maximum extent of the increase in voting power of each Placee following completion of the Placement and the NREO. As at the date of this Notice there are no outstanding options over unissued Shares or interests in the Company.</p> <table border="1"> <thead> <tr> <th rowspan="2">Placee</th> <th colspan="2">Current</th> <th colspan="2">Post-Placement</th> <th colspan="2">Post-NREO</th> </tr> <tr> <th>Shares</th> <th>Voting Power</th> <th>Shares</th> <th>Voting Power</th> <th>Shares</th> <th>Voting Power</th> </tr> </thead> <tbody> <tr> <td>Bait Brets of</td> <td>0</td> <td>0.00%</td> <td>21,818,182</td> <td>18.36%</td> <td>21,818,182</td> <td>14.45%</td> </tr> <tr> <td>Currie</td> <td>0</td> <td>0.00%</td> <td>21,818,182</td> <td>18.36%</td> <td>21,818,182</td> <td>14.45%</td> </tr> <tr> <td>De Lacy</td> <td>195,502</td> <td>0.35%</td> <td>2,013,684</td> <td>1.69%</td> <td>2,184,747</td> <td>1.45%</td> </tr> <tr> <td>Jadig</td> <td>0</td> <td>0.00%</td> <td>3,636,364</td> <td>3.06%</td> <td>3,636,364</td> <td>2.41%</td> </tr> <tr> <td>LDL Custodians</td> <td>0</td> <td>0.00%</td> <td>14,545,454</td> <td>12.24%</td> <td>14,545,454</td> <td>9.63%</td> </tr> <tr> <td>Total shares</td> <td>55,180,175</td> <td></td> <td>18,816,539</td> <td></td> <td>151,004,974</td> <td></td> </tr> </tbody> </table> <p>Mr De Lacy intends to subscribe for his full entitlement under the NREO and subject to obtaining shareholder approval, also intends to subscribe for his full entitlement under the shortfall facility of the NREO, being 50% of his NREO entitlement.</p>	Placee	Current		Post-Placement		Post-NREO		Shares	Voting Power	Shares	Voting Power	Shares	Voting Power	Bait Brets of	0	0.00%	21,818,182	18.36%	21,818,182	14.45%	Currie	0	0.00%	21,818,182	18.36%	21,818,182	14.45%	De Lacy	195,502	0.35%	2,013,684	1.69%	2,184,747	1.45%	Jadig	0	0.00%	3,636,364	3.06%	3,636,364	2.41%	LDL Custodians	0	0.00%	14,545,454	12.24%	14,545,454	9.63%	Total shares	55,180,175		18,816,539		151,004,974	
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Terms of Placement Shares	The Placement Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.																																																							
Issue price of Placement Shares	The Placement Shares will be offered at an issue price of \$0.055 (5.5 cents) per Placement Share, being the same price paid offered to Shareholders under the NREO announced to market on 29 December 2022.																																																							
Use of funds	Funds raised from the issue of the Placement Shares will be used by the Company to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt.																																																							

Why is approval under the exception in item 7 of section 611 of the Corporations Act needed?

As noted above, the Company has agreed to appoint Mr Lurie as MD of the Company and Mr Palatianos as a non-executive Director subject to, and as a condition of, completion of the Placement and the issue of the Placement Shares to the Placees.

Therefore, while the issue of the Placement Shares to the Placees will not result in any person's relevant interest in the issued voting Shares of the Company increasing from 20% or below to more than 20% or increasing from a starting point that is above 20% and below 90%, there may be a risk that the Placees will be perceived to be acting, or proposing to act in concert in relation to the Company's affairs due to the agreement to appoint Mr Lurie as MD and Mr Palatianos as non-executive Director.

If so, the issue of the Placement Shares to the Placees, will collectively result in each Placee's relevant interest in the voting Shares of the Company increasing from 20% or below to more than 20%. Accordingly, the Company has taken a conservative approach in seeking to obtain Shareholder approval for the issue of the Placement Shares under the exception in item 7 of section 611 of the Corporations Act. However, despite their participation in the Placement, the Placees have advised the Company that they do not intend to act in concert in relation to the affairs of the Company after

settlement of the Placement and each of them will make their own decisions in relation to their respective shareholdings in the Company. Accordingly, notwithstanding the approval being sought by the Company, the Placees have advised the Company that they do not consider themselves to be “associates” for the Corporations Act.

Intentions of the Placees

Gavin Bruce De Lacy is the interim managing director of the Company and Mr Darren Lurie and Mr George Palatianos, being associates of LDL Custodians and Bait of Brets respectively, will be appointed as Directors of the Company upon completion of the Placement. The Placees have no present intention to:

- (a) change the business of the Company;
- (b) inject further capital into the Company;
- (c) make changes regarding the future employment of the present employees of the Company;
- (d) to transfer any assets between the Company and the Placees;
- (e) redeploy any fixed assets of the Company; and
- (f) significantly change the financial or dividend distribution policies of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Placees as at the date of this Notice of Meeting.

It is the intention of the Board, following the appointment of Mr Lurie and Mr Palatianos, to conduct a thorough review of business operations. Accordingly, these present intentions set out above may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time. Accordingly, the statements set out above are statements of current intentions only.

Advantages, disadvantages and risks

The Company considers that the issue of the Placement Shares to the Placees has the following advantages and disadvantages:

Advantages	Disadvantages
The Company will receive approximately \$3.5 million in Placement proceeds which will be used to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt.	The issue of the Placement Shares will result in a dilution of existing Shareholdings in the Company. The dilution effect of the issue of the Placement Shares is set out in section 5.5 of the NREO Offer Booklet announced to market on 9 January 2023:

Independent Expert’s Report

ASIC Regulatory Guide 74 provides that to satisfy the obligation to disclose all material information on how to vote on a section 611 (item 7) resolution, the directors should provide members with an independent expert report (IER) or a detailed directors’ report on the proposed transaction.

Accordingly, the Company has appointed RSM Corporate Australia Pty Ltd ACN 050 508 024 (**Independent Expert**), as an independent expert to produce the IER. The IER is contained in Annexure A of this Notice of Meeting.

The Independent Expert has concluded that the acquisition of the voting power and interest by the Placees is not fair but reasonable to the non-associated Shareholders of the Company, as of the date of the IER.

The advantages and disadvantages of the acquisition of the voting power and interest by the Placees are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the acquisition of the voting power and interest proceeds as opposed to if it did not proceed.

Shareholders are advised to carefully read the IER before deciding on how to vote on this Resolution.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is provided within 15 months after such approval.

The proposed issue of Placement Shares (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A “related party” for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a public company.

The non-conflicted Directors of the Company (being Mr Malcolm Ward, Mr Roland Roccioletti and Ms Beth Mathison) carefully considered the proposed issue of the Placement Shares to the Placees and formed the view that the giving of this financial benefit to De Lacy, LDL Custodians and Bait of Brets, being the Placees who are related parties of the Company, is on arm’s length terms, as the Placement Shares are proposed to be issued on the same terms as offered to non-related parties of the Company.

Accordingly, the non-conflicted Directors of the Company believe that the proposed issue of the Placement Shares to De Lacy, LDL Custodians and Bait of Brets falls within the “arm’s length terms” exception as set out in section 210 of the Corporations Act, and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of the Placement Shares to De Lacy, LDL Custodians and Bait of Brets requires Shareholder approval under and for the purposes of item 7 of section 611 of the Corporations Act only.

Interdependency

Shareholders should note that Resolutions 1 to 6 (inclusive) are interdependent. Therefore, failure of any of these Resolutions to be passed will result in each of Resolutions 1 to 6 (inclusive) being deemed to not have been passed.

Directors’ Recommendation

The Board of Directors (with Mr Gavin Bruce De Lacy abstaining) recommend Shareholders vote for this Resolution.

Appointment of Directors

2. Resolution 2 – Appointment of Mr Darren Lurie as Director

Darren Lurie is a former Non-Executive Director and Non-Executive Chair of the Company and has knowledge of the egg industry and the operations of the business. More broadly, Darren is an experienced leader of businesses and management teams including as MD, Chair and CFO. Most recently, he was the Executive Chair and Managing Director of Optiscan Imaging Ltd (ASX:OIL) where he drove the development of Optiscan’s operating and financial strategy resulting in a substantial increase and improvement in its market capitalisation and financial position.

Prior to Optiscan, he was the Group CFO and Head of Corporate Development for EduCo International Group, a leading provider of education and related services with campuses in the USA, Australia, Canada and Ireland, across the Higher Education, Career and English sectors. He has fifteen years’ experience as a corporate advisor leading finance, strategy and merger and acquisition assignments across a range of industries, including as an advisor to Farm Pride for many years. He has strong networks across the finance and investor communities.

Mr Darren Lurie has provided the Company with his written consent to be appointed as a director of the Company.

Shareholders should note that Resolutions 1 to 6 (inclusive) are interdependent. Therefore, failure of any of these Resolutions to be passed will result in each of Resolutions 1 to 6 (inclusive) being deemed to not have been passed.

3. Resolution 3 – Appointment of Mr George Palatianos as Director

Mr George Palatianos is a highly experienced Investment Director and Group CFO. He has held prominent roles at major organisations within the agribusiness, construction, property investment and

finance sectors. These roles include Group Chief Financial Officer of the Costa Group of Companies and Hickory Construction Group, Commercial Director of Prudential Equity Partners and his current role Director of Integration and Growth at MaxCap Group.

Mr George Palatianos has provided the Company with his written consent to be appointed as a director of the Company.

Shareholders should note that Resolutions 1 to 6 (inclusive) are interdependent. Therefore, failure of any of these Resolutions to be passed will result in each of Resolutions 1 to 6 (inclusive) being deemed to not have been passed.

Grant of Securities and potential termination benefit to Darren Lurie (or his nominee)

4. Resolution 4 – Approval of grant of Performance Rights to Darren Lurie (or his nominee)

Background

As noted above, as part of the Placement, the Company has agreed to appoint Mr Darren Lurie, being an associate of LDL Custodians, as the Company's MD. In addition to a base salary of \$350,000 (excluding superannuation), subject to obtaining Shareholder approval pursuant to Resolutions 1 to 6 (inclusive), the Company has agreed to grant Mr Lurie 2.18 million performance rights (**Performance Rights**) and 3.6 million options (**Options**).

Listing Rule 10.11

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Listing Rule 10.11.

Listing Rule 10.12, Exception 12, exempts from the operation of Listing Rule 10.11 an issue of securities under an agreement or transaction between the entity and a person who would not otherwise be a related party but for the fact that they believe, or have reasonable grounds to believe, that they are likely to become a related party in the future because of the agreement or transaction.

While Darren Lurie is not currently a related party of the Company and the issue of securities to Mr Lurie may rely on Rule 10.12, Exception 12, the Company has taken a conservative approach in seeking shareholder approval for the issue of securities to Mr Lurie under Listing Rule 10.11 given the context of the proposed transaction and his future role within the Company.

The Company has therefore treated the grant of Performance Rights to Darren Lurie as if it falls within Listing Rule 10.11.1 (or Listing Rule 10.11.4 if he elects for the Performance Rights to be granted to his nominee) and is therefore seeking the approval of the Company's Shareholders under Listing Rule 10.11.

To this end, Resolution 4 seeks Shareholder approval to grant the Performance Rights for the purposes of Listing Rule 10.11. If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1. Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

If Resolution 4 and 1 are passed, the Company will be able to proceed with the proposed grant of the Performance Rights and complete the Placement.

If Resolution 4 is not passed, the Company will not proceed with the proposed grant of the Performance Rights and the Board may need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing an equivalent cash long term incentive subject to the risk of forfeiture, performance conditions and performance period. If an alternative arrangement cannot be reached, Mr Lurie would not be appointed as Managing Director and the Placement would not proceed.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 4:

Information	Details
Name of the person	The allottee is Mr Darren Lurie (or his nominee), a proposed Director of the Company.

Information	Details
Applicable category of Listing Rule 10.11	If Darren Lurie elects to have the Performance Rights granted to him personally, Listing Rule 10.11.1 applies. If Darren Lurie elects to have the Performance Rights granted to his nominee, Listing Rule 10.11.4 applies.
Number and class of securities issued	The maximum number of Performance Rights to be granted is 2,180,000.
Summary of material terms of the securities	Please refer to Annexure B for a summary of the material terms of the Performance Rights.
The date or dates by which the securities will be issued	The Performance Rights will be granted within one month of Shareholder approval being obtained by the Company (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Price at which securities will be issued	The Performance Rights proposed to be granted pursuant to this Resolution will be granted for nil consideration.
Purpose of the issue	The Performance Rights proposed to be granted pursuant to this Resolution are being granted to Darren Lurie as part of his remuneration package.
Details of the Director's current total remuneration package	In addition to a base salary of \$350,000 (excluding superannuation), subject to obtaining Shareholder approval pursuant to Resolutions 1 to 6 (inclusive) at the Meeting, the Company has agreed to grant Mr Lurie 2.18 million Performance Rights and 3.6 million Options.
Material terms of agreement	The proposed grant of the Performance Rights to Mr Lurie are to be set out in an invitation and acceptance letter which will incorporate the terms set out in Annexure B..
Voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting above.

Chapter 2E of the Corporations Act

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Chapter 2E of the Corporations Act.

The proposed grant of the Performance Rights (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The existing Directors of the Company carefully considered the proposed grant of the Performance Rights to Darren Lurie in conjunction with his total remuneration package and formed the view that the giving of this financial benefit to Darren Lurie constitutes the reasonable remuneration of Darren Lurie. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies.

Accordingly, the Directors of the Company believe the proposed grant of the Performance Rights to Darren Lurie falls within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act and relies on this exception for the purposes of this Resolution. Therefore, the proposed grant of Performance Rights to Darren Lurie does not require shareholder approval for the purposes of Chapter 2E of the Corporations Act.

Interdependency

Shareholders should note that Resolutions 1 to 6 (inclusive) are interdependent. Therefore, failure of any of these Resolutions to be passed will result in each of Resolutions 1 to 6 (inclusive) being deemed to not have been passed.

Chairman appointed as proxy

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions appended to this Notice. To the extent permitted by law, the Chairman intends to vote all undirected proxies granted to him in favour of this Resolution.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for this Resolution.

5. Resolution 5 – Approval of grant of Options to Darren Lurie (or his nominee)

Background

As noted above, as part of the Placement, the Company has agreed to appoint Mr Darren Lurie, being an associate of LDL Custodians, as the Company's MD. In addition to a base salary of \$350,000 (excluding superannuation), subject to obtaining Shareholder approval pursuant to Resolutions 1 to 6 (inclusive), the Company has agreed to grant Mr Lurie 2.18 million performance rights (**Performance Rights**) and 3.6 million options (**Options**).

Listing Rule 10.11

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Listing Rule 10.11 and the Explanatory Statement for Resolution 4 above for a summary of Listing Rule 10.12, Exception 12.

The Company has taken the conservative approach of treating the grant of Options to Darren Lurie as if it falls within Listing Rule 10.11.1 (or Listing Rule 10.11.4 if he elects for the Options to be granted to his nominee) and is therefore seeking the approval of the Company's Shareholders under Listing Rule 10.11.

To this end, Resolution 5 seeks Shareholder approval to grant the Options for the purposes of Listing Rule 10.11. If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1. Please refer to the Explanatory Statement for Resolution 4 above for a summary of Listing Rule 7.1.

If Resolutions 5 and 1 are passed, the Company will be able to proceed with the proposed grant of the Options and complete the Placement.

If Resolutions 5 and 1 are not passed, the Company will not proceed with the proposed grant of the Options and the Board may need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing an equivalent cash long term incentive subject to the risk of forfeiture, performance conditions and performance period. If an alternative arrangement cannot be reached, Mr Lurie would not be appointed as Managing Director and the Placement would not proceed.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 5:

Information	Details
Name of the person	The allottee is Mr Darren Lurie (or his nominee), a proposed Director of the Company.
Applicable category of Listing Rule 10.11	If Darren Lurie elects to have the Options granted to him personally, Listing Rule 10.11.1 applies. If Darren Lurie elects to have the Options granted to his nominee, Listing Rule 10.11.4 applies.
Number and class of securities issued	The maximum number of Options to be granted is 3,600,000 comprised of the following tranches (noting that multiple milestones below may be satisfied in a single financial year):

Information	Details				
	Tranche	Number	Vesting condition	Exercise Price	Expiry Date
	Tranche 1	1,200,000	Achieving EBITDA of \$4m during any financial year before 30 June 2025	\$0.055	3 years from vesting
	Tranche 2	1,200,000	Achieving EBITDA of \$6m during any financial year before 30 June 2026	\$0.055	3 years from vesting
	Tranche 3	1,200,000	Achieving EBITDA of \$8m during any financial year before 30 June 2027	\$0.055	3 years from vesting
	Total	3,600,000			
Summary of material terms of the securities	Please refer to Annexure C for a summary of the material terms of the Options.				
The date or dates by which the securities will be issued	The Options will be granted within one month of Shareholder approval being obtained by the Company (or such later date as permitted by any ASX waiver or modification of the Listing Rules).				
Price at which securities will be issued	The Options proposed to be granted pursuant to this Resolution will be granted for nil consideration.				
Purpose of the issue	The Options proposed to be granted pursuant to this Resolution are being granted to Darren Lurie as part of his remuneration package. The Company intends to apply any proceeds received upon the exercise of the Options on general working capital purposes.				
Details of the Director's current total remuneration package	In addition to a base salary of \$350,000 (excluding superannuation), subject to obtaining Shareholder approval pursuant to Resolutions 1 to 6 (inclusive) at the Meeting, the Company has agreed to grant Mr Lurie 2.18 million Performance Rights and 3.6 million Options.				
Material terms of agreement	The proposed grant of the Options to Mr Lurie are to be set out in an invitation and acceptance letter which will incorporate the terms set out in Annexure C.				
Voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting above.				

