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Dear Sir

Alterra Welcomes Shanghai Ground Food Tech's Purchase of Brownes Dairy

Alterra Ltd "Alterra" or "Company" views the purchase of the iconic Western Australian dairy processing and marketing company 'Brownes Dairy' by the China based Shanghai Ground Food Tech as a positive development for the Western Australia ('WA') dairy sector.

With continuous operations for 130 years, Brownes is the oldest dairy processing business in WA and has a suite of strong domestic brands. However, under the previous ownership Brownes, like other WA major processors, had a domestic market focus treating international markets as outlets for any relatively small seasonal supply surpluses. This approach meant that, while the production side of the industry has undergone significant restructuring over the last 15 years, there has been very little growth in the WA dairy industry.

While Shanghai Ground Food Tech are yet to publicly articulate their strategy for Brownes, in Alterra's view it is unlikely that a publicly listed Chinese company that owns dairy assets in China would restrict itself to a relatively insignificant WA domestic market. As such, the Brownes ownership change is likely to be the beginning of a renewed and significant expansion of the WA dairy industry.

Alterra has been focussing on feasibility studies at its property "Dambadgee Springs" in Dandaragan, Western Australia for the development of a world class System-5 dairy, which would provide large scale, competitively priced milk on a flat supply curve. A key requirement for the project to proceed is a milk off-take agreement. Alterra will continue to engage with local processors and international parties in relation to securing an agreement. An update on the progress of the feasibility studies will be made in due course.

Yours faithfully



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