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Market Update

Australian Natural Proteins announces that it has been over-subscribed for the Loan Notes announced last month. These funds will be used to commence the purchase of five farms that the company has contracted to buy following Shareholder Approval.

With the five farms having a strong tangible asset base and existing cash flows confirming business profitability, Lusona Capital via its platform Alternative Debt Solutions is working closely with the Board to arrange the debt funding to support the acquisitions. The Board has also commenced planning for a supporting equity raising.

An EGM is planned to be held in June to gain Shareholder Approval to complete the purchase of the first and second dairy farms of the five identified and under contract, and approval for any subsequent acquisitions.

The first farm has a fully computerised Rotary Dairy and a top genetic herd. This high index herd will be the basis of the Company's artificial insemination program, to lift cow numbers and milk production across all herds acquired. The farm has a continual history of profitability. Recent production results for the first farm are:

Farm One	FY 15
Production (litres)	3,692,794
Income	\$1,985,923
Income per litre	53c
Rolling herd average	12,000 litres

The second farm has a fully Robotic Dairy and a traditional Herring Bone Dairy. Much of the groundwork infrastructure is completed to double capacity of the Robotic Dairy facility. The farm also has a continual profitable history. Recent production results for the second farm are:

Farm Two	FY 15
Production (litres)	3,673,130
Income	\$2,143,781
Income per litre	55c
Rolling herd average	7,462 litres

The 5 identified dairy farms currently have circa 3,591 milking cows and presently produce over 24 million litres of milk per annum. All the farms are individually profitable and have the capacity to significantly grow existing production volumes through utilising the agricultural expertise of Australian Natural Proteins, to increase feed production and livestock numbers, ahead of capital infrastructure improvements. The farms are currently supplying some of the largest dairy manufacturers in the region, being Murray Goulburn, Fonterra, Dairy Farmers, Tatura (Bega) and Australian Consolidated Milk.

All farms have deep bores and irrigation water, ensuring year round water availability.

The company will retain the services of the current owners for a minimum period of 12 months following completion of the acquisitions. This will ensure the operational expertise with respect to each farm is retained.

The farms are in the top decile of dairy farms in Australia, due to the quality of milk produced, the premium sale prices achieved for their milk, and the strong genetic merit of the cows. One of the farms already has a fully operational robotic dairy and the other four have modern computerised rotary dairies. With these high value assets, Australian Natural Proteins will be at the forefront of aggregated dairy producers.

Australian Natural Proteins strongly believes that increasing milk supply is a key strategic requirement for Australian milk producers to meet growing domestic and international demand.

Paul Duckett
Chairman