Chapter 2E of the Corporations Act

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Chapter 2E of the Corporations Act.

The proposed grant of the Options (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The existing Directors of the Company carefully considered the proposed grant of the Options to Darren Lurie in conjunction with his total remuneration package and formed the view that the giving of this financial benefit to Darren Lurie constitutes the reasonable remuneration of Darren Lurie. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies.

Accordingly, the existing Directors of the Company believe that the proposed grant of the Options to

Darren Lurie falls within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act and relies on this exception for the purposes of this Resolution. Therefore, the proposed grant of Options to Darren Lurie does not require shareholder approval for the purposes of Chapter 2E of the Corporations Act.

Interdependency

Shareholders should note that Resolutions 1 to 6 (inclusive) are interdependent. Therefore, failure of any of these Resolutions to be passed will result in each of Resolutions 1 to 6 (inclusive) being deemed to not have been passed.

Chairman appointed as proxy

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions appended to this Notice. To the extent permitted by law, the Chairman intends to vote all undirected proxies granted to him in favour of this Resolution.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for this Resolution.

6. Resolution 6 – Approval of potential termination benefit for Mr Darren Lurie

Background

Subject to being appointed as a Director and Shareholders approving Resolutions 1 to 6 (inclusive), Mr Darren Lurie will be entitled to total cash remuneration of \$350,000 (excluding superannuation) per annum and will also be granted 2.18 million performance rights (**Performance Rights**) and 3.6 million options (**Options**).

Under Mr Darren Lurie's executive services agreement, if he is terminated without cause, then he is entitled to 6 months written notice or the Company may elect to pay Mr Darren Lurie in lieu of some or all of that notice period. Upon termination, Mr Darren Lurie would also be entitled to be paid for accrued but unpaid employee entitlements (such as annual leave) and be reimbursed for any reasonable work related expenses.

A summary of the key terms of the Performance Rights and Options is set out in Annexures B and C respectively. Among other things, the terms of the Performance Rights and Options provide that the vesting conditions to which they are subject will be automatically accelerated and deemed to be waived upon any of the following events occurring:

- (a) an offer is made for all of the Shares in the Company pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional and results in the compulsory acquisition of Shares under Chapter 6C;
- (b) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (c) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 100% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;
- (d) any of the Company or its wholly-owned subsidiaries (Group) enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in the relevant Group entity) of the Group to a person, or a number of persons, none of which are members of the Group; or
- (e) Mr Lurie is terminated as Managing Director other than for cause.

Part 2D.2 of the Corporations Act

Section 200B(1) of the Corporations Act provides that a company must not give a director a 'benefit' in connection with their retirement from office unless there is shareholder approval under section 200E or an exception applies under sections 200F, 200G or 200H.

The Company notes that *Corporations Regulation 2D.2.03(1)* provides that the automatic or accelerated vesting of share-based payments constitutes a benefit given in connection with a person's retirement for the purposes of section 200B of the Corporations Act.

It is the view of the Company that the exceptions set out in sections 200F, 200G or 200H do not apply in the current circumstances. Accordingly, shareholder approval is sought for the termination benefits potentially payable to Mr Darren Lurie in the form of any payment in lieu of notice, accrued employee entitlements and the acceleration of vesting conditions applicable to the Performance Rights and Options.

The Company is seeking this approval to enable the Board to:

- (a) deliver Mr Lurie the benefits to which he is contractually entitled under his employment agreement; and
- (b) ensure Mr Lurie is treated fairly on cessation of employment, having regard to his contribution to the Company and the circumstances in which he is ceasing employment.

If approval is given, this does not guarantee that Mr Lurie will necessarily receive all of the termination benefits described above. Rather, that will depend on the circumstances in which Mr Lurie ceases employment and what benefits have accrued. If approval is not granted, the Company may be unable to provide Mr Lurie with all of the benefits described below upon the cessation of his employment, and any termination benefits provided would need to fall within an exemption under the Corporations Act.

Section 200E(2) requires that, where shareholders are asked to approve a termination benefit to a director that would otherwise be prohibited by section 200B, the shareholders are given details of the monetary value of the benefit or, if that amount cannot be ascertained, the manner in which the amount is to be calculated.

The Company advises that:

- (a) the value of the potential termination benefit relating to payment in lieu of notice is \$193,375, being the equivalent of 6 months' pay (including compulsory superannuation contributions);
- (b) the value of the termination benefits relating to accrued entitlements that may be provided cannot be ascertained in advance as it will depend on a number of factors, including the number of annual leave days that Darren has accumulated;
- (c) it has valued the Performance Rights at \$120,000 based on the issue price of Shares under the Placement and NREO and the maximum number of Shares that Mr Darren Lurie can receive upon conversion of the Performance Rights; and
- (d) it has valued the Options at \$137,422 using the Black-Scholes options valuation model and assuming the trading price of shares is \$0.055 (5.5 cents).

Listing Rule 10.19

Listing Rule 10.19 provides that without the approval of its shareholders, an entity must ensure that none of its officers will be, or may be, entitled to "termination benefits" if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the "equity interests" of the entity as set out in the latest accounts given to ASX.

A "termination benefit" is defined in Chapter 19 of the Listing Rules to include an "advantage" that is receivable on termination of employment, engagement or office. The Company is of the view that the future automatic vesting of the Performance Rights and Options in accordance with their terms, including on Mr Lurie being terminated as Managing Director other than for cause, are 'advantages' for the purposes of Listing Rule 10.19.

"Equity interests" is defined in Chapter 19 of the Listing Rules as the sum of paid-up capital, reserves and accumulated profits or losses, disregarding redeemable preference share capital and outside equity interests, as shown in the consolidated financial statements. The latest accounts for the Company that have been given to ASX were the annual accounts for the financial year ended 30 June 2022 lodged on 31 August 2022.

The aggregate value of the potential termination benefits given to Mr Darren Lurie is at least \$450,797, being the aggregate of the value ascribed to the Performance Rights and Options as set out above. The Company advises that the value of all "equity interests" as shown in the accounts for the financial year ended 30 June 2022, being the most recent accounts submitted to ASX, was \$9,363,000.

Therefore, while it is not expected that the value of any termination benefit that may be received by Mr Darren Lurie would exceed this 5% threshold, Shareholder approval is being sought under Resolution 6 in order to give the Company maximum flexibility to provide the relevant termination benefits to Mr Darren Lurie.

Interdependency

Shareholders should note that Resolutions 1 to 6 (inclusive) are interdependent. Therefore, failure of any of these Resolutions to be passed will result in each of Resolutions 1 to 6 (inclusive) being deemed to not have been passed.

Chairman appointed as proxy

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions appended to this Notice. To the extent permitted by law, the Chairman intends to vote all undirected proxies granted to him in favour of this Resolution.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for this Resolution.

Issue of Shortfall Shares to Directors

7. Resolution 7 – Approval of issue of Shortfall Shares to Gavin Bruce De Lacy (or his nominee)

Background

The NREO announced by the Company to market on 29 December 2022 also comprised a shortfall facility (**Shortfall Offer**) under which eligible Shareholders who have subscribed for their NREO entitlement in full may apply for additional New NREO Shares attributable to Entitlements not taken up by eligible Shareholders and New NREO Shares that would have been offered to ineligible Shareholders if they had been entitled to participate in the NREO (**Shortfall Shares**). The Company determined that the Shortfall Offer will be capped for each eligible Shareholder at 50% of that eligible Shareholder's full NREO entitlement.

Subject to there being sufficient Shortfall Shares under the Shortfall Share, Mr Gavin Bruce De Lacy, intends to subscribe for his full entitlement of Shortfall Shares, being 57,021 Shares.

Listing Rule 10.11

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Listing Rule 10.11.

The proposed issue of Shortfall Shares to Gavin Bruce De Lacy falls within Listing Rule 10.11.1 (or Listing Rule 10.11.4 if he elects for the Shortfall Shares to be issued to his nominee). The proposed issue does not fall within any of the exceptions in Listing Rule 10.12, and therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

To this end, Resolution 7 seeks the required Shareholder approval to issue of the Shortfall Shares for the purposes of Listing Rule 10.11. If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1. Please refer to the Explanatory Statement for Resolution 4 above for a summary of Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to proceed with the proposed issue of the Shortfall Shares to Mr Gavin Bruce De Lacy to receive proceeds of \$3,136.

If Resolution 7 is not passed, the Company will not be able to proceed with the proposed issue of the Shortfall Shares to Mr Gavin Bruce De Lacy and will not receive proceeds of \$3,136.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 7:

Information	Details
Name of the person	The allottee is Mr Gavin Bruce De Lacy (or his nominee), a Director of the Company.
Applicable category of Listing Rule 10.11	If Gavin Bruce De Lacy elects to have the Shortfall Shares issued to him personally, Listing Rule 10.11.1 applies. If Gavin Bruce De Lacy elects to have the Shortfall Shares issued to his nominee, Listing Rule 10.11.4 applies.
Number and class of securities issued	The maximum number of Shortfall Shares to be issued is 57,021.

Information	Details
Summary of material terms of the securities	The Shortfall Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
The date or dates by which the securities will be issued	The Shortfall Shares will be issued within one month of Shareholder approval being obtained by the Company (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Price at which securities will be issued	The Shortfall Shares proposed to be issued pursuant to this Resolution will be issued at an issue price of \$0.055 per Shortfall Share.
Purpose of the issue	Funds raised from the issue of the Placement Shares will be used by the Company to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt. The Shortfall Shares proposed to be issued pursuant to this Resolution are not being issued to Gavin Bruce De Lacy as part of his remuneration package.
Material terms of agreement	The proposed issue of the Shortfall Shares to Mr De Lacy are not proposed to be issued under an agreement.
Voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting above.

Chapter 2E of the Corporations Act

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Chapter 2E of the Corporations Act.

The proposed issue of the Shortfall Shares (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A “related party” for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a public company.

The non-conflicted Directors of the Company (being Mr Malcolm Ward, Mr Roland Roccioletti and Ms Beth Mathison) carefully considered the proposed issue of the Shortfall Shares to Mr Gavin Bruce De Lacy (or his nominee) and formed the view that the giving of this financial benefit to Mr De Lacy (or his nominee), is on arm’s length terms, as the Shortfall Shares are proposed to be issued on the same terms as offered to non-related parties of the Company.

Accordingly, the non-conflicted Directors of the Company believe that the proposed issue of the Shortfall Shares to Mr De Lacy falls within the “arm’s length terms” exception as set out in section 210 of the Corporations Act and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of the Shortfall Shares to Mr De Lacy does not require Shareholder approval under Chapter 2E of the Corporations Act.

Chairman appointed as proxy

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions appended to this Notice. To the extent permitted by law, the Chairman intends to vote all undirected proxies granted to him in favour of this Resolution.

Directors’ Recommendation

The Board of Directors (with Mr Gavin Bruce De Lacy abstaining) recommend Shareholders vote for this Resolution.

8. Resolution 8 – Approval of issue of Shortfall Shares to Malcolm Ward (or his nominee)

Background

As noted above in the Explanatory Statement for Resolution 7, the NREO announced by the Company to market on 29 December 2022 also comprised the Shortfall Offer. Subject to there being sufficient Shortfall Shares under the Shortfall Share, Mr Malcolm Ward, intends to subscribe for his full entitlement of Shortfall Shares, being 592,600 Shares.

Listing Rule 10.11

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Listing Rule 10.11.

The proposed issue of Shortfall Shares to Malcolm Ward falls within Listing Rule 10.11.1 (or Listing Rule 10.11.4 if he elects for the Shortfall Shares to be issued to his nominee). The proposed issue does not fall within any of the exceptions in Listing Rule 10.12, and therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

To this end, Resolution 8 seeks the required Shareholder approval to issue of the Shortfall Shares for the purposes of Listing Rule 10.11. If approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate approval is not required under Listing Rule 7.1. Please refer to the Explanatory Statement for Resolution 2 above for a summary of Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to proceed with the proposed issue of the Shortfall Shares to Mr Malcolm Ward to receive proceeds of \$32,593.

If Resolution 8 is not passed, the Company will not be able to proceed with the proposed issue of the Shortfall Shares to Mr Malcolm Ward and will not receive proceeds of \$32,593.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 8:

Information	Details
Name of the person	The allottee is Mr Malcolm Ward (or his nominee), a Director of the Company.
Applicable category of Listing Rule 10.11	If Malcolm Ward elects to have the Shortfall Shares issued to him personally, Listing Rule 10.11.1 applies. If Malcolm Ward elects to have the Shortfall Shares issued to his nominee, Listing Rule 10.11.4 applies.
Number and class of securities issued	The maximum number of Shortfall Shares to be issued is 592,600.
Summary of material terms of the securities	The Shortfall Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
The date or dates by which the securities will be issued	The Shortfall Shares will be granted within one month of Shareholder approval being obtained by the Company (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Price at which securities will be issued	The Shortfall Shares proposed to be issued pursuant to this Resolution will be issued at an issue price of \$0.055 per Shortfall Share.
Purpose of the issue	Funds raised from the issue of the Placement Shares will be used by the Company to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt. The Shortfall Shares proposed to be issued pursuant to this Resolution are not being issued to Malcolm Ward as part of his remuneration package.

Information	Details
Material terms of agreement	The proposed issue of the Shortfall Shares to Mr Ward are not proposed to be granted under an agreement.
Voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting above.

Chapter 2E of the Corporations Act

Please refer to the Explanatory Statement for Resolution 1 above for a summary of Chapter 2E of the Corporations Act.

The proposed grant of the Shortfall Shares (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The non-conflicted Directors of the Company (being Mr Gavin Bruce De Lacy, Mr Roland Roccioletti and Ms Beth Mathison) carefully considered the proposed issue of the Shortfall Shares to Mr Malcolm Ward (or his nominee) and formed the view that the giving of this financial benefit to Mr Ward (or his nominee), is on arm's length terms, as the Shortfall Shares are proposed to be issued on the same terms as offered to non-related parties of the Company.

Accordingly, the non-conflicted Directors of the Company believe that the proposed issue of the Shortfall Shares to Mr Ward falls within the "arm's length terms" exception as set out in section 210 of the Corporations Act and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of the Shortfall Shares to Mr Ward does not require Shareholder approval under Chapter 2E of the Corporations Act.

Chairman appointed as proxy

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions appended to this Notice. To the extent permitted by law, the Chairman intends to vote all undirected proxies granted to him in favour of this Resolution.

Directors' Recommendation

The Board of Directors (with Mr Malcolm Ward abstaining) recommend Shareholders vote for this Resolution.

Increase in Non Executive Director Fee Pool

9. Resolution 9 – Approval of increase in Non Executive Director Fee Pool

Background

Resolution 9 relates to the approval of the Shareholders for the maximum aggregate amount per annum that may be paid as fees to the Company's non-executive directors (**Fee Cap**). The current Fee Cap is \$250,000.

Under clause 10.9 of the Constitution, the shareholders of the Company may in general meeting set the Fee Cap.

Listing Rule 10.17

In accordance with Listing Rule 10.17, the Company must not increase the total aggregate amount of directors' fees payable to all of its non-executive Directors without the approval of Shareholders. For the purposes of this rule, "directors' fees" means all fees payable by the Company or any of its subsidiaries to a non-executive Director for acting as a director of the Company or any subsidiary and includes superannuation contributions and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out-of-pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under Listing Rules 10.11 or 10.14 with the approval of Shareholders.

The Board has recently conducted a review of non-executive directors' fees and considers it reasonable and appropriate at this time to increase the Fee Cap by \$250,000 to \$500,000, with the increase to take effect on and from the date this Resolution is passed.

The Board considers that the increased Fee Cap is appropriate for the following reasons:

- (a) it will provide flexibility for the Company to continue to attract and retain non-executive directors of a high calibre;
- (b) it will allow for future adjustments to the Company's non-executive directors fees in line with market conditions;
- (c) it will enable the Company to increase the number of non-executive directors, if the Board considers it appropriate to do so, as part of the process of achieving a broad range of skills, experience and expertise on the Board which are complementary to the Company's business activities; and
- (d) it will allow for the payment of appropriate non-executive directors fees over time, taking into account any increased time and responsibilities required of non-executive directors due to the increased complexity of the Company's corporate governance requirements or as a result of the growth of the Company.

The Board does not currently intend to fully utilise the increased Fee Cap, but considers that the increased Fee Cap is appropriate for the reasons outlined above. The Company will set the actual level of remuneration of its non-executive directors within the Shareholder approved Fee Cap, after having regard to independent external advice, market practice, Board performance and other appropriate factors.

Disclosure of non-executive directors' remuneration is made available in each annual remuneration report in accordance with the Corporations Act.

If this Resolution 9 is passed, the Fee Cap will be increased to \$500,000.

If this Resolution 9 is not passed, the Fee Cap will remain as \$250,000.

