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ASX Code: AYB

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**ASX Announcement  
Market Update**

**Update on ASX compliance**

Further to the recent announcement that Australian Natural Proteins plans to proceed with the purchase of two of the farms in its planned five farm acquisition, the Board wishes to advise its shareholders that a notice of meeting to gain approval for these transactions and planned further acquisitions will be lodged with the ASX shortly.

Given the significant change to the scale of Australian Natural Proteins' current activities with the acquisition of these farms, the company has sought guidance from the ASX with respect to the procedures required to comply with the Listing Rules. Using their discretion under rule 11.1.2 of the Listing Rules, the ASX have advised Australian Natural Proteins that it is required to seek a meeting of shareholders to approve the proposed acquisitions given the subsequent change to Australian Natural Proteins' activities. The meeting is planned to occur in late June 2016. At the meeting approval will also be sought for the issue of shares under a proposed capital raising.

Immediately on gaining shareholder approval Australian Natural Proteins will proceed with the purchase of the first two farms.

With respect to Australian Natural Proteins' planned capital raising, the ASX has also exercised its discretion under rule 11.1.3 of the Listing Rules to have Australian Natural Proteins re-comply with the requirements of Chapters 1 and 2. Under these rules, Australian Natural Proteins will be required to issue a prospectus for the proposed capital raising.

Australian Natural Proteins intends to lodge a prospectus in order to satisfy the requirements under Chapters 1 & 2.

ASX will implement its new rulings effective immediately, requiring the company to go into suspension from trading, until it completes requirements under Chapters 1 & 2.

Once these requirements are met, Australian Natural Proteins intends to quickly expand its operations with the planned acquisitions.

## **Market view**

The Board of Australian Natural Proteins is confident that the medium to long term future of the Australian dairy industry is bright. Australian producers have been partly sheltered from global dairy prices given they have received the benefit of a lower Australian dollar.

We continue to be approached by interests looking to invest in Australian dairy farms, as they firmly believe that future demand for dairy will outstrip supply. While this may not appear obvious given the current activity of some producers, the strong underlying demand for safe, healthy Australian products remains. Recent announcements by Pactum Dairy Group and MADE's fresh milk deal with Malaysia bear testimony to this.

Australian Natural Proteins will be a major supply source of high quality milk, and due to the location of its farms being in a region which provides constant year round supply levels to processors, it expects to maintain above market price averages for its milk output. Added to this the farms have substantial water rights for cropping and to support its livestock. As such the farms' operations are unaffected by the current dry weather conditions being experienced by many other dairy farmers.

## **Consolidated Dairy Farms**

Of the five farms, three are located in the Finley area of Southern New South Wales, and the other two are located in the Murray River Region at Cobram, Victoria.

The 5 farms currently supply major milk processors in the region, and are well regarded in terms of consistent volume and butter fat content.

Please see below details on each farm.

Farm	Total Production (million litres) FY15A	Total Income (\$m) FY15A	Income per litre FY15A	Rolling herd average (litres per cow)
Dairy Farm 1	3.7	2.0	54c	12,000
Dairy Farm 2	3.9	2.1	54c	8,390
Dairy Farm 3	7.4	3.8	51c	8,173
Dairy Farm 4	5.8	3.2	55c	7,647
Dairy Farm 5	3.7	2.1	58c	7,462
Total / Average	24.4	13.2	54c	8,863

	Size	Water Entitlements	Livestock	Stock in Trade of Fodder (\$)
Dairy Farm 1	210 hectares (519 acres)	1,010 MGL	411 adult milking cows 189 R2 Heifers 175 R1 Heifers	Approx. 180k
Dairy Farm 2	220 hectares (544 Acres)	1,624 MGL	461 adult milking cows 200 R2 Heifers 75 Calves	Approx. 150k
Dairy Farm 3	398 hectares (984 acres)	1,817 MGL	980 adult milking cows 140 R1 Heifers 150 Calves 15 Holstein Bulls	Approx. 420k
Dairy Farm 4	518 hectares (1,280 acres)	1,601 MGL	850 adult milking cows 320 R2 Heifers 220 R1 Heifers	Approx. 130k
Dairy Farm 5	388 hectares (959 acres)	969 MGL	700 adult milking cows 200 R2 Heifers 200 Calves	Approx. 210k
Total	1,734 hectares (4,286 acres)	7,021 MGL	3,402 adult milking cows 909 R2 Heifers 535 R1 Heifers 425 Calves & 15 Bulls	Approx. 1,090k