

Appendix 4C Quarterly Cash Flow and Quarterly Activity Report (QAR)

Australian Dairy Nutritionals Limited (AHF or the Group) advises that this activity report relates to the Appendix 4C for the quarter ended 30 June 2020 (**Quarter**) released to the market on 31 July 2020.

Details of the Company's Business Activities for the Quarter

The Group's business activities during the Quarter focussed on dairy farming and dairy manufacturing.

As announced to the market on 22 April 2020, the Group completed the acquisition of Epicurean Dairy Pty Ltd (**ED**) on 30 April 2020 and commenced the manufacture, marketing and sale of The Collective's products under the new licence arrangement. Item 2.5 of the Appendix 4C records the cash on acquisition of ED.

The Company also entered into a construction agreement with Spence Construction in relation to the construction of the Group's new manufacturing facility in Camperdown as announced to the market on 19 June 2020.

The Expenditure reported in the Quarter relates primarily to:

- dairy operating costs including feed and labour;
- dairy manufacturing costs including raw materials, packaging, logistics and labour (including for ED from 1 May 2020);
- payments in relation to planning and design of the new manufacturing facility; and
- corporate costs including ASX fees, registry fees, consulting and advisory fees and legal fees in relation to the acquisition of ED.

Payments to an associate of, a related party of the Company (section 6 of Appendix 4C)

Section 6 of the Appendix 4C includes details of the following fees paid to associates or related parties of the Group:

- \$170,000 in fees and salaries paid to Directors of the Group;
- \$5,000 paid to Australian Adventure Tourism Pty Ltd (**AAT**) for administrative services comprising book keeping, accountancy fees and compliance fees (charged at cost). AAT is a related party of AHF as the Group's non-executive director Michael Hackett is a substantial shareholder of AAT.

The release of this announcement was authorised by the Board of AHF.

Ends

Further Details

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Communications Policy

AHF makes ASX market releases at times directors believe it would be helpful or necessary for investors and as required by the Listing Rules. For further information regarding our shareholder communications policy, please refer to AHF's website: www.adfl.com.au.

About Australian Dairy Nutritionals Group

Australian Dairy Nutritionals Group (AHF) (previously named Australian Dairy Farms Group) is a vertically integrated Australian dairy group which owns high quality dairy farms and a processing facility (Camperdown Dairy Company) located in South Western Victoria, the 'Golden Triangle' of Australia's dairy industry. The Group is a trusted source of premium quality branded dairy products using milk sourced fresh from its farms.

Disclaimer – Forward Looking Statements

This announcement may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry, in which it operates, and beliefs and assumptions. Readers are cautioned not to place undue reliance on forward looking statements.