Pursuant to and in accordance with Listing Rule 10.17, the following information is provided in relation to Resolution 9:

Information	Details
Amount of the increase to the Fee Cap	The amount of the increase to the Fee Cap is \$250,000.
Maximum aggregate amount of directors' fees payable to non-executive directors	If this Resolution is passed, the maximum aggregate amount of directors' fees that may be paid to all of the Company's non-executive Directors is \$500,000 per annum.
Securities issued to non-executive directors under Listing Rules 10.11 and 10.14 during the preceding 3 years	During the preceding 3 years, no securities have been issued to non-executive Directors under Listing Rule 10.11 or 10.14 with the approval of Shareholders.
Voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting above.

Chairman appointed as proxy

Shareholders who intend to appoint the Chairman as proxy (including an appointment by default) should refer to the Proxy and Voting Instructions appended to this Notice. To the extent permitted by law, the Chairman intends to vote all undirected proxies granted to him in favour of this Resolution.

Directors' Recommendation

Given each non-executive director's interest in this matter, the Board as a whole makes no recommendation on Resolution 9.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 3 9798 9207 if they have any queries in respect of the matters set out in these documents.

Glossary

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

Listing Rules means the official Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Closely Related Party has the meaning given to that term in section 9 of the Corporations Act.

Company means Farm Pride Foods Ltd ABN 42 080 590 030.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or "\$" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **EGM** or **Meeting** means an Extraordinary General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

Key Management Personnel has the meaning given to that term under the Corporations Act.

Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated 20 January 2023 including the Explanatory Statement.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277.

Annexure A – Independent Expert Report



FARM PRIDE FOODS LIMITED

Financial Services Guide and Independent Expert's Report

20 January 2023

We have concluded that the Proposed Transaction is not fair but reasonable to Non-Associated Shareholders of Farm Pride.

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FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to the AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstance expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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20 January 2023

The Directors
Farm Pride Foods Ltd
551 Chandlers Road Keysborough
Melbourne VIC 3173

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of Extraordinary General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for an Extraordinary General Meeting ("EGM") of Farm Pride Foods Ltd ("FRM", "Farm Pride" or "the Company") to be held on or around 23 February 2023, at which shareholder approval will be sought for a number of resolutions, including:

- the issue of up to 63,636,364 shares to participants in a private placement ("the Places");
- the appointment Mr Darren Lurie and Mr George Palatianos as directors of the Company;
- the grant of Performance Rights and Options to Mr Darren Lurie (or his nominee); and
- the approval of a potential termination benefit for Darren Lurie.

1.2 The above resolutions are set out in Resolutions 1 to 6 as detailed below:

Resolution 1 – Approval of issue of Placement Shares

*To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:*

"Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, the Shareholders of the Company approve:

- (a) *the issue and allotment of up to 63,636,364 ordinary shares in the Company to participants in the private placement announced by the Company to market on 29 December 2022 (**Placement Shares**); and in doing so*
- (b) *the acquisition of a relevant interest in the issued voting Shares of the Company in excess of the threshold prescribed by section 606(1) of the Corporations Act by the recipients of the Placement Shares,*

and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

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RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Resolution 2 – Appointment of Mr Darren Lurie as a Director

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that Mr Darren Lurie, having consented to act, be appointment as a director of Farm Pride Foods Ltd, with effect from the close of this Meeting.”

Resolution 3 – Appointment of Mr George Palatianos as a Director

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that Mr George Palatianos, having consented to act, be appointment as a director of Farm Pride Foods Ltd, with effect from the close of this Meeting.”

Resolution 4 – Approval of grant of Performance Rights to Darren Lurie (or his nominee)

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the grant of 2,180,000 performance rights, each to acquire 1 fully paid ordinary share in the Company, to Darren Lurie, being a proposed Director of the Company (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Resolution 5 – Approval of grant of Options to Darren Lurie (or his nominee)

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the grant of 3,600,000 options, each to acquire 1 fully paid ordinary share in the Company, to Darren Lurie, being a proposed Director of the Company (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Resolution 6 – Approval of potential termination benefit for Darren Lurie

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“Subject to and conditional on Resolutions 1 to 6 (inclusive) being passed, that, for the purposes of sections 200B(1) and 200E of the Corporations Act, ASX Listing Rule 10.19 and for all other purposes, the giving of benefits to Mr Darren Lurie in connection with Mr Darren Lurie ceasing to hold a managerial or executive office in the Company, be approved on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

- 1.3 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd (“RSM”), being independent and qualified for the purpose, express an opinion as to whether Resolution 1 (“the Placement” or “the Proposed Transaction”) is fair and reasonable to FRM shareholders not associated with the Proposed Transaction (“Non-Associated Shareholders”) for the purposes of Section 611, item 7 of the Act and Chapter 2E of the Act.

- 1.4 When considering the Proposed Transaction, we have considered all of Resolutions 1 to 6 (inclusive) as without approval of all of Resolutions 1 to 6 (inclusive), the Proposed Transaction cannot complete.
- 1.5 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take regarding the Proposed Transaction, or the matters dealt with in this Report, Non-Associated Shareholders should seek independent professional advice.

2. Summary and Conclusion

Opinion

- 2.1 In our opinion, for the reasons set out in sections 8 and 9 of this Report, and for the purposes of section 611 item 7 and Chapter 2E of the Corporations Act, the Proposed Transaction is **not fair but reasonable** to Non-Associated Shareholders.

Approach

- 2.2 In assessing whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders, we have considered Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 111 – Content of expert reports (“RG 111”), which provides specific guidance as to how an expert is to appraise transactions.

Item 7 of s611 of the Act

- 2.3 The Company is seeking to obtain Shareholder approval for the issue of the Placement Shares under the exception in item 7 of section 611 of the Corporations Act.
- 2.4 Whilst the issue of the Placement Shares to the Placees will not result in any individual person's relevant interest in the issued voting Shares of the Company increasing from 20% or below to more than 20%, there may be a risk that the Placees will be perceived to be acting or proposing to act, in concert in relation to the Company's affairs due to the agreement to appoint Mr Lurie as MD and Mr Palatianos as a Non-Executive Director of the Company. If so, the issue of the Placement Shares to the Placees will, collectively, result in each Placee's relevant interest in the voting Shares of the Company increasing from 20% or below to more than 20%.
- 2.5 As set out in the Notice, the Placees have advised the Company that they do not intend to act in concert in relation to the affairs of the Company after settlement of the Placement and each of them will make their own decisions in relation to their respective shareholdings in the Company. Accordingly, notwithstanding the approval being sought by the Company, the Placees have advised the Company that they do not consider themselves to be “associates” under the Corporations Act.
- 2.6 Notwithstanding the above, given we have been requested to provide an opinion on the fairness and reasonableness of the Proposed Transaction for the purposes of Section 611, item 7 of the Act, we have analysed the Proposed Transaction on the basis that the Placees are “associates” and have considered the collective shareholding in the Company of the Placees after completion of the Proposed Transaction.
- 2.7 Where an issue of shares by a company otherwise prohibited under section 606 of the Corporations Act 2001 (“Corporations Act” or “the Act”) is approved under section 611, item 7, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

2.8 We have analysed the Proposed Transaction as being comparable to a takeover bid as, following the Proposed Transaction, the Placees will collectively increase their interest in the Company from 0.4% to between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the Non-Renounceable Entitlement Offer (“NREO”) currently being undertaken by the Company. The low end of the range assumes full subscription for the NREO by Non-Associated Shareholders and the high end of the range assumes only the following take up of the NREO:

- full subscription by West Coast Eggs Pty Ltd (“WCE”)¹; and
- full subscription to the NREO and full subscription for their entitlements under the shortfall facility of the NREO (subject to Shareholder Approval) by Mr Bruce De Lacy and Mr Malcolm Ward.²

Chapter 2E of the Act

2.9 Section 208 of the Act prohibits a public company from giving a financial benefit to a related party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition, as set out in sections 210 to 216 of the Act. Relevantly, there is an exception if the company first obtains the approval of its Shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

2.10 As part of the Placement, the Company has agreed to appoint Mr Darren Lurie, being an associate of LDL Custodians Pty Ltd, as the Company’s managing director (“MD”) and Mr Palatianos, being an associate of Bait of Brets Pty Ltd as a Non-Executive Director of the Company . On the basis that Mr Bruce De Lacy is a current director of the Company and Mr Darren Lurie and Mr Palatianos are proposed to be directors through the Proposed Transaction and, therefore, become related parties, the Company is also seeking approval from Non-Associated Shareholders for the Proposed Transaction under Chapter 2E of the Act.

Assessment of the Proposed Transaction

2.11 Where a transaction requires an independent expert report to address several different regulatory requirements with different measures of fairness, we consider it most prudent to adopt the most onerous of the possible tests. In analysing the Proposed Transaction, we consider the item 7 of s611 fairness test to be more onerous than the LR 10.1 fairness test, as it requires a control premium to be considered.

2.12 Therefore, we have considered whether or not the Proposed Transaction is “fair” to Non-Associated Shareholders by assessing and comparing:

- the Fair Value of a Share in FRM on a controlling basis prior to the Proposed Transaction; with
- the Fair Value of a Share in FRM on a non-controlling basis immediately post completion of the Proposed Transaction.

2.13 Our assessment of the Fair Value of a Share in FRM has been prepared on the following basis:

“the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm’s length”.

2.14 We have also considered whether the Proposed Transaction is “reasonable” to Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

¹ On 3 January 2023, The Company announced that WCE has indicated that, subject to there being no material adverse change to the Company, it intends to subscribe for its full pro rata entitlement under the NREO.

² As noted in the Notice of Meeting, both Mr Bruce De Lacy and Mr Malcolm Ward intend to subscribe for their full entitlement under the NREO and subject to obtaining shareholder approval, also intends to subscribe for their full entitlement under the shortfall facility of the NREO, being 50% of their respective NREO entitlement.

- 2.15 Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair” and “reasonable” is set out section 4 of this Report.

Fairness

- 2.16 We note the Company is currently undertaking the NREO with the associated shortfall facility and, as at the date of this Report, the level of subscription for the NREO is not known. We have, therefore, prepared an assessment of fairness under two scenarios:

Scenario 1 – Low NREO Subscription - assumes no take up by Non-Associated Shareholders, other than full subscription by WCE³ and full subscription for the NREO and full subscription for their respective entitlements under the shortfall facility of the NREO (subject to Shareholder Approval) by Mr Bruce De Lacy and Mr Malcolm Ward.⁴

Scenario 2 – All NREO shares are subscribed by eligible shareholders.

- 2.17 Our assessed Fair Value of an FRM Share prior to the Proposed Transaction (on a control basis) and immediately after the Proposed Transactions is summarised in the tables below.

Scenario 1

	Ref	Low	High	Preferred
Fair Value per Share prior to the Proposed Transaction (controlling basis)	Table 11	\$0.078	\$0.078	\$0.078
Fair Value per Share immediately after the Proposed Transaction (non-controlling basis)	Table 21	\$0.050	\$0.052	\$0.051

Source: RSM analysis

Table 1: Valuation Summary – Scenario 1

Scenario 2

	Ref	Low	High	Preferred
Fair Value per Share prior to the Proposed Transaction (controlling basis)	Table 12	\$0.074	\$0.074	\$0.074
Fair Value per Share immediately after the Proposed Transaction (non-controlling basis)	Table 22	\$0.049	\$0.051	\$0.050

Source: RSM analysis

Table 2: Valuation Summary – Scenario 2

- 2.18 As we have utilised the net assets on a going concern basis as our primary valuation methodology, our valuation of an FRM Share prior to the Proposed Transaction for both scenarios comprises a single value. The range obtained in our valuation of an FRM Share immediately after the Proposed Transaction is due to our application of a discount for minority interest in the range of 23.1% to 25.9% in our assessment of the value of an FRM Share on a non-controlling basis.

³ On 3 January 2023, The Company announced that WCE has indicated that, subject to there being no material adverse change to the Company, it intends to subscribe for its full pro rata entitlement under the NREO.

⁴ As noted in the Notice of Meeting, both Mr Bruce De Lacy and Mr Malcolm Ward intend to subscribe for their full entitlement under the NREO and subject to obtaining shareholder approval, also intends to subscribe for their full entitlement under the shortfall facility of the NREO, being 50% of their respective NREO entitlement.

2.19 The above is represented graphically as set out in the charts below.

Scenario 1

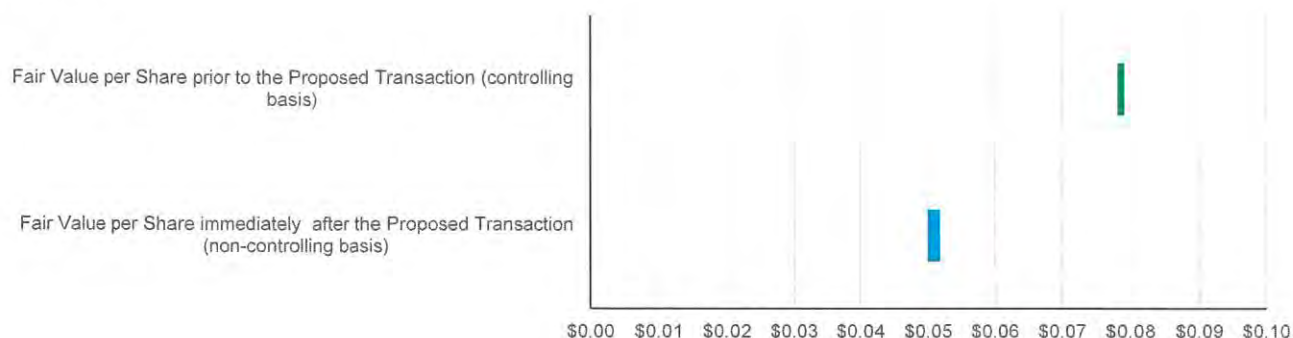


Chart 1: Valuation summary graphical representation – Scenario 1

Scenario 2

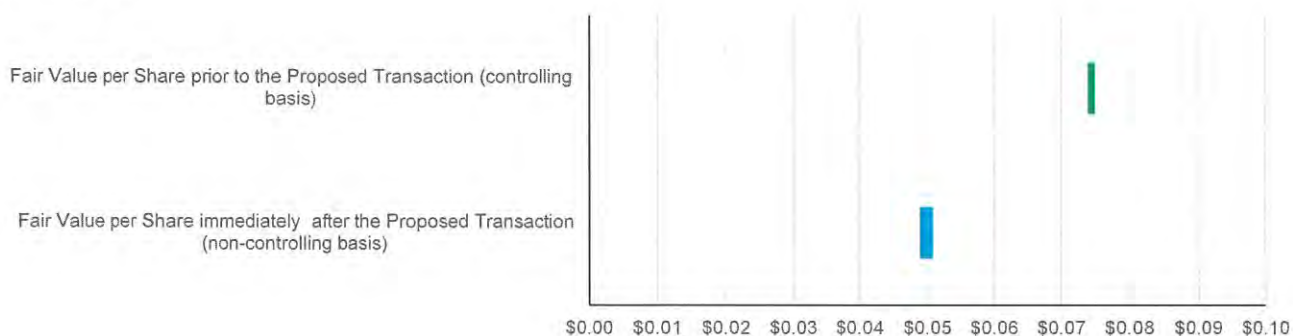


Chart 2: Valuation summary graphical representation – Scenario 2

2.20 In our opinion, as, under both scenarios, the Fair Value of an FRM Share (on a non-controlling basis) immediately after the Proposed Transaction, is less than the Fair Value of an FRM Share (on a controlling basis) prior to the Proposed Transaction, we consider the Proposed Transaction is **not fair** to the Non-Associated Shareholders of FRM.

Reasonableness

2.21 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- the trading of FRM's Shares following the announcement of the Proposed Transaction;
- other commercial advantages and disadvantages to Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- alternative proposals to the Proposed Transaction.

Future prospects of FRM if the Proposed Transaction does not proceed

- 2.22 If Resolutions 1 to 6 (inclusive) are not approved, FRM will not be able to issue the Shares proposed under Resolution 1, and the Company will not receive the corresponding \$3.5m in funding.
- 2.23 For the year ended 30 June 2022 ("FY22"), FRM disclosed a net loss after tax of \$19.8m and operating cash outflows of \$3.7m.
- 2.24 The audited financial statements for FY22 included an emphasis of matter in the independent auditor's report issued by Pitcher Partners dated 31 August 2022 that stated that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. Whilst the auditor's opinion was not modified in respect of this matter, it was noted that FRM's ability to continue as a going concern was dependent on whether FRM could implement its operational initiatives over the next 12 months including the active management of inventory levels, debtors, and creditors within strict terms and limits, undertaking targeted capital expenditure to improve asset life, quality and safety to support the Company's focus on diversified revenue sources to adapt to changing market conditions, as well as forecast internal egg production progressively returning to maximum capacity in line with a progressive recovery from Avian Influenza on flocks and COVID.
- 2.25 We have been advised that, in November 2022, the Directors of FRM began to consider the sustainability of the Company and its ability to pay its debts as and when they fell due and, therefore, commenced a review with KPMG to provide solvency and safe harbour advice. This review has been ceased as a result of the NREO and the Proposed Transaction.
- 2.26 The net proceeds to be raised from the Proposed Transaction and the NREO undertaken in January 2023 will be used by the Company to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity, and to pay down debt.
- 2.27 If the Proposed Transaction does not proceed, we have been advised that FRM will look to implement the following actions as a priority:
- An alternative MD candidate would look to be appointed, with a potential candidate having been identified by the Company;
 - Mr Bruce De Lacy would remain involved in the management of the business for an extended period of time to transition to the new alternative MD;
 - The Company would continue to pursue price increases and further rationalise the operations of the business;
 - The Company would look for other capital raising opportunities, noting that the Company has undertaken a lengthy process in the past utilising Moelis & Company as an advisor and no other external capital raising opportunities were identified, consequently this would likely be in the form of a further non-renounceable entitlements offer;
 - The Company would consider, subject to lender consent, the sale and lease back of its Nathalia and or Lethbridge farms; and
 - Solvency and safe harbour investigations would most likely be recommended.

Response of the market to the Proposed Transaction

- 2.28 The Proposed Transaction was announced on 29 December 2022, on which date the opening share price of FRM was \$0.125.
- 2.29 FRM's volume weighted average share price ("VWAP") of \$0.114 post the announcement of the Proposed Transaction on 29 December 2022 through to 19 January 2023 is marginally below the closing share on 28 December 2022, indicating some negative sentiment, however, this movement will also incorporate the valuation impact of the NREO which was also announced on 29 December 2022.

Advantages of approving the Proposed Transaction to Non-Associated Shareholders:

- 2.30 The advantages of the Proposed Transaction are:

Advantage	Details
Additional capital raised	<p>The approval of the Proposed Transaction will provide \$3.5 million in Placement proceeds which will be used to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt. This will assist in securing the ongoing solvency of the Company.</p> <p>In the absence of the Proposed Transaction, the Company will need to undertake further action to secure the ongoing solvency of the Company.</p>
Proposed Transaction is priced at the same price as the NREO	<p>The Proposed Transaction is priced at the same price as the NREO of 7 new fully paid ordinary Shares in the Company for every 12 existing Shares held by eligible shareholders as at 4 January 2023 at an issue price of \$0.055 per Share.</p>
Increased Board experience and skills with alignment in interests for the new MD.	<p>Subject to completion of the Placement, Mr Darren Lurie will be appointed as Managing Director and Mr George Palatianos will be appointed as a Non-Executive Director of the Company.</p> <p>Mr Lurie is a former consultant, Non-Executive Director and Non-Executive Chair of the Company and therefore has significant knowledge of the egg industry and the operations of the Company, in addition to prior experience as the CEO of an ASX listed company.</p> <p>Mr Palatianos is an experienced investment director and group CFO and has held roles at organisations within the agribusiness, construction, property investment and finance sectors.</p> <p>The above appointments will bring additional experience and skills to the Board.</p> <p>Mr Darren Lurie and Mr Palatianos are also participating in the Placement and will, therefore, hold significant interests in the Company. Such ownership should assist in aligning Mr Lurie's and Mr Palatianos's interests with those of Non-Associated Shareholders.</p>
The Placees shareholding will not exceed 20% individually	<p>The Proposed Transaction will provide the Placees with a collective shareholding of between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the NREO. Individually, there are no Placees that will have a shareholding greater than 20% to exercise control.</p> <p>Therefore, a number of Placees would need to act in concert to exercise control. We note that there is still a risk to Non-Associated Shareholders that the Placees may act in concert.</p>

Table 3: Advantages of the Proposed Transaction

Disadvantages of approving the Proposed Transaction to Shareholders:

2.31 The disadvantages of the Proposed Transaction are:

Disadvantage	Details
The Proposed Transaction is not fair	As set out above, as the Fair Value of an FRM Share (on a non-controlling basis) immediately after the Proposed Transaction, is less than the Fair Value of an FRM Share (on a controlling basis) prior to the Proposed Transaction, the Proposed Transaction is not fair.
Placees will hold a significant interest in the Company	Placees will collectively hold an interest of between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the NREO. Accordingly, we consider that the Placees will collectively have significant influence on the strategic direction of the Company as compared to Non-Associated Shareholders.
Dilution of Non-Associated Shareholders interests	Non-Associated Shareholders' interests will be diluted from 99.6% to between 53.2% and 57.7% dependent on the level of subscription by Non-Associated Shareholders for the NREO. The dilution of Non-Associated Shareholders' interests reduces the ability of Non-Associated Shareholders to influence the strategic direction of the Company, including acceptance or rejection of any takeover or merger proposals.

Table 4: Disadvantages of the Proposed Transaction

Alternative proposals

2.32 We are not aware of any alternative proposals which may provide greater benefit to Non-Associated Shareholders at this time.

Conclusion on Reasonableness

2.33 In our opinion, and in the absence of any other relevant information and/or a superior offer, for the purposes of section 611, item 7, and Chapter 2E of the Corporations Act, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of FRM.

3. Summary of Proposed Transaction

Overview

- 3.1 On 29 December 2022, FRM announced that the Company had finalised terms for a proposed \$5.27m capital raise comprising:
- a non-renounceable entitlement offer of 7 new Shares in the Company for every 12 existing Shares held by eligible shareholders as at Wednesday, 4 January 2023, at an issue price of \$0.055 (5.5 cents) per share to existing shareholders to raise up to \$1.77m (before costs), representing the issue of up to 32,188,435 new Shares ("NREO Shares"); and
 - the Placement, comprising a placement to institutional, sophisticated and professional investors by the issue of new Shares at \$0.055 (5.5 cents) per share to raise gross proceeds of \$3.5m (before costs), representing the issue of 63,636,364 new Shares.
- 3.2 The Offer Booklet for the NREO was dispatched to eligible shareholders on 9 January 2023 with the NREO closing on 18 January 2023, and the results of the NREO and details of shortfall (if any) expected to be announced on 25 January 2023.
- 3.3 The investors under the Placement were not eligible to participate in the NREO.
- 3.4 The Placees under the Placement are listed in the table below.

Placee	Placement Shares	Subscription amount
Bait of Brets Pty Ltd ACN 603 944 707 as trustee for Willow Investments Trust ("Bait of Brets")	21,818,182	1,200,000
Dr Philip Currie and Mrs Anne Jennifer Currie as trustee for Currie Family Superannuation Fund ("Currie")	21,818,182	1,200,000
Gavin Bruce De Lacy ("De Lacy")	1,818,182	100,000
Jadig Superannuation Pty Ltd ACN 122 506 432 as trustee for the Gringlas Family Superannuation Fund ("Jadig")	3,636,364	200,000
LDL Custodians Pty Ltd ACN 154 486 656 as trustee for 17 Holroyd Trust ("LDL Custodians")	14,545,454	800,000
Total	63,636,364	3,500,000

Source: Notice of EGM

Table 5: Placees of the Proposed Transaction

Impact of Proposed Transaction on FRM's Capital Structure

3.5 The table below summarises the capital structure of the Company at the date of this Report, and prior to and immediately following the Proposed Transaction under both Scenario 1 and Scenario 2.

	Number of Shares ('000)	%	Number of Shares ('000)	%
Capital structure at the date of this Report				
Number of ordinary Shares held by De Lacy	195,502	0.4%		
Number of ordinary Shares held by Non- Associated Shareholders	54,984,673	99.6%		
Total	55,180,175	100.0%		
FRM capital structure immediately after the Proposed Transaction (prior to the NREO)				
Number of ordinary Shares held by Bait of Brets	21,818,182	18.4%		
Number of ordinary Shares held by Currie	21,818,182	18.4%		
Number of ordinary Shares held by De Lacy	2,013,684	1.7%		
Number of ordinary Shares held by Jadiq	3,636,364	3.1%		
Number of ordinary Shares held by LDL Custodians	14,545,454	12.2%		
Number of ordinary shares held by Placees	63,831,866	53.7%		
Number of ordinary Shares held by Non- Associated Shareholders	54,984,673	46.3%		
Total	118,816,539	100.0%		
FRM capital structure immediately after the Proposed Transaction and NREO	Scenario 1 - Low NREO Subscription		Scenario 2 - Full NREO Subscription	
Number of ordinary Shares held by Bait of Brets	21,818,182	15.9%	21,818,182	14.4%
Number of ordinary Shares held by Currie	21,818,182	15.9%	21,818,182	14.4%
Number of ordinary Shares held by De Lacy	2,184,747	1.6%	2,127,726	1.4%
Number of ordinary Shares held by Jadiq	3,636,364	2.7%	3,636,364	2.4%
Number of ordinary Shares held by LDL Custodians	14,545,454	10.6%	14,545,454	9.6%
Number of ordinary shares held by Placees	64,002,929	46.8%	63,945,908	42.3%
Number of ordinary Shares held by Non- Associated Shareholders	72,796,148	53.2%	87,059,066	57.7%
Total	136,799,077	100.0%	151,004,974	100.0%

Table 6 : FRM capital structure prior to and immediately after the Proposed Transaction

- 3.6 At the date of this Report, the Company has 55,180,175 Shares on issue prior to any new Shares issued under the NREO. Prior to the NREO, completion of the Proposed Transaction would result in the dilution of Non-Associated Shareholders' interests from 99.6% to 46.3%.
- 3.7 If the NREO is fully subscribed (scenario 2), the Company would have 151,004,974 Shares on issue and Non-Associated Shareholders would collectively hold a 57.7% interest in the Company and the Placees will hold a 42.3% interest.
- 3.8 On the basis of a low NREO subscription (Scenario 1), being only WCE, Mr Malcolm Ward and De Lacy taking up their full entitlement (including Mr Malcolm Ward and De Lacy taking up their respective entitlements under the shortfall facility of the NREO), the Company would have 136,799,077 Shares on issue and Non-Associated Shareholders would collectively hold a 53.2% interest in the Company and the Placees would hold a 46.8% interest.
- 3.9 In addition to the above, Mr Darren Lurie, an associate of LDL Custodians, will be granted 2.18m Performance Rights and 3.6m options in the Company.

The Performance Rights vest based on Mr Darren Lurie remaining employed by the Company during and at expiry of the relevant measurement period as set out below.

Tranche	Number	Measurement Period
Tranche 1	545,000	6 months from Grant Date
Tranche 2	545,000	12 months from Grant Date
Tranche 3	545,000	18 months from Grant Date
Tranche 4	545,000	24 months from Grant Date
Total	2,180,000	

The options vest based on the following vesting conditions being satisfied.

Tranche	Number	Vesting condition	Exercise Price	Expiry Date
Tranche 1	1,200,000	Achieving EBITDA of \$4m during any financial year before 30 June 2025	\$0.055	3 years from vesting
Tranche 2	1,200,000	Achieving EBITDA of \$6m during any financial year before 30 June 2026	\$0.055	3 years from vesting
Tranche 3	1,200,000	Achieving EBITDA of \$8m during any financial year before 30 June 2027	\$0.055	3 years from vesting
Total	3,600,000			

To the extent that all Performance Rights and options vest and are exercised, the interest in the Company held by Mr Lurie and his associated entities (assuming no other changes in the Company's share structure) would increase to 14.3% under Scenario 1 and 13.0% under Scenario 2. Consequently, the total interest in the Company held by the Placees would increase to 48.9% under Scenario 1 and 44.5% under Scenario 2.

4. Scope of the Report

Corporations Act

- 4.1 Section 606(1) of the Corporations Act provides that, subject to limited specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company, if as a result of the acquisition, any person's voting power in the company would increase from 20% or below to more than 20%, or, from a starting point that is above 20% and below 90%. In broad terms, a person has a "relevant interest" if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) holds, compared with the total number of voting shares in the company.
- 4.2 Whilst the issue of the Placement Shares to the Placees will not result in any individual person's relevant interest in the issued voting Shares of the Company increasing from 20% or below to more than 20%, there may be a risk that the Placees will be perceived to be acting or proposing to act, in concert in relation to the Company's affairs due to the agreement to appoint Mr Lurie as MD and Mr Palatianos as a Non-Executive Director of the Company. If so, the issue of the Placement Shares to the Placees, will collectively result in each Placee's relevant interest in the voting Shares of the Company increasing from 20% or below to more than 20%.
- 4.3 As set out in the Notice, the Placees have advised the Company that they do not intend to act in concert in relation to the affairs of the Company after settlement of the Placement and each of them will make their own decisions in relation to their respective shareholdings in the Company. Accordingly, notwithstanding the approval being sought by the Company, the Placees have advised the Company that they do not consider themselves to be "associates" under the Corporations Act.
- 4.4 Notwithstanding the above, given we have been requested to provide an opinion on the fairness and reasonableness of the Proposed Transaction for the purposes of Section 611, item 7 of the Act, we have analysed the Proposed Transaction on the basis that the Placees are "associates" and have considered the collective shareholding in the Company of the Placees after completion of the Proposed Transaction.
- 4.5 Completion of the Proposed Transaction will result in the Placees holding a relevant interest in FRM of between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the NREO.
- 4.6 Therefore, on the assumption that the Placees are deemed to be associates, as defined in the Corporations Act, the Company would be in breach of section 606(1) of the Corporations Act in the absence of an applicable exemption.
- 4.7 Section 611, item 7 of the Corporations Act provides an exemption to the rule noted in paragraph 4.1 above as it allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited under section 606(1) if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company and:
1. no votes are cast in favour of the resolution by the proposed acquirers or respective associates; and
 2. there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution.
- 4.8 Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the commissioning of an IER and provides guidance on the content.

- 4.9 As part of the Placement, the Company has agreed to appoint Mr Darren Lurie, being an associate of LDL Custodians Pty Ltd, as the Company's managing director ("MD") and Mr Palatianos, being an associate of Bait of Brets Pty Ltd as a Non-Executive Director of the Company . On the basis that Mr Bruce De Lacy is a current director of the Company and Mr Darren Lurie and Mr Palatianos are proposed to be directors through the Proposed Transaction and, therefore, become related parties, the Company is also seeking approval from Non-Associated Shareholders for the Proposed Transaction under Chapter 2E of the Act.
- 4.10 We have also considered RG111.63, which states, "Generally an expert need only conduct one analysis of whether the transaction is 'fair and reasonable', even if the report has been prepared for a reason other than the transaction being a related party transaction (e.g., if Section 611(7) approval is also required)".
- 4.11 As the Report considers the Proposed Transaction on the basis of Section 611(7), we consider this analysis is sufficient to provide an opinion on the fairness and reasonableness for the purpose of Chapter 2E of the Act.

Basis of Evaluation

- 4.12 In determining whether the Proposed Transaction is "fair and reasonable", we have given regard to the views expressed by ASIC in RG 111.
- 4.13 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.14 RG 111 states that the expert report should focus on:
- the issues facing the security holders for whom the report is being prepared; and
 - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.15 Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.
- 4.16 RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover bid, stating:
- a takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
 - a takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer.
- 4.17 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is "fair and reasonable" to the Non-Associated Shareholders, the analysis undertaken is as follows:
- a comparison of the Fair Value of an ordinary Share in FRM prior to, and immediately following the Proposed Transaction, being the "consideration" for Non-Associated Shareholders in the assessment of fairness; and
 - a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction in the assessment of reasonableness.

- 4.18 In particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that the Proposed Transaction proceeds or does not proceed including:
- the future prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 4.19 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Farm Pride Foods Limited

Background

- 5.1 FRM is an ASX listed vertically integrated egg company that farms, processes and markets a range of egg and egg related products in Australia.
- 5.2 The Company offers free range, barn laid and farm fresh eggs. In addition to the farming and production of free range, barn laid, and cage laid fresh eggs, Farm Pride also produces and markets egg products, including frozen or chilled liquid pasteurised whole egg, egg white, egg yolk, and scrambled eggs, as well as frozen pre-cooked hard boiled, fried, and scrambled egg products. The Company serves retail, industrial and food service sectors.
- 5.3 Farm Pride was founded in 1937 and listed on the ASX on 19 December 1997. The Company holds egg farms around Australia and operates major processing and egg grading facilities.

Directors and management

- 5.4 At the date of this Report, the directors and key management of FRM comprise the following:
- Mr Bruce De Lacy (Director, Interim Chief Executive Officer and Interim Company Secretary);
 - Mr Malcolm Ward (Non-Executive Director);
 - Mr Roland Roccioletti (Non-Executive Director and Independent Chair – appointed 25 August 2022);
 - Ms Beth Mathison (Non-Executive Director – appointed 25 August 2022); and
 - Mr Harris Baig (Interim Chief Financial Officer).
- 5.5 Subject to completion of the Placement, Mr Darren Lurie will be appointed as Managing Director and Mr George Palatianos will be appointed as a Non-Executive Director of the Company.

Financial information

5.6 The information in the following section provides a summary of the consolidated financial performance of FRM for the years ended 30 June 2020 ("FY20"), 30 June 2021 ("FY21"), 30 June 2022 (FY22) and for the 5-month period ended 30 November 2022 ("YTD23"), and the consolidated financial position of FRM at 30 June 2021, 30 June 2022 and 30 November 2022, extracted from FRM's audited financial statements and unaudited management accounts. YTD23 financial information has been extracted from unaudited management information in a different presentation format to annual accounts.

Financial performance

5.7 The following table sets out a summary of the consolidated financial performance of FRM for FY20, FY21, FY22 and YTD23.

Farm Pride Foods Limited Historical Financial Performance	FY20 Audited \$'000	FY21 Audited \$'000	FY22 Audited \$'000	YTD23 Unaudited \$'000
Shell egg	69,264	52,420	48,058	-
Egg product	20,025	20,020	24,660	-
Other	945	876	1,322	-
Total revenue from contracts with customers	90,234	73,316	74,040	31,031
Operating expenses				
Changes in inventories of finished goods and work in progress	1,153	(1,470)	310	-
Raw materials and consumables used	(66,543)	(52,537)	(56,770)	-
Employee benefits expense	(15,811)	(15,305)	(16,568)	-
Loss on disposal of biological assets	-	(3,652)	-	-
Impairment of property, plant and equipment	-	(3,219)	(4,754)	-
Other expenses	(1,865)	(3,860)	(3,410)	-
Total operating expenses	(83,066)	(80,043)	(81,192)	(32,000)
Other income	93	3,675	2,537	-
EBITDA	7,261	(3,052)	(4,615)	(969)
<i>EBITDA margin %</i>	<i>8.0%</i>	<i>(4.2%)</i>	<i>(6.2%)</i>	<i>(3.1%)</i>
Depreciation and amortisation	(8,069)	(9,090)	(7,163)	(2,735)
EBIT	(808)	(12,142)	(11,778)	(3,704)
Finance costs	(2,291)	(2,376)	(2,177)	(826)
Loss before income tax expense	(3,099)	(14,518)	(13,955)	(4,531)
Income tax expense	930	2,547	(5,827)	-
Loss after income tax expense	(2,169)	(11,971)	(19,782)	(4,531)

Source: Company audited financial statements and management accounts

Table 7: FRM Financial Performance

- 5.8 FRM disclosed total revenue of \$90.2m for FY20, with revenue comprising shell egg, egg product and other revenue of \$69.3m, \$20.0m and \$945k, respectively. Total sales declined to \$73.3m for FY21, primarily due to the impact of Avian Influenza on flocks early in FY21 and the disruption caused by the COVID-19 pandemic, with total revenue for FY21 comprising shell egg, egg product and other revenue of \$52.4m, \$20.0m and \$876k, respectively. Total sales increased slightly to \$74.0m for FY22, with sales comprising shell egg, egg product and other revenue of \$48.1m, \$24.7m and \$1.3m, respectively.
- 5.9 FY22's financial performance reflected the continued disruption caused by replacing flocks after the Avian Influenza outbreak in mid-2020, the COVID-19 pandemic, broader cost of goods increases and the failure to pass on price increases and lower egg recovery from farms due to performance/farm management issues.
- 5.10 Operating expenses primarily comprise changes in inventories of finished goods and work in progress, raw materials and consumables used, and employee benefits expense.

- 5.11 The Company also disclosed a loss from the disposal of biological assets of \$3.7m in FY21, and impairment expenses on property, plant and equipment totalling \$3.2m and \$4.8m for FY21 and FY22, respectively. We have been advised that further impairment expenses may be recorded for the six months ended 31 December 2022 once further impairment testing is completed at 31 December 2022.
- 5.12 Operating expenses totalled \$83.1m, \$80.0m and \$81.2m for F20, FY21 and FY22, respectively.
- 5.13 Other income for FY22 of \$2.5m included \$2.4m in profit recognised from the sale of FRM's Keysborough manufacturing site. The settlement process was completed on 9 July 2021. Other income for FY21 of \$3.7m included compensation received for the Avian Influenza outbreak of \$3.6m.
- 5.14 The Company earnings at the EBITDA level was \$7.3m for FY20, compared to losses of \$3.1m and \$4.6m for FY21 and FY22, respectively.
- 5.15 Finance costs of \$2.3m, \$2.4m and \$2.2m recognised for FY20, FY21 and FY22, respectively, comprised interest expense on borrowings.
- 5.16 The Company disclosed losses before income tax of \$3.1m, \$14.5m and \$14.0m for FY20, FY21 and FY22, respectively.
- 5.17 The Company disclosed the following for YTD23:
- total revenue of \$31.0m;
 - EBITDA loss of \$1.0m; and
 - net loss for the period of \$4.5m.
- 5.18 FRM's financial performance for YTD23 reflected FRM's ongoing challenges arising from the egg industry's rising costs across all key aspects of the business including feed costs, birds, utilities, fuel, transport, as well as significant labour shortages and the failure to pass on price increases. In response, FRM is increasing prices wherever possible for its products, and streamlining operations in response to disrupted supply chains and reduced raw material availability.

Financial position

5.19 The table below sets out a summary of the consolidated financial position of FRM as at 30 June 2021, 30 June 2022 and 30 November 2022.

Farm Pride Foods Limited Historical Financial Position	As at 30-Jun-21 Audited \$'000	As at 30-Jun-22 Audited \$'000	As at 30-Nov-22 Unaudited \$'000
Current assets			
Cash and cash equivalents	1,285	2,150	2,273
Trade and other receivables	6,105	7,920	10,284
Inventories	4,541	4,851	5,287
Biological assets	7,603	5,897	8,981
Other current assets	778	1,919	1,595
Assets held for re-sale	2,868	-	-
Total current assets	23,180	22,737	28,420
Non-current assets			
Biological assets	414	403	-
Deferred tax assets	5,827	-	-
Lease assets	10,966	10,091	8,151
Property, plant and equipment	31,627	25,513	24,857
Total non-current assets	48,834	36,007	33,008
Total assets	72,014	58,744	61,428
Current liabilities			
Trade and other payables	10,610	12,560	16,427
Borrowings	-	-	997
Lease liabilities	3,959	4,535	2,475
Provisions	1,928	1,829	1,862
Total current liabilities	16,497	18,924	21,760
Non-current liabilities			
Borrowings	18,709	11,575	15,982
Lease liabilities	7,462	18,705	18,675
Provisions	201	177	177
Total non-current liabilities	26,372	30,457	34,835
Total liabilities	42,869	49,381	56,595
Net assets	29,145	9,363	4,833
Contributed equity	29,578	29,578	29,578
Retained earnings / (losses)	(433)	(20,215)	(24,745)
Total equity	29,145	9,363	4,833

Source: Company audited financial statements and management accounts

Table 8: FRM Financial Position

- 5.20 FRM disclosed net assets of \$29.1m, \$9.4m and \$4.8m at 30 June 2021, 30 June 2022 and 30 November 2022, respectively, with the decline in net assets due to ongoing trading losses, write-downs and disposals of assets together with increasing liabilities.
- 5.21 FRM reported inventories of \$4.5m, \$4.9m and \$5.3m at 30 June 2021, 30 June 2022 and 30 November 2022, respectively. Inventories comprised raw materials and finished goods.

- 5.22 The Company disclosed biological assets of \$8.0m, \$6.3m and \$9.0m at 30 June 2021, 30 June 2022 and 30 November 2022, respectively. The Company held 1.2m and 873k birds at 30 June 2021 and 30 June 2022, respectively.
- 5.23 During FY22, the Company sold its Keysborough manufacturing facility for \$18.5m. Proceeds from the sale were used to reduce debt levels and fund future growth and innovation initiatives. Borrowings declined from \$18.7m at 30 June 2021 to \$11.6m at 30 June 2022, respectively.
- 5.24 Assets held for re-sale at 30 June 2021 of \$2.9m related to the Keysborough manufacturing site.
- 5.25 Property, plant and equipment comprised land and buildings, plant and equipment and capital works in progress of \$17.9m, \$7.4m and \$195k at 30 June 2022. Management has advised that the Company currently lacks the required funds to repair key equipment and maintain farms to maximise production.
- 5.26 FRM disclosed trade and other payables of \$10.6m, \$12.6m and \$16.4m at 30 June 2021, 30 June 2022 and 30 November 2022, respectively, with trade and other payables consistently increasing over FY22 and YTD23 as a result of the Company's cash flow restraints.
- 5.27 FRM disclosed lease assets of \$11.0m, \$10.1m and \$8.2m at 30 June 2021, 30 June 2022 and 30 November 2022, respectively, relating to land and buildings and plant and equipment assets at 30 June 2021, 30 June 2022 and 30 November 2022, respectively.
- 5.28 FRM disclosed corresponding lease liabilities of \$11.4m, \$23.2m and \$21.2m at 30 June 2021, 30 June 2022 and 30 November 2022, respectively.
- 5.29 As at 30 November 2022, the Company disclosed current borrowings of \$1.0m comprising of a short term loans from AAA Egg Company Pty Ltd and Oak Meadow Pty Ltd totalling \$750k (refer paragraph 5.31 below) and short term insurance premium financing of \$247k.
- 5.30 The Company disclosed non-current borrowings of \$11.6m and \$16.0m at 30 June 2022 and 30 November 2022, respectively. At 30 June 2022, \$11.6m of available facilities of \$14.3m had been drawn down.
- 5.31 The Company's borrowings currently comprise of the following:
- Merricks Capital Finance Facility - \$14.0m facility. This debt facility is secured by a fixed charge over selected property and Company assets. This debt facility was renewed on 15 June 2022 and the term of the facility is for 26 months to 31 August 2024;
 - TP24 – Credit Line Facility - \$2.0m secured revolving loan facility secured by a featherweight general security agreement over the Company's assets, a first ranking priority charge/deed of priority over the Company's receivables; and
 - Short term bridging loans provided by the AAA Egg Company Pty Ltd (\$500,000), Oakmeadow Pty Ltd (\$250,000) and Morago Holdings Pty Ltd (\$750,000)⁵.
- 5.32 FRM's reported provisions relate to annual leave and long service leave entitlements.

⁵ The loan from Morago Holdings Pty Ltd was provided in December 2022.

Capital structure

5.33 As at the date of this Report, FRM had 55,180,175 Shares on issue. The top 20 FRM shareholders as at 28 December 2022 are set out in the table below. 71.7% of the shares on issue were held by the top 20 Shareholders.

Shareholder	Number	%
West Coast Eggs Pty Ltd	27,486,302	49.8%
Normpat Pty Ltd	2,064,250	3.7%
Oakmeadow Pty Ltd	2,011,772	3.6%
Markcamp No 2 Pty Ltd	1,071,716	1.9%
Glenmon No 2 Pty Ltd	1,003,057	1.8%
David Ricardo Asset Management Pty Ltd	738,888	1.3%
Merrill Lynch (Australia) Nominees Pty Limited	633,126	1.1%
Bnp Paribas Nominees Pty Ltd	519,209	0.9%
Mr Clinton James Quay	500,000	0.9%
Mr Raymond John Chamberlain	488,000	0.9%
Dr Walid Mohammed Abdel-Maksoud Aly	393,002	0.7%
Gobblers Inc Pty Ltd	391,144	0.7%
Mr David Grant Messent	319,419	0.6%
Mr Tomasso Montalto & Estate Late Mauro Montalto	316,861	0.6%
Fusion Electrics (Aust) P/L	300,000	0.5%
Zero Nominees Pty Ltd	294,547	0.5%
Mr Edward Michael Glennon & Mrs Margeurite Mary Glennon	260,000	0.5%
Ashford Super Fund Pty Ltd	255,295	0.5%
Neweconomy Com Au Nominees Pty Limited	252,454	0.5%
Mr Genaro Paul Auriemma Mrs Dilaila Auriemma	250,000	0.5%
	39,549,042	71.7%
Other Shareholders	15,631,133	28.3%
Total	55,180,175	100.0%

Table 9: FRM shareholder summary

Share price performance

5.34 The chart below sets out a summary of FRM's daily closing share price and traded volumes on the ASX from the period 1 June 2021 to 19 January 2023.

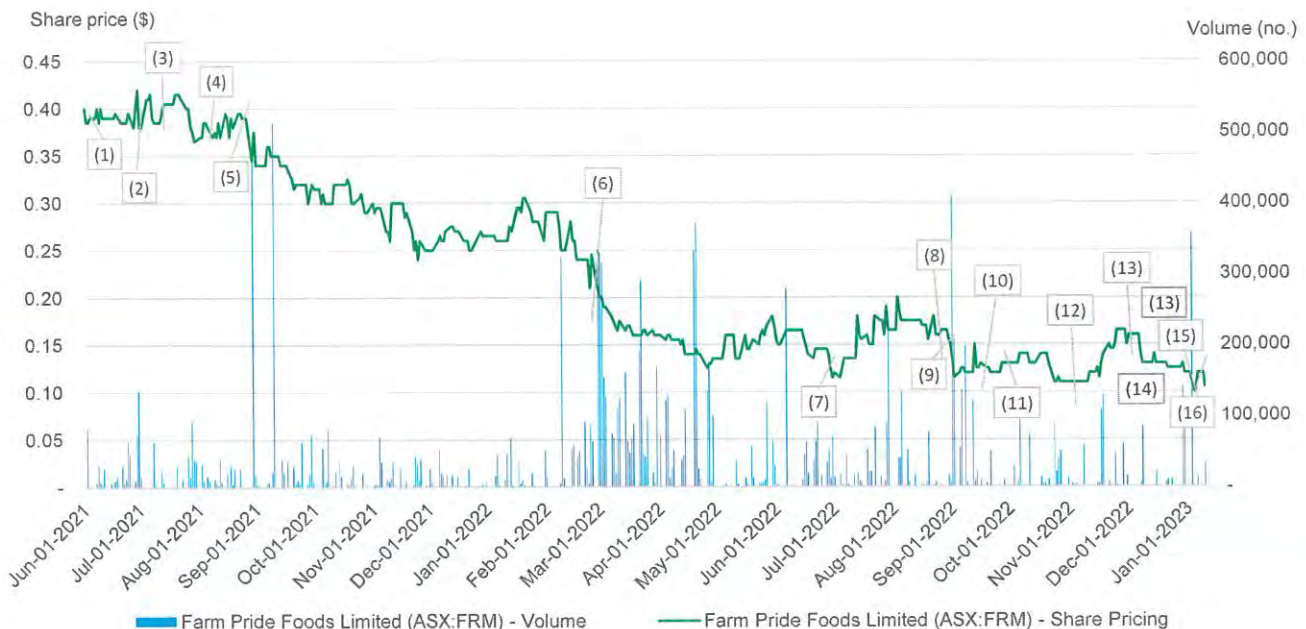


Chart 3: FRM traded share price and volume chart

5.35 Over the period above, FRM's Shares have traded from a high of \$0.42 on 30 June 2021 to a low of \$0.11 on several days from the period 24 October 2022 to 10 November 2022. The Company's share price closed at \$0.125 on 28 December 2022, the day before the announcement of the NREO and Placement.

5.36 We make the following comments with regard to FRM's recent share price performance and ASX announcements:

Ref	Date	Announcement details
(1)	4 Jun 2021	The Company announced the resignation of Mrs Geeta Kulkarni, Chief Financial Officer ("CFO") in the coming weeks, with Mr Robin Donohue announced as the new CFO.
(2)	29 Jun 2021	The Company announced it had entered an unconditional agreement with a property fund manager to sell its Keysborough manufacturing site with settlement expected to occur on or around 9 July 2021. Proceeds from sale would be used to reduce debt and providing working capital to drive business recovery.
(3)	12 Jul 2021	The Company announced the \$18.5m settlement of the sale of the Keysborough facility. The Company entered into a long-term lease of 15 years with an additional 5-year option.
(4)	6 Aug 2021	FRM held an investor presentation through a live Webcast on the egg market and the Company.
(5)	27 Aug 2021	FRM released its financial report for FY21. FRM reported revenues from ordinary activities to be down by 14.76% and profit from ordinary activities after tax attributable to members to down by 451.91% compared to FY20.

Ref	Date	Announcement details
(6)	25 Feb 2022	FRM released its half year report for the 6 months to 31 December 2021. The Company reported revenues from ordinary activities to be down 3.79% and losses from ordinary activities after tax attributable to members to be up 48.39% compared to the prior year period.
(7)	30 Jun 2022	FRM announced the successful completion of debt refinancing with a \$14.3m term debt facility. Key terms of the refinance were: <ul style="list-style-type: none"> • Expiry date of August 2024; • No principal amortisation; and • Debt secured against farming and property assets.
(8)	25 Aug 2022	The Company announced the appointment of Ms Beth Mathison and Mr Roland Roccioletti as Non-Executive Directors effective immediately.
(9)	31 Aug 2022	FRM released its financial report for FY22. The Company reported revenues from ordinary activities to be down 0.54% and losses from ordinary activities after tax attributable to members to be down 66.25% compared to FY21.
(10)	15 Sep 2022	The Company announced that Mr Peter Bell had stepped down as Chair of the Board effective immediately. Mr Peter Bell was to continue as a Non-executive Director until the Annual General Meeting (“AGM”) in November 2022.
(11)	27 Sep 2022	FRM announced that Chief Executive Officer (“CEO”) Daryl Bird had resigned from the Company. Bruce De Lacy, Non-executive Director and Audit Chair had agreed to act as Interim Managing Director while the Company identifies a suitable replacement.
(12)	17 Nov 2022	Managing Director’s FY22 presentation to Shareholders released to the market.
(13)	1 Dec 2022 & 16 Dec 2022	FRM announced that CFO Robin Donohue had resigned from the Company and that Harris Baig, currently the Company’s Finance Manager would act as Interim CFO whilst the Company identified a suitable replacement. Thereafter, the Company announced that Robin Donahue had resigned as Company Secretary effective immediately, with Bruce De Lacy acting as Company Secretary
(14)	29 Dec 2022	Announcement of the NREO and Proposed Transaction
(15)	3 Jan 2023	The Company announced an update to details of proposed NREO, the Company’s Appendix 3B lodged on 29 December 2022 incorrectly stated that the NREO will require shareholder approval. The NREO does not require shareholder approval.
(16)	9 Jan 2023	FRM confirmed completion of dispatch of letters to eligible Farm Pride Shareholders to enable them to access the Offer Document in response to the 7:12 pro rata non-renounceable entitlement offer announcement on 29 December 2022.

Table 10: Summary of ASX Announcements

6. Valuation Approach

Basis of Valuation

- 6.1 The valuation of an FRM Share prior to and immediately after the Proposed Transaction has been prepared on the basis of Fair Value, being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 6.2 In assessing the value of an FRM Share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 6.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows:
- Market Based Methods;
 - Income Based Methods; and
 - Asset Based Methods.

Market based methods

- 6.4 Market based methods estimate the Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities; and
 - industry specific methods.
- 6.5 The recent quoted price for listed securities method provides evidence of the fair value of a company's securities where they are publicly traded in an informed and liquid market.
- 6.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 6.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- capitalisation of maintainable earnings; and

- discounted cash flow (DCF) methods.
- 6.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 6.9 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

- 6.10 Asset based methodologies estimate the Market Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
 - orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 6.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 6.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 6.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of FRM prior to the Proposed Transaction

- 6.14 Income based methods are appropriate where earnings of the business are maintainable and sufficient to justify a value exceeding the value of the underlying assets.
- 6.15 FRM disclosed losses before income tax of \$14.5m, \$14.0m and \$4.5m for FY21, FY22 and YTD23, respectively. As a result, and in accordance with RG 111, we have not utilised an income-based methodology in our assessment of the Fair Value of an FRM Share.
- 6.16 In assessing the Fair Value of an FRM Share, we have therefore utilised the net assets on a going concern basis as our primary valuation methodology. In utilising this methodology, we have relied upon the net book value of assets and liabilities as set out in FRM's unaudited management accounts as at 30 November 2022.

- 6.17 We have also utilised the quoted market price methodology as our secondary valuation methodology. FRM's Shares are listed on the ASX which means there is a regulated and observable market for its Shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the quoted market price method.
- 6.18 Notwithstanding the relatively low liquidity of FRM's Shares (discussed in further detail in section 7), we have utilised the quoted market price as our secondary methodology in valuing an FRM Share.

Valuation of FRM immediately after the Proposed Transaction

- 6.19 We have also selected the net assets on a going concern basis methodology in our assessment of the value of a Share in FRM immediately following the completion of the Proposed Transaction. Our assessment of the value of a Share in FRM immediately following the Proposed Transaction is also based on the pro forma financial position at 30 November 2022 and adjusted for the terms of the Proposed Transaction.
- 6.20 As the approval of the Proposed Transaction will result in the Placees acquiring a 42.3% to 46.8% interest, dependent on the level of subscription by Non-Associated Shareholders for the NREO, in accordance with RG 111, we have ascribed a discount for lack of control to the value of a FRM share immediately after the Proposed Transaction.

7. Valuation of FRM

- 7.1 The basis of our evaluation of “fairness” is to compare the Fair Value of an FRM Share prior to and immediately after the Proposed Transaction.

Valuation of a FRM share prior to the Proposed Transaction (on a controlling basis)

- 7.2 As stated in section 6, we have assessed the Fair Value of an FRM Share using the net assets on a going concern basis methodology and relied upon the net book value of assets and liabilities as set out in FRM’s unaudited statement of financial position as at 30 November 2022.
- 7.3 We note that the Company is currently undertaking the NREO with the associated shortfall facility and, as at the date of this report, the level of subscription for the NREO is not known. We have therefore prepared an assessment of fairness under two scenarios:

Scenario 1 – Low NREO Subscription - assumes no take up by Non-Associated Shareholders, other than full subscription by WCE⁶ and full subscription for the NREO and full subscription for their respective entitlements under the shortfall facility of the NREO (subject to Shareholder Approval) by Mr Bruce De Lacy and Mr Malcolm Ward.⁷

Scenario 2 – All NREO shares are subscribed by eligible shareholders.

- 7.4 WCE is entitled to a total of 16,033,676 NREO shares based on its current shareholding of 27,486,302 shares as at 28 December 2022. Mr Bruce De Lacy is entitled to a total of 114,043 NREO shares based on his current shareholding of 195,502 shares as at 28 December 2022. Mr Bruce De Lacy has also expressed his intention to participate in the shortfall offering, being 50% of his 114,043 NREO entitlement. Under this scenario, Mr Bruce De Lacy would, therefore, acquire 171,064 NREO shares.

⁶ On 3 January 2023, The Company announced that WCE has indicated that, subject to there being no material adverse change to the Company, it intends to subscribe for its full pro rata entitlement under the NREO.

⁷ As noted in the Notice of Meeting, both Mr Bruce De Lacy and Mr Malcolm Ward intend to subscribe for their full entitlement under the NREO and subject to obtaining shareholder approval, also intends to subscribe for their full entitlement under the shortfall facility of the NREO, being 50% of their respective NREO entitlement.

7.5 Our assessment, of the Fair Value of an FRM Share prior to the Proposed Transaction are set out below.

Scenario 1

Farm Pride Foods Limited	As at 30-Nov-22 Unaudited \$'000	Note	Adjustments \$'000	Assessed Value Prior to the Proposed Transaction \$'000
Current assets				
Cash and cash equivalents	2,273	7.7	849	3,122
Trade and other receivables	10,284		-	10,284
Inventories	5,287		-	5,287
Biological assets	8,981		-	8,981
Other current assets	1,595		-	1,595
Total current assets	28,420		849	29,269
Non-current assets				
Lease assets	8,151	7.8	-	8,151
Property, plant and equipment	24,857	7.8	-	24,857
Total non-current assets	33,008		-	33,008
Total assets	61,428		849	62,277
Current liabilities				
Trade and other payables	16,427		-	16,427
Borrowings	997		-	997
Lease liabilities	2,475		-	2,475
Provisions	1,862		-	1,862
Total current liabilities	21,760		-	21,760
Non-current liabilities				
Borrowings	15,982		-	15,982
Lease liabilities	18,675		-	18,675
Provisions	177		-	177
Total non-current liabilities	34,835		-	34,835
Total liabilities	56,595		-	56,595
Net assets	4,833		849	5,682
Number of Shares on issue ('000)	55,180		17,983	73,163
Assessed Fair Value per Share (controlling basis)	\$0.088			\$0.078

RSM analysis

Table 11: Assessed Fair Value of FRM prior to the Proposed Transaction (controlling basis) – Scenario 1

Scenario 2

Farm Pride Foods Limited	As at 30-Nov-22 Unaudited \$'000	Note	Adjustments \$'000	Assessed Value Prior to the Proposed Transaction \$'000
Current assets				
Cash and cash equivalents	2,273	7.7	1,630	3,903
Trade and other receivables	10,284		-	10,284
Inventories	5,287		-	5,287
Biological assets	8,981		-	8,981
Other current assets	1,595		-	1,595
Total current assets	28,420		1,630	30,050
Non-current assets				
Lease assets	-	7.8	-	-
Property, plant and equipment	33,008	7.8	-	33,008
Total non-current assets	33,008		-	33,008
Total assets	61,427		1,630	63,058
Current liabilities				
Trade and other payables	16,427		-	16,427
Borrowings	997		-	997
Lease liabilities	2,475		-	2,475
Provisions	1,862		-	1,862
Total current liabilities	21,760		-	21,760
Non-current liabilities				
Borrowings	15,982		-	15,982
Lease liabilities	18,675		-	18,675
Provisions	177		-	177
Total non-current liabilities	34,835		-	34,835
Total liabilities	56,595		-	56,595
Net assets	4,833		1,630	6,463
Number of Shares on issue ('000)	55,180		32,188	87,369
Assessed Fair Value per Share (controlling basis)	\$0.088			\$0.074

RSM analysis

Table 12: Assessed Fair Value of FRM prior to the Proposed Transaction (controlling basis) – Scenario 2

7.6 The assessment of the Fair Value of an FRM Share prior to the Proposed Transaction is based on the pro forma consolidated balance sheet of the Company as at 30 November 2022.

7.7 We have adjusted the balance sheet for:

- The cash contribution impact of the Low and Full NREO share subscription scenarios at \$0.055 per share as detailed above.
- Costs associated with the NREO and the Proposed Transaction, estimated at \$140k. The costs associated with the Proposed Transaction will be incurred regardless of whether the Proposed Transaction is approved by Non-Associated Shareholders and is completed. We have therefore included them in our assessment of the Fair Value of an FRM Share prior to the Proposed Transaction.

- 7.8 We note that the Company undertook an impairment assessment at 30 June 2022 and impaired the reported value of its lease assets and property, plant and equipment to their assessed recoverable values. We have been advised that further impairment expenses may be recorded for the six months ended 31 December 2022 once further impairment testing is completed at 31 December 2022. However, given such impairment testing has yet to be undertaken by the Company, we have adopted the current reported values as being representative of Fair Value.
- 7.9 Based on the above, our assessed value of an FRM Share prior to the Proposed Transaction (on a controlling basis) is \$0.078 per share in Scenario 1 and \$0.074 per share in Scenario 2.
- 7.10 The value of an FRM Share prior to the Proposed Transaction is the value of a Share on a controlling basis. The net assets on a going concern methodology applied represents the value of a controlling shareholding. Accordingly, we consider no further premium is considered necessary to assess the value of FRM prior to the Proposed Transaction.

Quoted Price of Listed Securities (Secondary methodology)

- 7.11 In order to provide a comparison and cross-check to our valuation of an FRM Share under the net assets methodology, we have considered the recent quoted market price of FRM Shares prior to the announcement of the Proposed Transaction.
- 7.12 RG 111.69 indicates that for the quoted market share price methodology to represent a reliable indicator of Market Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:
- regular trading in the company's securities;
 - approximately 1% of a company's securities traded on a weekly basis;
 - the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
 - there are no significant but unexplained movements in the share price.
- 7.13 The Proposed Transaction was announced on 29 December 2022. To provide further analysis of the quoted market prices for FRM Shares, we have considered the volume weighted average share price (VWAP) over a number of trading day periods prior to 29 December 2022. An analysis of the volume in trading in FRM Shares for the 5, 10, 30, 60, 90, 120 and 180-day trading periods is set out in the following table.

Calendar days	Share price Low \$	Share price High \$	No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
5 days	0.125	0.125	-	-	-	-	0.00%
10 days	0.125	0.130	3	24,580	3,102	0.126	0.04%
30 days	0.125	0.165	9	152,380	20,105	0.132	0.28%
60 days	0.110	0.165	25	599,510	81,148	0.135	1.09%
90 days	0.110	0.165	39	1,045,650	136,520	0.131	1.89%
120 days	0.110	0.165	53	2,289,350	292,314	0.128	4.15%
180 days	0.110	0.200	84	3,336,880	468,467	0.140	6.05%

Source: Capital IQ and RSM analysis

Table 13: Traded volume of FRM Shares prior to 29 December 2022

- 7.14 We note the following:
- 0.28% of FRM's weighted outstanding Shares were traded in the 30-day trading periods prior to the announcement of the Proposed Transaction, with Shares only traded on 9 days;

- FRM's VWAP ranged from \$0.126 to \$0.135 for the 10 to 30-day trading periods, respectively, and subsequently was in the range of \$0.128 to \$0.140 for the 60 to 180-day trading periods;
 - the bid/ask spread is often used to measure efficiency. For the 180-day period, the closing bid/ask spread of FRM averaged 11.2% of the midpoint price. On the basis that, over a comparable period, all stocks trading on the ASX had an average bid-ask spread of 0.194%⁸, we consider the bid/ask spread of FRM to be large; and
 - notwithstanding the low levels of liquidity, FRM complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of FRM;
- 7.15 Based on the above, we have assessed the value of an FRM Share (on a non-controlling basis) and having specific regard to the VWAP during the 10 to 90-day VWAP prior to the announcement of the Proposed Transaction to be \$0.130.
- 7.16 The value above is indicative of the value of a marketable parcel of securities assuming a holder does not have control of the Company. In the case of a section 611, item 7 acquisition, RG 111 states that the independent expert should calculate the value of a target's securities as if 100% control were being obtained. Therefore, in our assessment of the Fair Value of an FRM Share, we should include a premium for control.

Premium for control

- 7.17 Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:
- access to potential synergies;
 - control over decision making and strategic direction;
 - access to underlying cash flows; and
 - control over dividend policies.
- 7.18 In the case of publicly traded securities, given the advantages control of an entity provides an acquirer, they are usually expected to pay a premium to the quoted market price to achieve control, which is often referred to as a control premium. A control premium is the amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise, to reflect the premium a buyer will pay to acquire control in a business enterprise. Consequently, earnings multiples for listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).
- 7.19 RSM has conducted a study on 605 takeovers and schemes of arrangements involving companies listed on ASX over the 15.5 years ended 31 December 2020 ("RSM Control Premium Study 2021"). In determining the control premium, RSM compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, RSM used the closing share price of the acquiring company on the day prior to the date of the offer.

	Number of transactions	20 days pre	5 days pre	2 days pre
Average control premium (all industries)	605	34.7%	29.2%	27.1%

Source: RSM Control Premium Study 2021

Table 14: Control premium study

⁸ Equity market data for the quarter ended 30 September 2022 – ASIC

7.20 Based on the above, and having regard to the Company's gearing levels, we consider that a control premium in the range of 30% to 35% is appropriate in assessing the value of an FRM Share on a controlling basis.

Impact of the NREO

7.21 The quoted share price does not take into account the dilutionary impact of the NREO. We have therefore adjusted the assessed value per share to take into account the impact of the cash raised under the NREO and the resulting increase in the shares on issue under each scenario.

Assessed Fair Value of an FRM Share under the quoted market price methodology of a listed security

7.22 The tables below set out our assessment of the value of an FRM Share on a controlling basis utilising the quoted price of listed securities methodology under each scenario.

Scenario 1

	Low	High	Preferred
Quoted market price (non-controlling basis)	\$0.130	\$0.130	\$0.130
Control premium	30.0%	35.0%	32.5%
Value of a Share (controlling basis) prior to impact of NREO	\$0.169	\$0.176	\$0.172
Number of share on issue prior to impact of NREO	55,180	55,180	55,180
Total Equity Value of the Company Prior to impact of NREO	9,325	9,684	9,508
Scenario 1 - Cash Raised from NREO net of costs	751	751	751
Total Equity Value of the Company Post NREO	10,077	10,435	10,259
Number of share on issue post NREO	71,385	71,385	71,385
Value of a Share (controlling basis) prior to Proposed Transaction	\$0.141	\$0.146	\$0.144

Source: RSM analysis

Table 15: Assessed Fair Value of an FRM Share – Quoted Price of Listed Securities – Scenario 1

Scenario 2

	Low	High	Preferred
Quoted market price (non-controlling basis)	\$0.130	\$0.130	\$0.130
Control premium	30.0%	35.0%	32.5%
Value of a Share (controlling basis) prior to impact of NREO	\$0.169	\$0.176	\$0.172
Number of share on issue prior to impact of NREO	55,180	55,180	55,180
Total Equity Value of the Company Prior to impact of NREO	9,325	9,684	9,508
Scenario 2 - Cash Raised from NREO net of costs	1,630	1,630	1,630
Total Equity Value of the Company Post NREO	10,956	11,314	11,138
Number of share on issue post NREO	87,369	87,369	87,369
Value of a Share (controlling basis) prior to Proposed Transaction	\$0.125	\$0.130	\$0.127

Source: RSM analysis

Table 16: Assessed Fair Value of an FRM Share – Quoted Price of Listed Securities – Scenario 2

Valuation Summary (Prior to the Proposed Transaction)

7.23 A summary of our assessed values of an FRM Share under both Scenarios are set out in the tables below.

Scenario 1

	Ref	Low	High	Preferred
Net assets on a going concern - primary method	Table 11	\$0.078	\$0.078	\$0.078
Quoted price of listed securities - secondary method	Table 15	\$0.139	\$0.144	\$0.142

Source: RSM analysis

Table 17: Valuation of an FRM Share prior to the Proposed Transaction (non-controlling basis) – Scenario 1

Scenario 2

	Ref	Low	High	Preferred
Net assets on a going concern - primary method	Table 12	\$0.074	\$0.074	\$0.074
Quoted price of listed securities - secondary method	Table 16	\$0.125	\$0.130	\$0.127

Source: RSM analysis

Table 18: Valuation of an FRM Share prior to the Proposed Transaction (non-controlling basis) – Scenario 2

7.24 We have relied upon the net assets on a going concern basis as our primary methodology. Given the lack of liquidity in FRM Shares, we consider that the Fair Value assessed under the quoted price of listed securities methodology may not be reflective of the Fair Value of an FRM Share as it may not fully incorporate the Fair Value impact in the continued negative performance of the Company during YTD23.

Valuation of an FRM Share immediately after the Proposed Transaction

7.25 Our assessment of the Fair Value of an FRM Share immediately after the Proposed Transaction (on a controlling basis), is set out in the tables below.

Scenario 1

Farm Pride Foods Limited Historical Financial Position	Pro Forma Prior to the Proposed Transaction \$'000	Ref	Adjustments \$'000	Assessed Value \$'000
Current assets				
Cash and cash equivalents	3,122	7.25	3,500	6,622
Trade and other receivables	10,284		-	10,284
Inventories	5,287		-	5,287
Biological assets	8,981		-	8,981
Other current assets	1,595		-	1,595
Total current assets	29,269		3,500	32,769
Non-current assets				
Lease assets	8,151		-	8,151
Property, plant and equipment	24,857		-	24,857
Total non-current assets	33,008		-	33,008
Total assets	62,277		3,500	65,777
Current liabilities				
Trade and other payables	16,427		-	16,427
Borrowings	997		-	997
Lease liabilities	2,475		-	2,475
Provisions	1,862		-	1,862
Total current liabilities	21,760		-	21,760
Non-current liabilities				
Borrowings	15,982		-	15,982
Lease liabilities	18,675		-	18,675
Provisions	177		-	177
Total non-current liabilities	34,835		-	34,835
Total liabilities	56,595		-	56,595
Net assets	5,682		3,500	9,182
Number of Shares on issue ('000)	73,163		63,636	136,799
Assessed Fair Value per Share (controlling basis)				\$0.067

RSM analysis

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Table 19: Assessed Fair Value of an FRM Share immediately after the Proposed Transaction (controlling basis) – Scenario 1

Scenario 2

Farm Pride Foods Limited Historical Financial Position	Pro Forma Prior to the Proposed Transaction \$'000	Ref	Adjustments \$'000	Assessed Value \$'000
Current assets				
Cash and cash equivalents	3,903	7.25	3,500	7,403
Trade and other receivables	10,284		-	10,284
Inventories	5,287		-	5,287
Biological assets	8,981		-	8,981
Other current assets	1,595		-	1,595
Total current assets	30,050		3,500	33,550
Non-current assets				
Lease assets	-		-	-
Property, plant and equipment	33,008		-	33,008
Total non-current assets	33,008		-	33,008
Total assets	63,058		3,500	66,558
Current liabilities				
Trade and other payables	16,427		-	16,427
Borrowings	997		-	997
Lease liabilities	2,475		-	2,475
Provisions	1,862		-	1,862
Total current liabilities	21,760		-	21,760
Non-current liabilities				
Borrowings	15,982		-	15,982
Lease liabilities	18,675		-	18,675
Provisions	177		-	177
Total non-current liabilities	34,835		-	34,835
Total liabilities	56,595		-	56,595
Net assets	6,463		3,500	9,963
Number of Shares on issue ('000)	87,369		63,636	151,005
Assessed Fair Value per Share (controlling basis)				\$0.066

RSM analysis

Table 20: Assessed Fair Value of an FRM Share immediately after the Proposed Transaction (controlling basis) – Scenario 2

7.26 The assessment of the Fair Value of an FRM Share immediately after the Proposed Transaction is based on the pro forma balance sheet of the Company as at 30 November 2022, utilised in the assessment of the Fair Value of an FRM Share immediately prior to the proposed Transaction, adjusted for the issue of Shares and related cash received under the terms of the Proposed Transaction.

7.27 As noted in Paragraph 3.9, as part of the interdependent resolutions for the Proposed Transaction, Mr Darren Lurie is being granted 2.18m Performance Rights and 3.6m options in the Company. We have not included any adjustment in our assessment of the Fair Value of an FRM Share immediately after the Proposed Transaction on the basis of the following:

- The Performance Rights vest based on Mr Darren Lurie remaining in employment of the Company over the various measurement periods as outlined in Paragraph 3.9 and, therefore, we consider that these Performance Rights represent salary for future services and a future expense of the Company; and
- The Options vest based on the Company achieving the EBITDA hurdles as outlined in Paragraph 3.9. Whilst vesting of these options would have a negative dilutionary impact on the Fair Value of an FRM Share, this would likely be offset by an improvement in the Fair Value of the Company to reflect the improvement in profitability that needs to be achieved in order for the options to vest.

7.28 Based on the above, we have assessed the Fair Value of an FRM Share immediately after the Proposed Transaction (on a controlling basis) to be \$0.067 in scenario 1 (low NREO share subscription) and \$0.066 in scenario 2 (full NREO share subscription).

Valuation of an FRM Share immediately after the approval of the Proposed Transaction (non-controlling basis)

7.29 The table below sets out our assessment of the value of an FRM Share on a minority interest basis immediately after the approval of the Proposed Transaction.

Scenario 1

	Ref	Low	High	Preferred
Value per Share (controlling basis)	Table 19	\$0.067	\$0.067	\$0.067
Discount for minority interest	7.31	(25.9%)	(23.1%)	(24.5%)
Value per Share (non-controlling interest)		\$0.050	\$0.052	\$0.051

RSM analysis

Table 21: Assessed Fair Value of an FRM Share immediately after the Proposed Transaction (on a non-controlling basis) – Scenario 1

Scenario 2

	Ref	Low	High	Preferred
Value per Share (controlling basis)	Table 20	\$0.066	\$0.066	\$0.066
Discount for minority interest	7.31	(25.9%)	(23.1%)	(24.5%)
Value per Share (non-controlling interest)		\$0.049	\$0.051	\$0.050

RSM analysis

Table 22: Assessed Fair Value of an FRM Share immediately after the Proposed Transaction (on a non-controlling basis) – Scenario 2

7.30 As the approval of the Proposed Transaction will result in an increase in the Placees' collective interest in the Company to between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the NREO, in accordance with RG 111, we have ascribed a discount for lack of control to the value of an FRM Share immediately after the Proposed Transaction.

7.31 A discount for a minority interest (non-controlling interest) is the inverse of a premium for control. We have therefore applied a discount of 23.1% to 25.9% (rounded), being the inverse of the control premium utilised in our assessment of the value of an FRM Share on a quoted price of listed securities basis.

7.32 Based on the above, our assessed Fair Value of an FRM Share immediately after the Proposed Transaction (on a non-controlling basis), is in the range of \$0.050 and \$0.052 in scenario 1 and in the range of \$0.049 to \$0.051 in scenario 2.

8. Is the Proposed Transaction Fair?

8.1 In assessing whether we consider the Proposed Transaction to be fair to Non-Associated Shareholders, we have valued a Share in FRM prior to and immediately after the Proposed Transaction to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved. Our assessed values are summarised in the tables below.

Scenario 1

	Ref	Low	High	Preferred
Fair Value per Share prior to the Proposed Transaction (controlling basis)	Table 11	\$0.078	\$0.078	\$0.078
Fair Value per Share immediately after the Proposed Transaction (non-controlling basis)	Table 21	\$0.050	\$0.052	\$0.051

Source: RSM analysis

Table 23: Valuation Summary – Scenario 1

Scenario 2

	Ref	Low	High	Preferred
Fair Value per Share prior to the Proposed Transaction (controlling basis)	Table 12	\$0.074	\$0.074	\$0.074
Fair Value per Share immediately after the Proposed Transaction (non-controlling basis)	Table 22	\$0.049	\$0.051	\$0.050

Source: RSM analysis

Table 24: Valuation Summary – Scenario 2

8.2 As we have utilised the net assets on a going concern basis as our primary valuation methodology, our valuation of an FRM Share prior to the Proposed Transaction for both scenarios comprises a single value. The range obtained in our valuation of an FRM Share immediately after the Proposed Transaction is due to our application of a discount for minority interest in the range of 23.1% to 25.9% in our assessment of the value of an FRM Share on a non-controlling basis.

8.3 The above is represented graphically as set out in the charts below.

Scenario 1

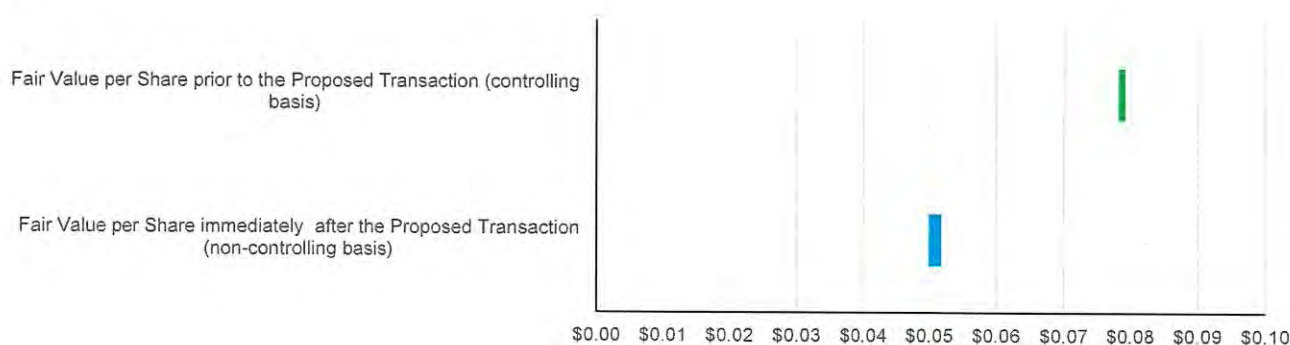


Chart 4: Valuation summary graphical representation – Scenario 1

Scenario 2

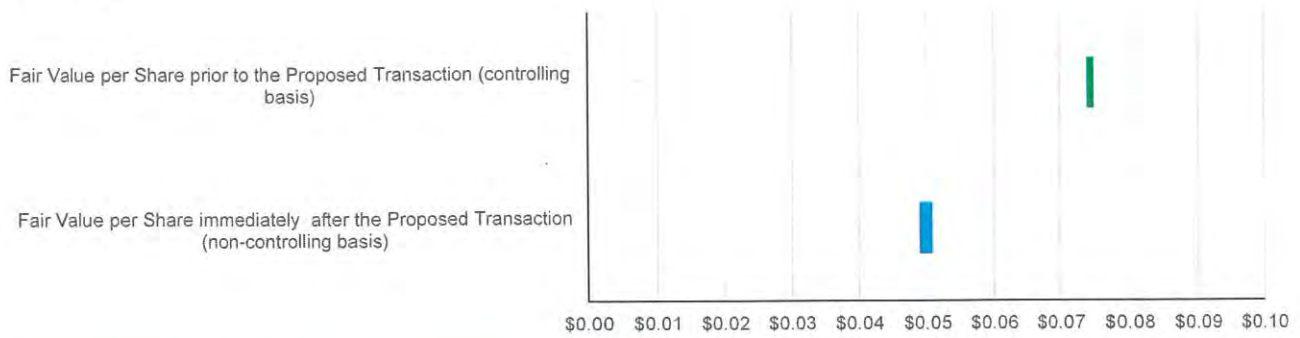


Chart 5: Valuation summary graphical representation – Scenario 2

- 8.4 In our opinion, as, under both scenarios, the Fair Value of an FRM Share (on a non-controlling basis) immediately after the Proposed Transaction is less than the Fair Value of an FRM Share (on a controlling basis) prior to the Proposed Transaction, we consider the Proposed Transaction is **not fair** to the Non-Associated Shareholders of FRM.

9. Is the Proposed Transaction Reasonable?

- 9.1 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- the future prospects of FRM if the Proposed Transaction does not proceed;
 - the trading of FRM Shares following the announcement of the Proposed Transaction;
 - other commercial advantages and disadvantages to Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
 - alternative proposals to the Proposed Transaction.

Future prospects of FRM if the Proposed Transaction does not proceed

- 9.2 If Resolution 1 is not approved, FRM will not be able to issue the Shares proposed under Resolution 1, and the Company will not receive the corresponding \$3.5m in funding.
- 9.3 In FY22, FRM disclosed a net loss after tax of \$19.8m and operating cash outflows of \$3.7m.
- 9.4 The audited financial statements for FY22 included an emphasis of matter in the independent auditor's report issued by Pitcher Partners dated 31 August 2022 that stated that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. Whilst the auditor's opinion was not modified in respect of this matter, it was noted that FRM's ability to continue as a going concern was dependent on whether FRM could implement its operational initiatives over the next 12 months including the active management of inventory levels, debtors, and creditors within strict terms and limits, undertaking targeted capital expenditure to improve asset life, quality and safety to support the Company's focus on diversified revenue sources to adapt to changing market conditions, as well as forecast internal egg production progressively returning to maximum capacity in line with a progressive recovery from Avian Influenza on flocks and COVID.
- 9.5 We have been advised that, in November 2022, the Directors of FRM began to consider the sustainability of the Company and its ability to pay its debts as and when they fell due and, therefore, commenced a review with KPMG to provide solvency and safe harbour advice. This review has been ceased as a result of the NREO and the Proposed Transaction.
- 9.6 The net proceeds to be raised from the Proposed Transaction and the NREO undertaken in January 2023 will be used by the Company to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity, and to pay down debt.

9.7 If the Proposed Transaction does not proceed, we have been advised that FRM will look to implement the following actions as a priority:

- An alternative CEO candidate would look to be appointed, with a potential candidate having been identified by the Company;
- Mr Bruce De Lacy would remain involved in the management of the business for an extended period of time to transition to the new alternative CEO;
- The Company would continue to pursue price increases and further rationalise the operations of the business;
- The Company would look for other capital raising opportunities, noting that the Company has undertaken a lengthy process in the past utilising Moelis & Company as an advisor and no other external capital raising opportunities were identified, consequently this would likely be in the form of a further non-renounceable entitlements offer;
- The Company would consider, subject to lender consent, the sale and lease back of its Nathalia and or Lethbridge farms; and
- Solvency and safe harbour investigations would most likely be recommenced.

Response of the Market to the Announcement of the Proposed Transaction

9.8 The Proposed Transaction was announced on 29 December 2022, on which date the opening share price of FRM was \$0.125.

9.9 FRM's VWAP of \$0.114 post the announcement of the Proposed Transaction on 29 December 2022 to 19 January 2023 is marginally below the closing share on 28 December 2022, indicating some negative sentiment, however, this movement will also incorporate the valuation impact of the NREO which was also announced on 29 December 2022.

Advantages of approving the Proposed Transaction

9.10 The advantages of approving the Proposed Transaction are:

Advantage	Details
Additional capital raised	<p>The approval of the Proposed Transaction will provide \$3.5 million in Placement proceeds which will be used to provide funding for working capital, repairs and maintenance to existing infrastructure, investment in expanding farm and processing capacity and to pay down debt. This will assist in securing the ongoing solvency of the Company.</p> <p>In the absence of the Proposed Transaction, the Company will need to undertake further action to secure the ongoing solvency of the Company.</p>
Proposed Transaction is priced at the same price as the NREO	<p>The Proposed Transaction is priced at the same price as the NREO of 7 new fully paid ordinary Shares in the Company for every 12 existing Shares held by eligible shareholders as at 4 January 2023 at an issue price of \$0.055 per Share.</p>
Increased Board experience and skills with alignment in interests for the new MD.	<p>Subject to completion of the Placement, Mr Darren Lurie will be appointed as Managing Director and Mr George Palatianos will be appointed as a Non-Executive Director of the Company.</p> <p>Mr Lurie is a former consultant, Non-Executive Director and Non-Executive Chair of the Company and therefore has significant knowledge of the egg industry and the operations of the Company, in addition to prior experience as the CEO of an ASX listed company.</p> <p>Mr Palatianos is an experienced investment director and group CFO and has held roles at organisations within the agribusiness, construction, property investment and finance sectors.</p> <p>The above appointments will bring additional experience and skills to the Board.</p> <p>Mr Darren Lurie and Mr Palatianos are also participating in the Placement and will therefore hold significant interests in the Company. Such ownership should assist in aligning Mr Lurie's and Mr Palatianos's interests with those of Non-Associated Shareholders.</p>
The Placees shareholding will not exceed 20% individually	<p>The Proposed Transaction will provide the Placees with a collective shareholding of between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the NREO. Individually, there are no Placees that will have a shareholding greater than 20% to exercise control.</p> <p>Therefore, a number of Placees would need to act in concert to exercise control. We note that there is still a risk to Non-Associated Shareholders that the Placees may act in concert.</p>

Table 25: Advantages of the Proposed Transaction

Disadvantages of approving the Proposed Transaction

9.11 The disadvantages of the Proposed Transaction are:

Disadvantage	Details
The Proposed Transaction is not fair	As set out above, as the Fair Value of an FRM Share (on a non-controlling basis) immediately after the Proposed Transaction, is less than the Fair Value of an FRM Share (on a controlling basis) prior to the Proposed Transaction, the Proposed Transaction is not fair.
Placees will hold a significant interest in the Company	Placees will collectively hold an interest of between 42.3% and 46.8% dependent on the level of subscription by Non-Associated Shareholders for the NREO. Accordingly, we consider that the Placees will collectively have significant influence on the strategic direction of the Company as compared to Non-Associated Shareholders.
Dilution of Non-Associated Shareholders interests	Non-Associated Shareholders' interests will be diluted from 99.6% to between 53.2% and 57.7% dependent on the level of subscription by Non-Associated Shareholders for the NREO. The dilution of Non-Associated Shareholders' interests reduces the ability of Non-Associated Shareholders to influence the strategic direction of the Company, including acceptance or rejection of any takeover or merger proposals.

Table 26: Disadvantages of the Proposed Transaction

Alternative proposals

9.12 We are not aware of any alternative proposal at the current time which might offer Non-Associated Shareholders a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

9.13 In our opinion, and in the absence of any other relevant information and/or a superior offer, for the purposes of section 611, item 7, and Chapter 2E of the Corporations Act, we consider that the Proposed Transaction is **reasonable** for Non-Associated Shareholders.

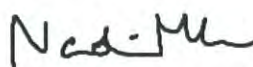
9.14 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by their individual circumstances. If in doubt, Non-Associated Shareholders should consult an independent advisor.

Yours faithfully

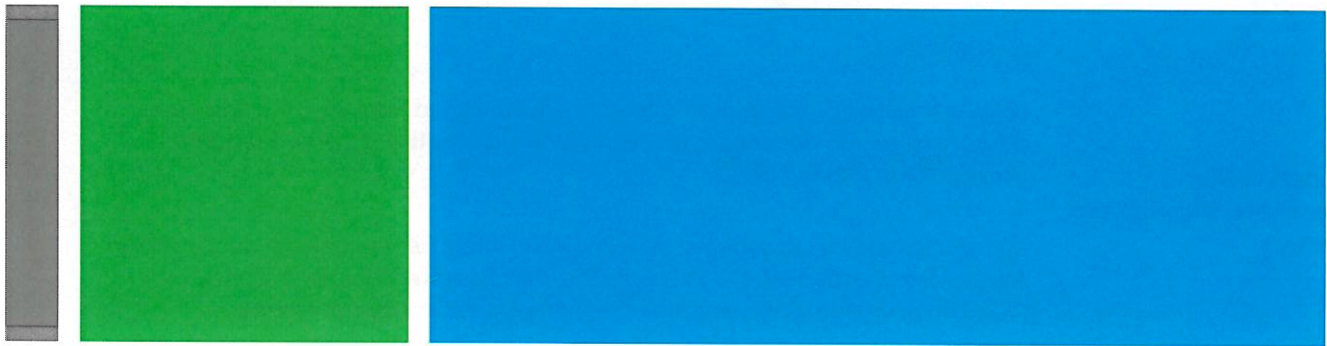
RSM CORPORATE AUSTRALIA PTY LTD



A CLIFFORD
Director



N MARKE
Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr Andrew Clifford and Ms Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Mr Clifford and Ms Marke are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Non-Associated Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and Management of Farm Pride Foods Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Clifford, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$30,000, excluding GST, based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Farm Pride Foods Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Statement to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of Extraordinary General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for FRM for the years ended 30 June 2020, 30 June 2021, 30 June 2022;
- Unaudited management accounts for FRM for period ending 30 November 2022;
- Share register of FRM as at 28 December 2022;
- ASX announcements of FRM;
- S&P Capital IQ database;
- IBISWorld; and
- Discussions with Directors and Management.

C. GLOSSARY OF TERMS AND ABBREVIATIONS

Term or Abbreviation	Definition
\$ or \$	Australian dollar
AFCA	Australian Financial Complaints Authority
AGM	Annual General Meeting
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Bait of Brets	Bait of Brets Pty Ltd ACN 603 944 707 as trustee for Willow Investments Trust
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company or FRM or Farm Pride	Farm Pride Foods Limited
Control or controlling basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Control premium	An amount or percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in a business enterprise, to reflect the power of control
Corporations Act	Corporations Act 2001 (Cth)
Currie	Dr Philip Currie and Mrs Anne Jennifer Currie as trustee for Currie Family Superannuation Fund
De Lacy	Gavin Bruce De Lacy
Discounted cash flow (DCF)	A method within the income approach which values a business as the present value of future expected cash flows and is calculated using a discount rate
Directors	Directors of the Company
EGM	Extraordinary General Meeting
Fair Value or Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
Future maintainable earnings (FME)	The normal maintainable earnings expected to be achieved in the future
FSG	Financial Services Guide
FYXX	Financial year ended 30 June 20XX
Going concern	An ongoing operating business enterprise
IER or Report	This Independent Expert Report
Jadig	Jadig Superannuation Pty Ltd ACN 122 506 432 as trustee for the Gringlas Family Superannuation Fund
k	Thousands
LDL Custodians	LDL Custodians Pty Ltd ACN 154 486 656 as trustee for 17 Holroyd Trust
m	Millions
Management	The management of Farm Pride Foods Limited
MD	Managing Director
Minority interest	A non-controlling ownership interest, generally less than 50% of a company's voting shares
Notice	The Notice of Extraordinary General Meeting and Explanatory Statement accompanying this IER
NREO	Non-renounceable entitlement offer made to FRM shareholders of 7 new Shares in the Company for every 12 existing Shares held by eligible shareholders as at Wednesday, 4 January 2023, at an issue price of \$0.055 (5.5 cents) per share to existing shareholders to raise up to \$1.77m (before costs), representing the issue of up to 32,188,436 new Shares
NREO Shares	New Shares to be issued under the NREO
Placees	Investors taking part in the Proposed Transaction/Placement
Proposed Transaction or Placement	Resolution 1 as set out in the Notice
RG 111	ASIC Regulatory Guide 111 – Content of expert reports

Term or Abbreviation	Definition
RG 112	ASIC Regulatory Guide 112 – Independence of experts
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ or Capital IQ	An entity of Standard and Poor's which is a third-party provider of company and other financial information
Scenario 1	Low NREO Subscription - assumes no take up by Non-Associated Shareholders, other than full subscription by West Coast Eggs Pty Ltd ("WCE") and full subscription for the NREO and full subscription for his entitlement under the shortfall facility of the NREO (subject to Shareholder Approval) by Mr Bruce De Lacy and Mr Malcolm Ward
Scenario 2	all NREO share are subscribed by eligible shareholders
Share	Ordinary fully paid share in the capital of the Company
Non-Associated Shareholders	FRM shareholders who are not a party, or associated to a party, to the Proposed Transaction
VWAP	Volume weighted average share price
WCE	West Coast Eggs Pty Ltd
YD23	5-month period ended 30 November 2022

D. INDUSTRY OVERVIEW

The Company operates in the Egg Farming Industry ("Industry") in Australia. Industry participant's farm poultry to produce caged eggs, free-range eggs, barn-laid eggs, organic and other eggs. The major players being Sunny Queen Farms Pty Ltd, Pace Farm Pty Ltd and Farm Pride Foods Ltd.

Overall, the Industry has grown slightly over the past five years. Industry operators have benefited from rising per capita egg consumption over the period, as consumers have increasingly opted for eggs as an alternative to red meat as a source of protein. An overall increase in egg production has also benefited the Industry. However, slow growth in prices has limited growth in Industry revenue over the period. Consequently, Industry revenue has historically grown by an annualised rate of 0.5% over the five years through 2021-22, to \$930.4 million. This trend includes an expected growth of 0.3% in the current year, as demand from food-service establishments rises with COVID-19 restrictions easing.

The Industry is anticipated to record moderate revenue growth over the next five years. Population growth is forecast to support a rise in total egg consumption over the period. The Industry's move towards organic and free range eggs will likely contribute to higher egg prices over the next five years, boosting profit margins. Additionally, demand from the food-service sector is projected to return to pre-COVID-19 levels over the initial years of the period. However, stronger demand at the retail level is anticipated to gradually weaken. Industry revenue is forecast to rise at an annualised 1.5% over the five years through 2026-27, to \$1.0 billion.

The key external drivers which can influence the Industry are:

- egg production;
- demand from supermarkets and grocery stores;
- domestic price of eggs; and
- demand from general line grocery wholesaling.

According to IBISWorld, the Industry has:

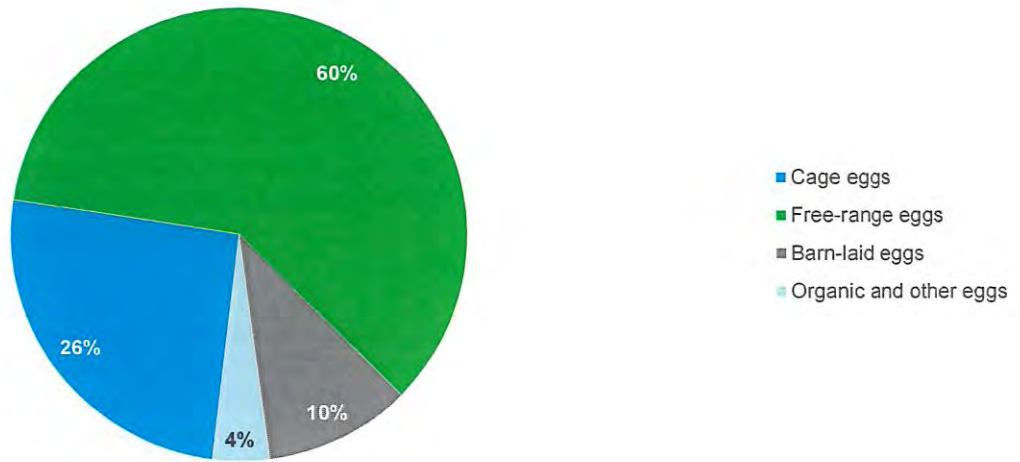
- low and increasing levels of imports and exports;
- high market share concentration;
- medium and increasing levels of competition;
- low and steady trend of globalisation;
- medium level of capital intensity;
- medium level of technological change; and
- medium level and increasing trend of regulation.

The key success factors which can influence the Industry are:

- use of specialist equipment or facilities;
- proximity to key suppliers;
- economies of scale; and
- appropriate physical growing conditions.

The chart below sets out the Industry's products and services segmentation by total revenue contribution.

Products & Services Segmentation (2021-22)



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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

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rsm.com.au

Liability limited by a scheme approved under professional standards legislation

Annexure B – Summary of terms of Performance Rights

Terms	Details																		
Vesting Conditions and Vesting Date	<p>The Performance Rights will vest in 4 equal tranches every 6 months for 24 months from the date of grant (Grant Date), subject to a vesting condition that the Darren Lurie remains employed with the Company during and at the expiry of the relevant Measurement Period (Vesting Condition).</p> <p>The Measurement Periods applicable to each tranche of Performance Rights under the Relevant Invitation are set out below.</p> <table border="1"> <thead> <tr> <th>Tranche</th> <th>Number</th> <th>Measurement Period</th> </tr> </thead> <tbody> <tr> <td>Tranche 1</td> <td>545,000</td> <td>6 months from Grant Date</td> </tr> <tr> <td>Tranche 2</td> <td>545,000</td> <td>12 months from Grant Date</td> </tr> <tr> <td>Tranche 3</td> <td>545,000</td> <td>18 months from Grant Date</td> </tr> <tr> <td>Tranche 4</td> <td>545,000</td> <td>24 months from Grant Date</td> </tr> <tr> <td>Total</td> <td>2,180,000</td> <td></td> </tr> </tbody> </table> <p>The Performance Rights will vest on the date on which the relevant Vesting Condition is satisfied (Vesting Date).</p> <p>The above Vesting Conditions will be accelerated and waived if:</p> <ul style="list-style-type: none"> • an offer is made for all of the Shares in the Company pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional and results in the compulsory acquisition of Shares under Chapter 6C; • the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; • any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 100% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; • any of the Company or its wholly-owned subsidiaries (Group) enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in the relevant Group entity) of the Group to a person, or a number of persons, none of which are members of the Group; or • Mr Lurie is terminated as Managing Director other than for cause. 	Tranche	Number	Measurement Period	Tranche 1	545,000	6 months from Grant Date	Tranche 2	545,000	12 months from Grant Date	Tranche 3	545,000	18 months from Grant Date	Tranche 4	545,000	24 months from Grant Date	Total	2,180,000	
Tranche	Number	Measurement Period																	
Tranche 1	545,000	6 months from Grant Date																	
Tranche 2	545,000	12 months from Grant Date																	
Tranche 3	545,000	18 months from Grant Date																	
Tranche 4	545,000	24 months from Grant Date																	
Total	2,180,000																		
Issue of Shares	<p>Performance Rights will be automatically exercised when (and to the extent) the Board determines that the relevant Vesting Conditions have been satisfied. On the Vesting Date, each Performance Right which vests will entitle the holder to be issued one Share.</p>																		
Cessation of office and employment with the Company	<p>Unvested Performance Rights for which the Vesting Condition has not been satisfied will be forfeited on the date of cessation of employment unless Mr Lurie is terminated without cause.</p>																		

Terms	Details
	Vested Performance Rights held after cessation of office or employment with the Company will be automatically exercised 90 days after the date on which the Participant ceases to hold any unvested Performance Rights except in the case of termination without cause in which case the Performance Rights may be exercised at any time within the term.
Transferability	The Performance Rights are not transferrable. The Performance Rights will be unlisted. No quotation will be sought from ASX for the Performance Rights.
No participation rights	The Performance Rights do not carry any participation rights in new Share issues.
No voting rights	The Performance Rights do not entitle the holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company, subject to any voting rights under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
No dividend rights	The Performance Rights do not entitle the holder to any dividends.
No return of capital	The Performance Rights do not carry any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
No participation upon a winding up	The Performance Rights do not carry any right to participate in the surplus profit or assets of the Company upon a winding up.
Delisting	If the Board determines that the Company will imminently be delisted, the Board will apply its reasonable discretion to determine the appropriate vesting of any unvested Performance Rights (if any) on a specified date appropriate to the circumstances and the periods of service completed by the holder of such Performance Rights at that date.
Board discretion and preventing inappropriate benefits	In the case of fraud or misconduct, all unvested Performance Rights are forfeited.
Amendments required by ASX	The terms of the Performance Rights may be amended by agreement between the holder and the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms of the Performance Rights provided that the Company and the holder will act reasonably in the case of any required amendment to ensure that the economic rights and interests of the holder are not adversely affected.

Annexure C – Summary of terms of Options

Terms	Details															
Exercise Price	<p>Each Option will exercisable at \$0.055 (5.5 cents).</p> <p>The Options will be subject to a cashless exercise mechanism which will enable the holder to set-off the exercise cost of their Options against the number of Shares which they are entitled to receive upon the exercise of their Options (ie net settlement of option exercises). The Options may still be exercised in the traditional manner.</p>															
Conversion	Each Option converts into one fully paid ordinary Share in the capital of the Company.															
Exercise Period	Each Option may be exercised up to 3 years from the vesting date (Expiry Date). Each Option will automatically lapse if not exercised on or before the Expiry Date.															
Vesting Conditions	<p>Each tranche of Options will vest subject to the satisfaction of the relevant vesting conditions specified below: Each Option will automatically lapse if the relevant vesting condition is not satisfied on or before the relevant date specified for the satisfaction of that condition.</p> <table border="1"> <thead> <tr> <th>Tranche</th> <th>Number</th> <th>Vesting condition</th> </tr> </thead> <tbody> <tr> <td>Tranche 1</td> <td>1,200,000</td> <td>Achieving EBITDA of \$4m during any financial year before 30 June 2025</td> </tr> <tr> <td>Tranche 2</td> <td>1,200,000</td> <td>Achieving EBITDA of \$6m during any financial year before 30 June 2026</td> </tr> <tr> <td>Tranche 3</td> <td>1,200,000</td> <td>Achieving EBITDA of \$8m during any financial year before 30 June 2027</td> </tr> <tr> <td>Total</td> <td>3,600,000</td> <td></td> </tr> </tbody> </table> <p>The above vesting conditions will be accelerated and waived if:</p> <ul style="list-style-type: none"> an offer is made for all of the Shares in the Company pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional and results in the compulsory acquisition of Shares under Chapter 6C; the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 100% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; any of the Company or its wholly-owned subsidiaries (Group) enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in the relevant Group entity) of the Group to a person, or a number of persons, none of which are members of the Group; or Mr Lurie is terminated as Managing Director other than for cause. 	Tranche	Number	Vesting condition	Tranche 1	1,200,000	Achieving EBITDA of \$4m during any financial year before 30 June 2025	Tranche 2	1,200,000	Achieving EBITDA of \$6m during any financial year before 30 June 2026	Tranche 3	1,200,000	Achieving EBITDA of \$8m during any financial year before 30 June 2027	Total	3,600,000	
Tranche	Number	Vesting condition														
Tranche 1	1,200,000	Achieving EBITDA of \$4m during any financial year before 30 June 2025														
Tranche 2	1,200,000	Achieving EBITDA of \$6m during any financial year before 30 June 2026														
Tranche 3	1,200,000	Achieving EBITDA of \$8m during any financial year before 30 June 2027														
Total	3,600,000															

Terms	Details
Notice of exercise	<p>An Option may be exercised by the option holder at any time prior to the Expiry Date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the certificate for the Options, to the Company.</p> <p>A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.</p> <p>Subject to any restrictions in the Listing Rules, within five Business Days of receipt of a properly executed notice of exercise and the required exercise moneys, the number of Shares specified in the notice of exercise will be issued.</p>
Shares to rank <i>pari passu</i>	All Shares issued upon exercise of the Options will rank <i>pari passu</i> in all respects with the Company's then issued Shares. If the Shares are quoted on the ASX, the Company undertakes to apply for official quotation by the ASX of all Shares issued pursuant to the exercise of any Options, within three Business Days of the date of issue of those new Shares.
Transferability	<p>The Options are not transferrable.</p> <p>The Options will be unlisted. No quotation will be sought from ASX for the Options.</p>
Capital reorganisation	In the event of a reorganisation of the capital of the Company, the rights attaching to each Option will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganization.
No participation rights	The Options do not carry any participation rights in new Share issues.
No voting rights	The Options do not entitle the holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company, subject to any voting rights under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
No dividend rights	The Options do not entitle the holder to any dividends.
Amendments required by ASX	The terms of the Options may be amended as necessary by agreement between the holder and the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms of the Options provided that the Company and the holder will act reasonably in the case of any required amendment to ensure that the economic rights and interests of the holder are not adversely affected.





ABN 42 080 590 030

FRM

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 21 February 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Please mark to indicate your directions

Proxy Form

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Farm Pride Foods Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Farm Pride Foods Limited to be held as a hybrid meeting at the office of Pitcher Partners Level 1/80 Monash Drive Dandenong South Victoria on Thursday, 23 February 2023 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 4, 5, 6 and 9 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 4, 5, 6 and 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4, 5, 6 and 9 by marking the appropriate box in step 2.

Step 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Approval of issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Appointment of Mr Darren Lurie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Appointment of Mr George Palatianos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of grant of Performance Rights to Darren Lurie (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of grant of Options to Darren Lurie (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of potential termination benefit for Darren Lurie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of issue of Shortfall Shares to Gavin Bruce De Lacy (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Approval of issue of Shortfall Shares to Malcolm Ward (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Approval of increase in Non Executive Director Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

____/____/____
Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

FRM

296750A



Computershare

